TWO HUNDRED AND TENTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1983-84)

(SEVENTH LOK SABHA)

PERFORMANCE OF CONTAINER SERVICE

MINISTRY OF RAILWAYS

(Railway Board)

Presented in Lok Sabha on 30 April, 1984

Laid in Rajya Sabha on 30 April, 1984

LOK SABHA SECRETARIAT
NEW DELHI

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Minutes of the Public Accounts Committee held on:

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(1983—84)

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*Ceased to be Members of the Committee consequent upon their retirement from Rajya Subha w.e.f. 2-4-1984.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Two Hundred and Tenth Report of the Public Accounts Committee (Seventh Lok Sabha) on Paragraph 2 of the Advance Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways) on 'Performance of Container Service'.

2. The Advance Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways) was laid on the Table of the House on 4th April, 1983. The Public Accounts Committee examined the Audit Paragraph at their sitting held on 1st February, 1984. The Committee considered and finalised the Report at their sitting held on 23 April, 1984. The Minutes of the sitting of the Committee form Part II* of the Report.

3. The Container Service was introduced by the Railways in 1966 between specified terminals in order to wean away diversion of high rated goods traffic to road by ensuring quick and safe door to door transport of goods without any handling of contents either at the transhipment point, enroute, if any, or at the goods shed. The Committee have, however, observed that after having made a "dent", the Railways could not sustain it and there had been a gradual fall in the Efficiency Index of the Container Service, namely, loadings per container per year. In 1971-72, with a holding of 686 containers, the Railways carried 31,880 loadings. But in 1981-82, with 2,345 containers, the number of loadings was only a fraction more, *viz.*, 37,864 loadings. The Efficiency Index declined from 46 in 1971-72 to 21 in 1980-81 and to 16 in 1981-82.

4. The main reasons for the deterioration in the performance of the Container Service were the inability of the Railways to provide the quality of service which the private road hauliers were able to provide as also the inability of Railways to compete with them in the matter of transit time and rates. Another reason was the inefficient functioning of

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the road units of the Container Service. With a view to improving the transit time taken by the Container Service, the Committee have desired the Ministry of Railways to consider re-orienting the existing system so as to concentrate more in sectors where it is possible to run a single unit train from start to finish without any intermediate detention. In addition, the Committee have emphasised the need for cutting down unnecessary hold-ups at the Railways' and consignees' ends at the terminals so as to bring down the transit time in the first instance to the level of the target time fixed by the Railways and later on to bring it as near as possible to the QTS time.

5. The Committee have also desired the Ministry of Railways to make a thorough study of their haulage rates *vis a-vis* those offered by road transport, and wherever possible, to make their rates competitive. The Committee have also desired the Ministry of Railways to examine whether the work relating to repairs and overhauling of the road units of the container service could be entrusted to private workshops.

6. For reference facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report, and have also been reproduced in a consolidated form in Appendix II to the Report.

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

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

NEW DELHI ;
April 27, 1984
Vaisakha 7, 1906 (S)

SUNIL MAITRA
Chairman,
Public Accounts Committee.

REPORT

[*Para 2 of the Advance Report of C & AG (Railways) 1981-82 on which this Report is based, is reproduced as Appendix I*]

I. Introductory

Container service was introduced from 1966 between specified terminals in order to wean away diversion of high rated goods traffic to road by ensuring quick and safe door to door transport of goods without any handling of the contents either at the transhipment point, *en route*, if any, or at the goods sheds. The steel containers are water and pilfer proof, having a carrying capacity (CC) of 4.5/5.0 tonnes and six such containers are transported on a flat bogie wagon. These services got established on 9 routes by 1971-72, 12 routes by 1974-75 and 16 routes by 1981-82.

1.2 In reply to a question during evidence, the Member (Traffic) Railway Board explained the purpose of introduction of the container service as follows :

> "The main purpose was to see that some of the high valued goods traffic, which was highrated traffic, high profit yielding as far as railways are concerned, are diverted by road by giving competitive service both in respect of quality as well as in respect of overall cost to the customers. The idea was that in the door to door services which were being offered by the road, there was certain advantage. So, as an experimental measure, we wanted to try if we could also give that kind of service and by providing a container service from the premises of the customer's factory to the warehouse or godown where they wanted to unload them without any intermediate handling of the goods, there can be some savings."

1.3 Asked whether the purpose for which the container service had been introduced had been achieved, the witness stated :

> "We made a small dent in it. But I must confess that over the years we have not been able to sustain this and there has certainly

been fall in the container loading particularly for the past two or three years due to two or three factors. One is erosion in the Railways' ability to compete with road hauliers mainly because of our quality of service which has not been up to the mark. The other one is our inability to quote competitive rates *vis-a-vis* the road hauliers. Moreover, for giving home to home services, the road cost which forms about 30% to 40% has gone up in excess and it is our inability to maintain the road services. We could not give quality service. The third factor is that due to factors beyond our control. For example, there was a drop in the offering of the traffic either because of some general recession in some area or because of the strikes in certain areas which affected the production in the factories which kept the containers unutilised or because of the power cuts in Southern States, there was a drop in the offering of traffic. But as far as Railways are concerned, I would put this that our quality of service is the main reason plus the rates that we charged may not be found suitable for the customers. Now, if we can improve the quality of service and quote the rates which are a little more competitive, we will be able to retrieve this traffic."

The witness added :

"So we will have to reorient the system to confine these services to such sectors where we are able to run a single unit train from start to finish without any intermediate detention so that the transit time can be established and confidence can be built up. This is my view in regard to the overall position of the container traffic."

1.4 On the Committee pointing out that the container service had been introduced 18 years back and on the basis of their experience why the Railways have not so far reoriented their programme in this regard, the Member (Traffic), replied as follows :

"We have to learn by our experience. We had made some changes. There was some picking up of the traffic, but it has again declined. In the last 2-3 years, there has been a sea change in our ability to compete. Apart from other inherent advantages, the road service had got the advantage of small unit load, freedom to pick and choose; they have got the flexibility to offer rates on a day to day basis. It is a formidable challenge. We found that we had increased our rates to keep up with the

general price rise, but it became counter-productive and in small measure we had reduced it. Your point is well taken ; perhaps we should have reacted more quickly. To the extent, we have not been able to do it, the traffic has been lost and we will have to do our best to retrieve it.

The total earning that we get out of the container service is of the order of 3-6 crores a year. It is true that with better management of service and market strategies, we may improve it and even then it will be of the order of 10 crores, against our earnings of 3000 crores. Our main responsibility is in the case of bulk traffic. We want to retain this traffic but it would be limited and we will have to function in this limited field."

1.5 The Committee enquired whether with the existing constraint of resources it was necessary for the Railway to diversify into an area, which was being served by small scale operators. The Member (Traffic) stated that in case of bulk traffic and in case of long distance traffic, the advantage was in favour of rail from the economy point of view—diesel consumption by rail is much more economical.

1.6 It was, however, admitted by the Member (Traffic) that :

"Sir, we are not doing it in a very big way and ambitious way. In areas where it is not worthwhile for us to compete, certainly there is no point in wasting our efforts. That point is well taken."

The witness further clarified :

"The utilisation of diesel oil on the Railways is definitely more beneficial to the economy as a whole. That is why we have been insisting that bulk traffic and long distance traffic where the overall economics is in favour of rail transport, must go to the railways. The container service was thought of as an integrated movement where we could make use of this advantage and capture the traffic which was going elsewhere. I maintain that in respect of bulk traffic and long distance traffic, only the railways are more suitable...It will be suicidal for the economy if the bulk traffic over long distance goes to the road transport. There is no dispute about that.....The container service was only a very small token service that was introduced."

1.7 The witness admitted that they started the service in a small way and added :

"If I re-alter my strategy and give the service which is fairly efficient, I am reasonably certain that I will be able to get the traffic."

II. Holding and traffic materialisation :

1.8 The following table indicates the holding, number of loadings and earnings during the years 1971-72, 1976-77 and 1980-81 to 1982-83 :

Year	Holding	No. of loadings		Earnings	
		Total	Per container per year	Total (Rs. in lakhs)	Per container per day
					(Rs.)
1971-72	686	31880	46	144	57.5
1976-77	2086	43052	21	338	44.4
1980-81	2096	43649	21	511	66.8
1981-82	2345	37864	16	542	63.3
1982-83	2464 (January 1983)	36173	14.7	597	66.4

1.9 The Committee desired to know the percentage increase in freight rates during the years 1971-72 and 1981-82, the Ministry of Railways (Railway Board) have submitted the following note :

"The extent of increase in freight rate depends on the commodity and the distance moved. On the basis of statistical figures of average rate charged for goods traffic in 1981-82 with 1971-72, the percentage increase is of the order of 144.21%

1.10 It will also be seen from the table given above that the container loading dropped significantly in 1981-82 and the efficiency indices, namely loading per container per year declined to 16 in 1981-82 as compared with 21 achieved in 1976-77. This is indicative of poor utilisation of container in a year. The increase in the earnings of about 60 per cent during this period is primarily due to increase in the general tariff rates. On the Western Railway which initially commenced this

service. in 1966, the decline in traffic was to the extent of 40 percent as compared to their traffic of 1976-77. Two of their regular services introduced in 1967 and 1973 were closed in 1979.

1.11 According to Audit, during 1982-83 there was further decline in container traffic as detailed below :

Name of Railways	Target loading fixed by Railway Board (April 1982 for 1982-83)	Loading in 1982-83
Central	6000	4223
Eastern	5000	4941
Northern	11500	8717
Southern	6600	5173
South	1500	1830
Eastern	5000	5937
Western	8500	5352
Total :	44100	36173

On an enquiry, the Committee have been informed that no separate figures about the quantum of Government traffic carried in containers were being maintained.

1.12 During evidence, the Committee desired to know the reasons for the decline in loadings. The Member (Traffic) explained the reasons as follows :

> "..... We had also a number of areas where traffic will be given to us if we are able to give them an assured service which they expect from us. Unfortunately, as I mentioned earlier, because of our inability to run these services from start to finish as a unit-train and the intermediate handling of the loads, overall transit also deteriorated and as a result of that some traffic we could not get. Then there was a third set of traffic where the rates quoted by the roads were definitely cheaper than the rates which we quoted. In the last four or five months we have tried to reverse it where it was possible for us to accommodate and within the cheaper rates nad up to December there has been cases we have been able to

get a little more traffic. But these are only peripheral advantages, Unless we are able to run a unit container train from one destination to the other destination and compete with the road traffic, it will not be possible for us to make a big dent. So, deterioration in the performance, increase in the rates and non offering of these traffic facilities were the three main considerations for the drop and since we have a certain number of containers and the overall loading has come down, this figure will worsen."

1.13 In a subsequent note, the Ministry have stated :

"The fall in average loading per year is due to increase in the average lead of container services over the years, The average lead of the container services in 1971-72 was 1218 kms. and this increased to 1504 kms. in 1981-82. The increase in average lead of container service has contributed to higher turn round time. The average loading per container per year is governed by a number of factors like the average lead and frequency of offering of traffic. Therefore, it may not be possible to lay down any maximum number of loadings per container in a year. However, all feasible efforts such as offering suitable competitive rates for containerised traffic, keeping a close watch on the movement of containers to improve transit time and minimise detentions, ensuring supply of containers to the needy terminals etc., are made to improve the number of loadings per year per container.

1.14. According to the Audit paragraph, in spite of the poor performance container fleet was being augmented by addition of 850 containers besides replacement of 518 containers. Of these ordered (1368) in September 1980, 311 containers were received by end of 1981-82, and the balance (1057) supply was in progress during 1982-83. These additions were justified to increase container loading by 50 per day.

The committee were informed during evidence that each container had a capacity of 5 tonne and its average income was Rs. 16000 p.a. The Railways had made an investment of Rs. 8 to 10 crores.

III. Factors affecting the performance-Overaged and damaged containers

1.15 According to the audit paragraph, initially the life of a container was fixed at 40 years—same as of a wagon. Subsequently, in February,

1981, Research, Designs and Standards Organisation (RDSO) proposed to fix the life of a containers as 15 years, subject to its being given proper periodic overhaul (PO H).

The audit paragraph further says that :

There was delay in fixation of norms of life after detailed studies with reference to experience of foreign Rlys. by RDSO till January 1983. The service life was arbitrarily reduced from 40 years to 10 year in 1973 without any basis and the PAC was also advised vide 77th Report (Vth Lok Sabha) 1972-73. A number of containers were also condemned (exact number not known) on Western Railway between 1973 and 1981 when these were in service for hardly 10 to 12 years.

The Railway Board vide its letter No. 79-TC/(M&S)/7/13 dated 22.1.83 have fixed the life of container as 15 years subject to the containers being given proper FOH in Railway workshops.

1.16 The Committee desired to know the reasons for taking a long time in deciding about the life of a container. The Ministry of Railways (Railway Board) have submitted the following note :

"Container service was first introduced on Indian Railways in 1966. The life of a container was initially fixed as 10 years in July 1969 on the recommendation of the Research Designs and Standards Organisation, based on the experience of foreign railways as at that time there was no previous experience of containers on the Indian Railways. Based on the actual condition of the containers, some of which had been in use for more than 10 years, the Ministry of Railways found it desirable to review the life of the containers. Accordingly, the Ministry of Railways made a reference to RDSO in August 1979 to make a review. The RDSO submitted their recommendations in March 1981 suggesting adoption of 15 years as the normal life span for containers, based on the experience gained over the years by the user Railways in the country and latest practice in vogue on Railways abroad."

1.17 It has further been stated :

"When the question of fixing the life expectancy of containers was examined by the R.D.S.O., it took into account the experience of the user Railways based on the intensity of utilisation, handling and maintenance practices as well as the then existing

condition of the first generation containers. Besides, the practice followed by British Railways, German Railways and International Container Bureau in this regard was also taken into consideration."

1.18 In a note, the Ministry of Railway (Railway Board) have furnished details of the practice followed by British and German Railways and International Container Bureau in regard to fixation of life of containers as follows :

"The life expectancy of containers as per present practice followed by the International Container Bureau, France, British and the German Railways is as under :

1.	M/s International Container Bureau, Paris (France).	15 years—If containers are used exclusively for inland transport with preventive maintenance. 10 years—When used in maritime transport.
2.	British Railways	10 years—Certain types of containers last longer than others depending upon service operation.
3.	German Federal Railways	15 years—Medium size containers. 10 years—Big containers."

1.19 During evidence, the Chairman, Railway Board explained the position regarding life of a container as follows :

"As far as life of a container is concerned, it should not be mixed up with the flat. As far as the container life is concerned, we take into account the normal life in other railways elsewhere in the world. We checked up the practice in the British, French and German Railways. We found that the life given was 15 years, But for containers loaded on ships and carried elsewhere the life given was 10 years. As we did not have any earlier experience, we have adopted the practice of 15 years, based on their experience.

* * * *

At the time of introduction, if it was meant that the life of the container would be 40 years, it was wrong. We are sorry if we

have given the figure of 40 years in respect of the life of the container."

1.20 In the meanwhile, according to Audit paragraph, due to absence of norms for replacement and periodical overhaul, containers in badly damaged conditions continue to be in service, which the trade is reluctant to load. On an enquiry, the Committee have been informed that :

"94 containers of 4.5 tonne capacity manufactured in 1965-66 were condemned during the period from 1978 to 1981 and no containers were condemned on age basis between 1973 and 1978. In addition, 3 containers involved in accidents were condemned during 1978-81 on condition basis."

1.21 The Committee have also been informed that the norms for periodical overhaul of containers are laid down in Conference Rules part III (Rule 2.43) as 1½ years for POH and 1 year for subsequent POHs w.e.f. 1.2.1973.

In reply to a question, the Member (Traffic) informed the Committee that the percentage of containers which were unuseable and needed repairs would be about 10%. He confirmed that all these containers which were condemned have been replaced and that they were now making sure that this disability was not there. In regard to periodical overhaul, he stated as follows :

"the idea of sending these containers for periodical overhaul is with that object so that if any damage has occurred in handling, any bent of short filling that is taken note of and attended to and the containers are painted. The system of periodic overhaul is precisely to achieve this objective."

1.22 On an apprehension expressed by the Committee that there might be loss in terms of theft and pilferage of commodities booked in overaged and damaged containers, the Ministry have explained the position as follows :

"Damaged containers are not supplied to trade for loading their goods. Overaged containers are utilised only on the basis of their good condition and being fit for use. The question of claims for compensation due to supply of overaged/damaged containers therefore does not arise."

1.23 On being asked during evidence about the amount paid by way of damages for use of bad containers, the Member (Traffic) stated:

> "It would be very negligible, it would hardly be of the order of Rs. 4000 to Rs. 5000 a year. Considering the fact that we had about 40,000 containers, it is negligible."

(ii) Empty haulage of containers

1.24 With a view to reducing empty haulage and improving utilisation the containers and flats were being utilised on a pooled basis from 1975-76 and not in Railway based closed circuits. But due primarily to lack of coordination between the Railways and imbalance of traffic, sizeable number of containers are hauled empty. According to Audit, a test check of the performance reports of the Railways for March 1982, indicated empty haulage of containers, the maximum being on the Eastern Railway (41.3 per cent of the total inward receipts), followed by South Central (39 per cent), South Eastern (32 per cent) and Western (27 per cent). The Southern Railway had the minimum empty haulage of 15 per cent. Despite the container services being operated on selective routes, its empty haulage is comparatively, high on the Eastern South Central, South Eastern and Western Railways.

1.25 Asked as to the reasons for the empty haulage of containers being so high-between 27 and 41.3 per cent-and the action taken to rationalise the movement, the Ministry of Railways (Railway Board) have stated in a note :

> "There is a specific container traffic pattern between a pair of points. Sometimes, traffic is available only in one direction and nil or negligible traffic in return direction. However, efforts are made to rationalise the services in a manner that some balance of either return traffic or cyclic movement is available. Empty haulage is also involved while sending the stock for repairs, POH etc. to the base depots. Therefore, certain percentage of empty movement is always inevitable in any transport system.
>
> During 1982-83, the extent of empty haulage of containers varies from 5.5% to 53.8% the overall average being 28.1.
>
> The container service pattern is reviewed from time to time so as to reorganise the same to keep the empty haulage to the minimum."

1.26 As to the percentage of empty haulage varying between 5.5 to 53.8 per cent during 1982-83 and the feasibility of fixing during 1982-83 target for empty haulage, the Ministry have stated :

"Certain percentage of empty haulage is inevitable in all transport systems on account of imbalance in traffic offering. Since the empty haulage depends on traffic pattern, which also fluctuates due to variety of reasons, it is not feasible to fix a target percentage of empty haulage. However, efforts are made to keep the empty running to the minimum."

1.27 When enquired during evidence whether the percentage of loading had come down because there was higher percentage of empty haulage during 1980-81 and 1981-82, the Chairman, Railway Board stated "that is one of the reasons why there has been percentage drop."

The Committee desired to know if empty haulage has been due to inefficient and ill-planned handling. The Member (Traffic) deposed as follows :

"May I submit that in any transport organisation certain element of empty haulage is inevitable whether it is road or railways. To have a perfectly matched traffic is very very difficult. So, when we do the normal marketing, our effort is to see that this kind of empty haulage of traffic is kept to the minimum. But there were certain area where empty haulage cannot be avoided. And it is also necessary to give some containers to some other places where traffic would be much more. So, this adjustment is not fully within our control. I do admit that efforts and strategies should be oriented towards reducing the empty haulage as far as possible. But in a transport organisation it would be impossible to make it zero. Now, it is of the order of 27% and on over-all basis it is 25%. Our effort is to bring it down to 20%."

1.28 On being told that empty haulage in one of the zonal railways was more than 40% and on another Railway loading system was defective which resulted in decline in container service, the Member (Traffic) admitted by saying :

"We will have to reorient our marketing strategy to reduce empty haulage."

1.29 In this connection, the Ministry have submitted detailed note after the evidence of the representatives was over :

"A continuous watch is kept on the loading and availability of containers at various terminals by the Railways and in Board's Office and to reposition the empty containers to the terminals where the demand is not fully satisfied. The pattern of loading of containers or for that matter any transport requirement varies from area to area, season to season and it is therefore, essential to make available empty Containers to the terminals where there is a Demand, it is not, therefore, possible to eliminate empty running or fix a percentage of empty running.

It may be pointed out that the empty running ratio should be calculated on the basis of despatches instead of receipts as the terminal has to load the maximum number of containers possible and despatch the balance empty containers with the specific purpose of supplying to the other needy terminals.

A table showing the percentage of empty haulage for the years 1982-83 and 1983-84 (Upto October) on the basis of despatches is given below :

Railway	1982-83	1983-84 (Upto October)
Central	12.89%	33.34%
Eastern	3.55%	18.87%
Northern	33.45%	30.13%
Southern	36.40%	30.18%
South Central	17.68%	27.73%
South Eastern	1.36%	16.73%
Western	9.32%	16.37%
Average	20.15%	26.4 %

The average percentage on Indian Railways for the year 1982-83 was 20.15% with the maximum percentage being 36.40% on Southern Railway and minimum being 1.36% on South Eastern Railway. Similarly for the year 1983-84 (upto October) the overall figure is 26.4% with the maximum being 30.34% on Central Railway and minimum being 16.37% on Western Railway. It would, therefore, be seen that the overall empty haulage ratio has been varying between 20-30% which is quite normal for the established pattern of traffic on the Indian Railways. Moreover, it may

be pointed out that there are a large number of containers transferred from one terminal to the other viz. from Carnac Bridge to Wadi Bunder and from Shalimar to Howrah and *vice versa* to meet the changing demands of traffic within the contiguous industrial areas. The above figures take these transfers also into account. The containers going to the workshops for POH are also accounted for. If these two transactions are deleted from the figures the percentage of empty haulage of containers will come down substantially.

A continuous watch on the loading and empty running of each container service is being kept by the Railways and also in the Railway Board to keep the empty running to the minimum and also to supply the containers to the needy terminals to improve the loading. Similarly, on the basis of loading, a review of the various services is undertaken to withdraw those services which are no longer patronised and also to introduce additional services if justified."

Own your own container

1.30 A scheme called "own your own container" was launched in the year 1972 but there was no response from the trade. The scheme was again revived in 1981. In December 1980, 12 containers were purchased by a firm of Nepal (M/s. National Trading Co.) from the Railways stock for movement of Nepalese cargo by rail from Calcutta port to Raxaul. The carriage of containers over this route involves transhipment of containers from BG to MG flat at Garhara. Despite this fact, the number of containers offered for carriage by Railways in this service was 15 to 20 per month on an average.

1.31 In this connection, the Member (Traffic) informed the Committee during evidence :

"I would submit that a much more interaction is required in this before we formulate the scheme. Unless the scheme is attractive I am afraid we will not be able to make success out of it. We will go into it. The response was not very encouraging at that time. Then we did it in a limited scale. We could succed with traffic going to Nepal. But we have not been able to do it in a bigger way. We have to see whether there is any need or scope. We have to evaluate the success of the scheme."

(iii) Excess turnround time

1.32 According to the Audit paragraph, the turnround time has increased from 17 days in 1976-77 to 21.6 days in 1981-82 *vide* Appendix II. This high turnround time is partly accounted by transit time for movement of containers between the two terminals and partly by its hold up at the Railway's or consignee's premises at the terminal. The Zonal Railway fix a target transit time for each container service. The containers are moved by nominated quick transit (QTS) goods trains. The average speed of such QTS trains is 22-23 km per hour. Hence the transit time of containers by these trains even on the longest cantainer route between New Delhi-Bangalore (2545 km) would not exceed 5 days. A test check in Audit of the performance reports of regular services for March 1982 of the Zonal Railways revealed that the target transit time have been fixed much in excess of the running time required by QTS service and the actual transit time taken for the movement of containers was still higher as brought out below :

Railway	Container service		Distance (km)	Transit time (days)		Actual transit time taken by Railways (days)	Actual transit time during March 1983 was as under : (In days)
	From	To		as compared with reference to QTS	as fixed by Railways (days)		
1	2	3	4	5	6	7	8
Southern	Tondiarpet (Madras)	New Delhi	2185	4	10	14	18
	Bangalore	New Delhi	2544	5	11	15	17
Northern	New Delhi	Bangalore	2544	5	20 to	13 to	
	New Delhi	Tondiarpet	2185	4	21	14	

1	2	3	4	5	6	7	8
Central	Wadi Bunder	Tondiar-pet	1286	3	6	15.7	11.0
	Wadi Bunder	Secun-derabad	794	2	5	11.8	11.3
	Wadi Bunder	Shalimar	1968	4	6	7.6	9.2
	Wadi Bunder	Yesvant-pur	1114	2.5	6	15.4	11.1

1.33 Due to excessive transit (turn-round) time, Central Railway was not able to meet fully the demands of trade for containers during the year 1979-80 to 1981-82. There were shortfalls in the supply of empty containers to the extent of 4133 in 1979-80, 3697 in 1980-81 and 1079 in 1981-8 leading to decline from 6186 containers in 1979-80 to 5332 container in 1982-83.

1.34 On the Western Railway also the container loadings declined from 8822 to 6059 between 1977-78 and 1981-82 due to shortage caused by detention to containers. A random check by Audit in October 1981 revealed that containers were often detained for unduly long periods extending upto 21 days after their arrival at the terminals by the consignees using them as storage godown. As a result the Western Railway could not achieve the targets of loading laid down by it in any of the years from 1976-77. It closed down the services on Carnac Bridge-Asarva and Carnac Bridge—Kota routes in 1979 due to decline in traffic resulting from its inability to keep to the prescribed transit time, originally committed to the users. The container loading on Western Railway further declined to 5332 in 1982-83.

1.35 It is seen from Appendix-III that Actual lead of container service during 1981-82 is 1504 km. (of Goods Revenue Statistics). On the basis of an average lead of 1590 km. for container traffic actully achieved during the 30 month period (April 1978 to September 1980), weightage for empty haulage of 26 per cent and a period of six days for loading/unloading at the two terminals, the reasonable turnround time including transit time for a container works out to only 10 days. Against this, the actual turnround was 21.6 days in 1981-82 indicating poor utilisation of the containers. Calculated on the basis of turnround of 10 days, the requirement of containers even for the maximum loading (43649) achieved in 1980-81 was about 1364 containers whereas the actual holdings at the end of 1981 was 2345. This would

indicate that as many as 981 containers could be spared for additional loading by controlling the transit time and reducing the detentions at the terminals by the Railways. Thus, due to excessive turnround, the earning potential of Rs. 66 thousand per day or Rs. 2.40 crores per annum on their existing holding of containers, has not been harnessed. Audit paragraph adds further that on this basis, the reasonable turnround time would work out to even less then 10 days. In 1982-83 in view of further increase in the holding and decrease in container loading, the actual turnround deteriorated to 23.8 days. (*Vide* Appendix IV)

1.36 To a question what were the reasons for excess transit time of container service between different pairs of stations and what steps have been taken to control the transit time, the Ministry of Railways have stated in a written reply :

"The containers are cleared by quick transit service wherever available. The frequency of such fast goods trains get curtailed due to non-availability of adeqaute load. Excess transit time is also due to time taken in attaching detaching of wagons *en route*.

The transit time can improve if direct superfast goods trains are run regularly on container routes. A watch is kept on the terminal detention of containers and on transit time."

1.37 On being asked whether the Railway Board was considering any proposal for introducing super fast goods train, the Member (Traffic) replied :

"The Paranjpe Committee which went into it has recommended that between certain points we should run unit trains. They will be superfast trains, from the start to the finish ; they will cover the distance in a guaranteed time ; without intermediate handling we are trying to introduce such trains."

1.38 At the instance of the Committee, the Ministry of Railways (Railway Board) have furnished the following details of the transit time taken during May-June 1983 on various services :

Name of service	May 1983		June 1983	
	Target (in days)	Actual	Target (in days)	Actual
1	2	3	4	5
New Delhi-Howrah	3	4	3	4
Howrah-New Delhi	6	7	6	7
Carnac Bridge-New Delhi	5	5	5	5

1	2	3	4	5
New Delhi-Carnac Bridge	3	5.5	3	5.5
Secunderabad-New Delhi	14	13	14	13
New Delhi-Secunderabad	12	12	12	12
New Delhi-Tondiarpet/ Bangalore	10/11	14/19	10/11	14-15
Bangalore-Tondiarpet New Delhi	16	11	16	13
Tondiarpet-Wadibunder	6	13.5	6	13.2
Wadibunder-Tondiarpet	6	10	6	10
Tondiarpet-Shalimar	10	10	10	10
Shalimar-Tondiarpet	6	10	6	12
Shalimar-Wadibunder	6	10	6	9
Wandibunder-Shalimar	9	8.5	9	7
Secunderabad-Wadibunder	5	12	5	13
Wadibunder-Secunderabad	5.5	2	5.5	6
Shalimar-Secunderbad	12	11	12	12
Secunderabad-Shalimar	11	NA	11	14
Bangalore-Wadibunder	6	NA.	6	12.2
Wadibunder-Bangalore	6	14	6	13

1.39 Asked the number of days QTS services were run on the routes mentioned in the statement given on pre-page, the Ministry have furnished the following information :

Routes	No. of days on which Express Goods trains were run	
	1980-81	1981-82
1	2	3
New Delhi-Howrah	336	309
Howrah-New Delhi	350	317
Carnac Bridge-New Delhi	312*	312*(*on all days except sundays)
New Delhi-Carnac Bridge	347	336

1	2	3
Secunderabad-New Delhi (ex Balharshah)	18	14
New Delhi-Secunderabad (upto Balharshah)	208	231
New Delhi-Tondiarpet/Bangalore	208	231
Bangalore Tondiarpet-New Delhi	18	14
Tondiarpet-Wadi Bunder	53	43
Wadi Bunder-Tondiarpet	200	178
Tondiarpet-Shalimar	17	5
Shalimar-Tondiarpet	59	111
Shalimar-Wadi Bunder	@ 560	@ 1560 (on 3 days a week)
Wadi Bunder-Shalimar	288	222
Secunderabad-Wadi Bunder (ex-Wadi)	53	43
Wadi Bunder-Secunderabad (upto Wadi)	200	178
Shalimar-Secunderabad (upto Vijayawada)	59	111
Secunderabead-Shalimar (ex Vijayawada)	17	5
Bangalore-Wadi Bunder (ex Guntakal)	53	43
Wadi Bunder-Bangalore (upto Guntakal)	200	178

The number of trains run on certain routes was less due to imbalance in traffic offering in return direction.

1.40 (*iv*) *Demurrage rates on containers*

Audit para states that though the container service was in operation from January, 1966, demurrage charges for the delayed release of the container were introduced from September 1979, thus penalty was imposed on users for detaining the containers in their premises till then. The demurrage rate viz. Rs. 30/for the first day was very low as compared to the average earnings of Rs. 57/per day of a container in 1971-72, Rs. 67/- in 1980-81 and Rs. 63/- in 1981-82. The above demurrage does not take into account the consequent detention to the wagon flats, road units and its staff.

1.41 The Committee desired to know the reasons for the demurrage rates on containers being fixed at a rate (Rs. 30 per day) much lower than its earnings per day and whether it was not considered necessary that the demurrage rates fixed should take into account element of consequent detention to wagon flats, road units and staff. They also wanted to know if there was any proposal to revise the demurrage rates. The

Ministry of Railways (Railway Board) in their reply stated. The question of levy of demurrage on containers was examined in detail in 1979, and a decision was taken to levy demurrage charges on inward loaded containers not released by the consignees at the terminal within 24 hours of placement for unloading. The present demurrage rates (revised from November 1979) are as under :

Ist Day	—	Rs. 30/-
2nd day	—	Rs. 36/-
3rd day and onward	—	Rs. 48/-

While fixing the rates of demurrage charges in 1979 the then prevailing rates of demurrage for conventional wagons were taken into account and fixed pro-rata on the basis of carrying capacity of the containers 5.0 tonne viz-a-viz that of a BG four wheeler (22 tonnes). The demurrage is a penalty charged to discourage trade to detain containers unnecessarily and as such the average earnings of container has no relevance with the demurrage rate fixed. As the wagon flats, road units and staff are not detained by the customers, there is no justification to take these elements into consideration for fixing demurrage charges. Moreover, the container service being sensitive, it was feared that if the demurrage rates are increased the trade might resent and divert the traffic to road. Besides there were hardly any cases of heavy delays to containers at warehouses of the users.

At present there is no proposal to revise the demurrage rates of containers.

1.42 The following statement furnished by the Ministry indicates the number of containers detained during the last two years and the amount of demurrage collected therefor :

Place/Railway	1981-82		1982-83	
	No. of containers detained	Amount of demurrage collected Rs.	No. of containers detained	Amount of demurrage collected Rs.
1	2	3	4	5
1. Bombay (Central)	539	78.658	463	66,674
2. Calcutta (Eastern)	215	43,098	147	17,892

1	2	3	4	5
3. New Delhi (Northern)	859	1,32,191	1,146	1,50,994
4. Madras Southern } 5. Bangalore }	114	24,726	80	14,718
6. Secunderabad (SC)	22	1,519	11	810
7. Calcutta (SE)	66	9,636	24	3,928
8. Bombay (Western)	737	93,648	703	1,07,507
Total	2,552	3,83,476	2,574	3,62,523

1.43 Asked whether the customer was at liberty to detain container, the Member (Traffic) informed the Committee during evidence as follows:

> "Again when we were competing with the quality of service when we started the container service, we don't think any demurrage was charged, because we felt that by inducting them to take this traffic, this irritant, if due to factories on strike or dislocation in his arrangement is there and if he wants to keep the containers for a day or two, we can accommodate. So, keeping that in view we did not charge him demurrage. But when we found some of the customers were using it beyond the reasonable limit, we introduced the concept of demurrage charges."

1.44 To a question whether the practice of unnecessarily detaining the container was due to the fact that the customer was not expected to pay demurrage and whether it was not necessary that something should be done about it. the Member (Staff) replied as follows :

> "The incidence of such people retaining the containers for a long time is not very high. But the point you have made is noted and we will see if we can have any check on them."

1.45 According to the Audit paragraph, all the container terminals e.g. Wadi Bunder, Shalimar, New Delhi, Bangalore, etc. are not open for delivery on Sundays and Holidays unlike the goods sheds at these places which do not observe such holidays. As a result, the containers and the connected assets such as wagon flats, road units etc. remain unutilised.

1.46 The Committee desired to know whether, with a view to better utilisation of containers, it would not be feasible to open the container, terminals on Sundays and Holidays as in the case of goods sheds. In a written reply, the Ministry have stated "container service are operated on

door to door basis and the unloading and loading of containers is undertaken by consignors/consignees at their godowns. Since most of the business establishments remain closed on Sundays and holidays, container service operates only on working days.

"Therefore, the question of extending them to Sundays and holidays is not considered necessary."

(*v*) *Non-extension of container service over BG/MG routes*

1.47 According to the Audit Paragraph, at present container service operates only on one MG-cum-BG route *viz.*, Wadi Bunder-Yesvantpur (introduced in November 1969) with transhipment of containers at Guntakal. There has been no further expansion of such service. But it has been stated in additional information furnished by the Audit that with the conversion of the MG section from Guntakal to Bangalore into BG and opening of BG route from January 1983 Wadi Bunder to Yesvantpur container service is operated entirely over the Broad Gauge. It has been stated that there is no proposal at present to extend the service over the MG-cum-BG routes. Upon this the Committee enquired as to what was the necessity of designing containers for MG-cum-BG routes. The Ministry have explained as follows :

"The first BG-cum-MG service between Wadi Bunder and Yeshvantpur was introduced in 1969 which remained in force till Jan. '83 when Yeswantpur got connected to Wadi Bunder by all BG route due to conversion of Bangalore-Guntakal Section. In addition another BG-cum-MG service was introduced between KP Docks, Calcutta and Raxaul in December 1980. The first lot of 4.5 tonnes containers manufactured initially were capable of moving on BG only and after the initial experience all new containers with 5 tonnes capacity were so designed as to be capable of moving on both BG & MG systems universally."

1.48 But, it was explained during evidence by Member (Traffic) that the thrust of investment and marketing efforts was on BG routes for the following reasons :

"We found that traffic on that route was much more favourable to us. That is why, we concentrate on the broad gauge routes where we are getting a large amount of earnings. In respect of meter gauge, we have constructed only 9 flats. We tried in away at Bangalore also till the gauge conversion is completed. Also we tried in Nepal-Raxaul route. We did not go in a big way. We are concentrating on the broad gauge routes only.

But it will be done by transhipment. Even in these places there exists the road transport system. In these route services, it is a question of our being able to complete. Any transhipment would mean additional delay because of transhipment, waiting for matching stock and all that. That was why we did not go in a big way in the transhipment point."

1.49 The Committee suggested that if container system was introduced throughout the country, transhipment problem would also be reduced and desired to know the views of the representatives of the Ministry of Railways (Railway Board). The Member (Traffic) deposed as follows :

"There are two points. The major bottleneck of the transhipment is two in nature. One is extra transhipment time and the other is damage to the consignment. As far as damage during transhipment, particularly industrial goods of high value, it is of serious proportion. Pilferage also causes lot of problems. If you containerise them, during the transhipment, this danger will not be there.

Transit time would still be there because of the provision of matching stock from broad gauge to meter gauge. Even with the larger pool of wagons at our disposal there is a problem. The flow is different and the area is different. With the best will in the world, we are able to achieve certain degree of efficiency. Now, in the context of adequate number of containers being made available and our efforts to optimise the use of existing containers, we will certainly undertake a study to see whether it is possible in certain rutes and we will try to do that also."

(vi) *Performance of road units*

1.50 According to the Audit paragraph, the Railway's container terminals hold 116 road units consisting of a tractor and trailer unit costing Rs. 79,300 each (total investment Rs. 91.64 lakhs). A test check of their performance reports during March 1982 disclosed that only 58 vehicles were in effective use for delivery and collection of the containers; 11 vehicles were out of use (cost Rs. 8.69 lakhs) due to cannibalisation of their parts, etc. (4 on Western, 4 on the Central, one on the Southern and two on the South Central Railways) and the remaining 47 were either under repair or awaiting repairs etc. Thus, according to audit, hardly 50% of the vehicles were in effective use for container traffic.

1.51 The Audit in a further test check of performance reports of March 1983 disclosed that out of 106 vehicles, 60.7 vehicles were on an average on line. On Southern and South Eastern Railways out of 23 and 13 road vehicles only 13.5 and 5.6 were on line in March 1983.

The poor performance of road units was mainly due to maintenance problems. As the Railways workshops are not geared for the POH and other repair of road vehicles, these had to be looked after by outside contract agencies.

1.52 As to the reasons for nearly half the road vehicles being out of use, the Ministry have explained that "most of the road equipments were procured about 10 to 15 years ago and have become aged requiring major repairs resulting in higher percentage of ineffectiveness. All possible steps are taken to get the equipment repaired and put back into service."

1.53 To a question regarding the steps proposed to be taken to improve the performance of road units, the Ministry have stated that "there are some delays in maintenance of road units in a Government Organisation as compared to the private arrangement and these are unavoidable due to a variety of reasons."

In a note submitted subsequently, the Ministry have stated as follows :

> "Large workshop facilities for repair of road vehicles are not maintained on the railways because the number of such units is extremely limited. On account of this, the average down time and the cost of repairs inevitably tend to be higher. From experience it is seen that the work relating to road haulage if entrusted to established road hauliers will work out cheaper as compared to the existing system. The suggestion of entrusting the work to the contractor is under consideration."

1.54 Referring to the proposal to entrust the road haulage work to a private contractor, the Committee enquired whether the real reason for nearly half the road fleet being out of service was collusion between the officials of the Department and private parties. The Member (Traffic) replied :

> "When I was working as a Chief Marketing Superintendent in South-Eastern Railway, this was my concern. The reason for

ineffectiveness was not the vested interest. It arose primarily out of the inadequacies of our maintenance infra-structure. In the first place the number of vehicles which I had to maintain was 12-14 trucks. The total 120 is spread all over the country. Staff is not sufficient. I admit there is lacuna in planning. But the fact is, the service is not as efficient as it should be. The total number of trucks is 120. These are at different places."

On the Committee pointing out during evidence that the performance of the road units was a contributing factor to losses, the Member (Traffic) admitted :

"It is necessary to maintain the road units in an efficient manner. Perhaps the present system of servicing and maintaining them is not conducive to efficiency. It may be worthwhile giving it to a private company which will be able to do a better service. Incidently it will reduce our cost.

** ** **

...but what is more ineffective is the road units, which affect the service. We are thinking of the strategy with regard to that. For want of sufficient and proper maintenance, it is pushing up the cost and reducing the reliability of service."

1.55 In a subsequent note the Ministry of Railways have furnished the following figures regarding the number of time services of private road hauliers were utilised and the amount paid to them during the last five years by the Northern, Eastern and South Eastern Railways (other Railways did not utilise the services of private hauliers).

STATEMENT

Railway	No. of time private road hauliers were utilised during last 5 years	Total No. of containers handled	Amount paid to them (Rs.)
Northern	For 2 months between 18/12/82 and 17/2/83	279	Rs. 17,072.59
Eastern	For the period from April 79 to Oct. 80	446	Rs. 89,692.00
S. Eastern	10 times	373	Rs. 73,860,00

It has also been stated that the total amount spent on private hauliers has been recovered from the concerned parties as per containers charge basis.

1.56 The performance of the container service upto 1974-75 on the various Zonal Railways was commented in Para 8 of the Report of Comptroller and Auditor General of India for the year 1975-76, Union Government (Railways). Arising out of this paragraph, the Public Accounts Committee called upon the Railway Board, *inter alia* to undertake a study of the economics of each container service through their Efficiency Bureau. The Railway Board had informed *vide* action taken note dated 2.12.78, that the Efficiency Bureau of their Ministry has been undertaking a systematic study of the economics of each container service. However, no such study has been initiated by the Railway Board so far (till 1982) pursuant to Public Accounts Committee's above recommendation.

Asked the reasons for not conducting any study in this regard, the Ministry of Railways have stated in a note as follows :

> "An attempt was made in 1979-80 to study the economics of each container service but it could not succeed, since all containers and flat wagons were already being utilised on pooled basis on all services in order to improve their utilisation on account of imbalance in traffic between fixed pair of points."

1.57 Asked during evidence why the study had not been conducted, the Member (Traffic) apologised by saying :

> "I place on record my unqualified apology. When the container service was first introduced, the project estimates were being worked out on a certain basis routewise. The parameter, design, data were on a particular system or working.
>
> In 1979-80, I found from the old record, that an attempt was made in the Railway Board Office, to work out economics. The old terms and guidelines were not relevant to the situation today because of the pooling of the containers. That was not conclusive enough. Unfortunately, this was not pursued. I apologise once again.
>
> After having come to know I have taken the work on hand. I assure you that it will be done as early as possible."

1.58 The Ministry of Railways (Railway Board) have not yet (October 1982) undertaken a study of the economics of the container service for testing its viability keeping in view changes in the pattern of movements introduced from time to time such as :

(a) pooling of containers among the railways from 1976 ;

(b) loading of containers in BOX and KC wagons on a substantial scale due to shortage of container flats and for operational reasons and ;

(c) traffic in ISO containers owned by non-railway parties. According to Audit the aforesaid factors indicate need for a fresh financial appraisal of this scheme, but the Railway Board have not carried out any financial appraisal of their container service either individually or for the service as a whole since 1976-77.

1.59 The Committee desired to know why a study of the economics has not been made since its inception, the Ministry of Railways gave the following reasons :

"The study regarding financial appraisal of individual container services is practical only when the containers and flat wagons allotted for the respective services are utilised on a closed circuit basis. Since 1975-76, all containers and flat wagons are being utilised by the Railways on a pooled basis on account of imbalance in traffic between fixed pair of points. Therefore, such studies for individual container services have not been undertaken."

1.60 The Committee desired to know the percentage of increase in freight on traffic carried in containers effective from April 1983 and how these rates compared with road freight. The Ministry of Railways (Railway Board) have furnished the following statement :

Service/Commodity	Tariff rate per quintal prior to 1.7.83	Tariff rate per quintal after 1.7.83	%age increase.	Comparative road rate per quintal
	Rs.	Rs.	%	Rs.
Carnac Bridge-New Delhi.				
Soap	22.78	28.32	24.0	Rs. 35/-to
Lubricating Oil	55.40	62.01	11.9	Rs. 40/- per
Biscuits	30.72	39.55	28.7	quintal.
PVC Rosings/ Compounds	32.30	41.59	28.7	
Plastic Mfd.	55.40	62.01	11.9	
Radio/Transistor	41.83	53.84	28.7	
Milk Powder.	32.30	39.55	22.4	

Note : The above railway rates do not include road portion charges . which have been increased from Rs. 10.50 to Rs. 12.30 per V.K.M. i.e. 21.3%.

Tondiarpet-Wadibunder

Elec. Typewriter	30.90	33.07	10.0	Rs. 25 to
Nickel/ tin Ingots	40.50	44.61	10.1	Rs. 40 per quintal.
Liquor	36.24	39.67	9.5	
Lubricating oil	60.50	66.27	9.5	
Welding Rod.	51.07	59.81	17.1	
Tondiarpet Shalimar				
Elec. Type-writer	30.90	33.21	7.0	Rs. 25 to Rs. 45 per
Nickel/Tin Ingots	54.50	54.50	(not revised)	quintal.
Liquor	44.40	47.94	8.0	
Lubricating Oil	77.00	81.73	6.4	

1	2	3	4	5
Tondiarpet-New Delhi				
Elec. Type-writer	40.62	43.95	8.2	Rs. 50 to Rs. 60 per quintal
Nickel/Tin Ingots	58.61	64.16	9.5	
Liquor	49.80	54.24	9.3	
Lubricaing Oil	84.11	92.35	9.8	
Welding Rod	68.37	80.32	17.5	
Note : The above Railway rates per quintal have been worked out based on container rates.				
Wadibunder-Shalimar				
Medicines	50	51	2.0	Rs. 50 to Rs. 60 per quintal
Glazed tiles	48	50	4.2	
Switch gears	84	90	7.1	
Lubricating Oil	74	80	8.1	
PVC Rosin	05	70	11.1	
Biscuits	67	68	1.5	
Radio/Transistors	74	80	8.1	
Batteries TL Cells	68	74	8.8	
Plastic goods	102	104	1.9	
Soap	47	48	1.2	
Detergent	65	70	5.7	
Wadibunder-Tondiarpet				
Medicines	33	36	9.1	Rs. 32 to Rs. 36 per quintal
Glazed tiles	30	31	3.3	
Switch gears	75	82	9.3	
Lubricating Oil	47	50	6.4	
Biscuits	50	54	8.0	

1	2	3	4	
Radio/Transistars				
Batteries TL Cells	53	59	11.3	
Plastic goods	77	80	3.9	
Soap	30	32	6.9	
Detergent	45	49	9.1	
Wadibunder-Secunderabad				
Medicines	29	32	10.3	Rs. 16 to
Glazed tiles	19	21	10.5	Rs. 22 per
Switch gears	54	59	9.2	quintal
Lubricating Oil	24	28	12.5	
Radio/Trans.	57	61	7.1	
Batteries	29	32	10.3	
TL Cells Plastic goods	55	58	6.4	
Soap	16	17	5.4	
Detergent	26.25	28.50	7.7	

1.61 The Committee desired to know how the Railways proposed to compete with road transport. The Ministry of Railways (Railway Board) have stated in a note as follows :

"In order to meet the competition from road transport, measures have been taken by the Railways to quote special reduced station to station rates wherever justified. However in view of the overwhelming advantages and complete freedom to choose the customer, commodity rates and routes, enjoyed by Road Transport, the scope for any appreciable improvement in this is very limited."

A statement showing the transit time by road between the various points has also been furnished by the Ministry.

	Routes		Transit time by road (number of days)
1.	Madras—New Delhi	...	5 to 6
2.	Madras—Calcutta	...	4 to 5
3.	Madras—Bombay	...	3
4.	Bangalore—New Delhi	...	6 to 7
5.	Bangalore—Calcutta	...	5 to 6
6.	Bangalore—Bombay	...	2
7.	New Delhi—Bombay	...	3
8.	New Delhi—Calcutta	...	3
9.	New Delhi—Secunderabad	...	4
10.	New Delhi Madras/Bangalore	...	5
11.	Bombay New Delhi	...	3 to 4
12.	Calcutta New Delhi	...	4
13.	Secunderabad Bombay	...	1
14.	Secunderabad -New Delhi	...	3
15.	Secunderabad—Calcutta	...	4
16.	Secunderabad—Madras/Bangalore	...	1
17.	Calcutta—Bombay	...	5 to 7
18.	Calcutta Madras	...	4 to 5
19.	Bombay—Madras	...	3 to 5
20.	Bombay—Bangalore	...	3 to 4
21.	Bombay—Calcutta	...	5 to 6

1.62 Asked to give a financial assessment of the container service, the Ministry of Railways (Railway Board) have informed the Committee as follows :

"A rough exercise undertaken on one of the Railways to assess the financial viability of the container services has shown that the return on the capital investment was approximately 24.92% and 20.16% for 1981-82 and 1982-83, respectively.

Action has been initiated to make a Railway-wise appraisal of the container service for the year 1982-83 and the results will be furnished to the PAC within the next six months."

1.63 The Container Service was introduced by the Railways in 1966 between specified terminals in order to wean away diversion of high rated goods traffic to road by ensuring quick and safe door to door transport of goods without any handling of contents either at the transhipment point, en route, if any, or at the goods shed. These services got established on 9 routes by 1971-72, 12 routes by 1974-75 and 16 routes by 1981-82. The Committee, however, observe that after having made a "dent" in the traffic all along held by the road transport, the Railways could not sustain it and during the last few years, there has been a gradual fall in the Efficiency Index of the Service, namely loadings per container per year. In 1971-72, with a holding of 686 containers, the Railways carried 31,880 loadings. But in 1981-82, with 2,345 containers, the number of loadings carried was only a fraction more, viz., 37,864 loadings. The Efficiency Index, declined from 46 in 1971-72 to 21 in 1980-81 and to 16 in 1981-82. On the Western Railway, which initially commenced this Service in 1966, the decline in traffic was to the extent of 40% as compared to their traffic of 1976-77. Two of their regular services introduced in 1967 and 1973 were closed in 1979. During 1982-83, there was further decline in the container traffic.

1.64 As to the main reasons for the deterioration in the performance of the Container Service, the Committee observe that although certain external factors beyond the control of Railways had accentuated the process of deterioration, the root cause, as admitted by the Member (Traffic), Railway Board, was the inability of the Railways to provide the 'quality of service' which the private road hauliers were able to provide as also the inability of the Railways to compete with them in the matter of transit time and of rates. Another reason was the inefficient functioning of the road units of the Railways Container Service.

1.65 As the Committee observe, the road traffic has certain inherent advantages over the Railways in the matter of providing door to door service. The transit time taken by the road transport is much less than taken by the Container Service. For instance, the transit time fixed by the Railways between New Delhi and Tondiarpet (Madras)-a distance of 2185 Km.-is 10 days but the actual time taken by the Container service is 14 days. As against this, the transit time taken by the road transport is 5-6 days. Likewise, the transit time fixed by the Railways between New Delhi and Bangalore—a distance of 2544 Km.—is 11 days, but the time actually taken is 15 days. As against this, the transit time taken by the road transport is 6-7 days. The road transport has also the

advantages of smaller unit load, freedom to pick and choose and flexibility to offer rates on day to day basis. Rather than haul the truck empty on the return journey, if may even accept half the usual rates but not so the Container Service. The question now arises, therefore, is whether it was at all wise on the part of the Railways to have ventured into this line. The Committee have, however, considered the matter in a wider perspective especially in the context of development of integrated Sea. Rail and Road Container Service the world over. Considering the overwhelming advantage enjoyed by the Railways in the matter of fuel consumption in case of long distance, the Committee feel that in the interest of optimum utilisation of scarce resources of the country, the Railways should not only continue with the Container Service but also extend its coverage provided they can successfully overcome the shortcomings they are facing at present. This, the Committee will like to point out, is no easy task and for this the Railways will have to do some hard thinking not only to re-orient their whole approach and strategies but will have to be much more businesslike than hithertofore.

1.66 In the succeeding paragraphs, the Committee have dealt with various specific points raised in the Audit paragraphs in regard to the performance of the Container Service.

The Committee observe that one of the main reasons for the deteriorating performance of the Container Service is the unduly high turn-round time of Containers, The reasonable turn-round time for a Container has been worked out as 10 days. As against this, the actual turn-round time of the Con tainer Service during 1981-82 was 21.6 days on an average. The turn-round time is partly accounted by transit time for movement of Containers between the two terminals and partly by their hold-up at the Railways or consigneess' premises at the terminal. How excessive is the transit time taken by the Container Service will be apparent from the fact that on Tondiarpet (Madras)-New Delhi Container Service the transit time fixed by the Railways was 10 days as compared to 4 days taken by QTS, but the actual time taken in March, 1982 was 14 days. Likewise, on Wadi Bunder-Yeswantpur Container Service the transit time fixed by the Railways was 6 days as against 2.5 days taken by QTS, but the actual time taken was 15.4 days. Owing to excessive transit time, Central Railway was not able to meet fullythe demands of trade for containers during the years 1979-80 to 1981-82. There were shortfalls in the supply of containers to the extent of 4133 in 1979 1980, 3697

in 1980-81 and 1079 in 1981-82, leading to decline in loadings from 6185 containers in 1979-80 to 4223 in 1982-83. On the Western Railway, the position was even worse. Container loadings declined from 8822 in 1977-78 to 53.52 in 1982-83. How costly the excessive transit time had proved to be will be seen from the fact that by controlling the transit time and reducing detention to containers, additional 981 containers could be available for loading, thereby augmenting the earning potential of Railways by Rs 2.40 crores per year. In a note furnished to the Committee, the Ministry have stated that transit time can improve if direct super-fast goods trains are run regularly on container routes. This question is under the consideration of the Ministry.

1.67 The Committee are firmly of the view that if the Railway Container Service is to successfully compete with the road service, the first thing it has to do is to drastically cut down the transit time. It is hardly necessary for the Committee to point out that with a substantial reduction in transit time, the existing containers can carry for more loadings than at present. The Committee note that a proposal under the consideration of the Ministry is to run direct super-fast trains regularly on container routes. The Committee will like the Ministry to implement the above proposal at the earliest. Together with it, the Committee will like the Ministry to consider re-orienting the existing system so as to concentrate more in sectors where it is possible to run a single unit train from start to finish without any intermediate detention. In addition, determined efforts should be made by the Ministry to cut down the unnecessary hold-ups at the Railwasy and consignees' ends at the terminals. In the opinion of the Committee, the aim of the Railway Container Service should be to bring down the transit time in the first instance to the level of the target time fixed by the Railways and later on to bring it as near as possible to the QTS time.

1.68 Intimately connected with the question of high turn-round time is the question of fixing a deterrent demurrage rate. The Committee observe that though the Contanier Service has been in operation from January 1966, demurrage charges for the delayed release of containers were introduced in September 1979. No penalty was imposed on users for detaining the containers till then. However, the demurrage rate, *viz.* Rs. 30 for the first day is very low as compared to the average earnings of Rs. 63 per day of a container in 1981-82. The reason given by the Ministry for the very low rate of demurrage is that "the container service

being sensitive, it was feared that if the demurrage rates were increased the trade might resent and divert the traffic to road. Besides, there were hardly any cases of heavy delays to containers at the warehouses of the users." In evidence also, it was stated that the "incidence" of the people 'retaining containers for a long time is not very high" The Committee are surprised to learn this in view of the fact that a random check by Audit on the Western Railway in October 1981 revealed that containers were often detained for unduly long periods extending upto 21 days after their arrival at terminals by the consigness using them as storage godowns. While the Committee agree that the question of demurrage charges should not be allowed to become an unnecessary irritant to the customers, they are also positive that the containers should not be allowed to be misused by unscrupulous consignees as storage godowns. With this end in view, the Committee desire that while the demurrage charges for the first two days may remain unchanged, the charges for the third day onwards should be sharply increased so as to act as a deterrent.

1.69 Another important reason for the deteriorating performance of the Containers Service is the heavy empty haulage of containers. With a view to reducing empty haulage and improving utilisation the containers were being utilised on a pooled basis from 1975-76 and not in Railway based closed circuits. But, in spite of this, a large number of containers are hauled empty. According to a test check of the performance reports of the Railways for March 1983 by Audit, empty haulage of containers was as high as 41.8% on the Eastern Railway, 39% on the South-Central Railway, 32% on the South-Eastern Railway and 27% on the Western Railway. In evidence. Member (Traffic) pleaded that "in any transport organisation, certain element of empty haulage is inevitable (and) to have a perfectly matched traffic is very, very difficult." However, he conceded "we will have to reorient our marketing strategy to reduce empty haulage. Our effort is to bring it down to 20%". The Committee strongly recommend that the Railways should keep the position under constant review and make sustained marketing efforts in order to minimise the empty haulage. With this end in view, the Committee would like the Ministry to examine the feasibility of offering special station to station rates in case they find that on the return way, the containers are likely to go empty.

1.70 From the comparative data of the road transport rates and the railway container service rates furnished by the Ministry of Railways,

the Committee find that as against the road rate of Rs. 35-40 per quintal on Carnac Bridge-New Delhi route the container service rate was Rs. 62 01 for lubricating oil and manufactured plastic Like-wise, as against the road rate of Rs. 50-60 per quintal on Tondiarpet-New Delhi route, the container rate for lubricating oil was Rs 92.35 and for welding rods Rs. 80 32 per quintal. Similarly, as against the road rate of Rs. 16.22 per quintal on the Wadi Bunder-Secunderabad route, the container service rate was Rs. 61 for radios transistors and Rs 59 for switchgears The same is true of other routes The Committee feel that there is enough scope to wean away high rated goods traffic from road transport by making container service more attractive. To this end, the Commi tee will like the Ministry of Railways (Railway Board) to make a thorough study of their haulage rates *vis-a-vis* those offered by road transport, and wherever possible, to make their rates competitive. The position should be kept under constant review.

1.71 Performance of road units of the Railways container service has been another factor responsible for the deterioration of the service The Railway's container terminals held 116 road units. A test check of their performance reports during March 1982 disclosed that only 58 vehicles were in effective use for delivery and collection of the containers, 11 were out of use to cannibalisation of their parts and the remaining 47 were either under repair or awaiting repairs. Thus nearly 50% of the road vehicles were out of effective use for container traffic. This was mainly due to maintenance problems. The Railway workshops are not geared for the periodical overhauls and other repair facilities for road vehicles. Admittedly, it is necessary to maintain the road units in an efficient manner. The Committee were informed that if the work relating to repairs and overhauling was entrusted to private workshops, it would work out to be cheaper as compared to the existing system in the Railways Since the Railways are not averse to this suggestion, the Committee would like the Ministry of Railways to examine it and implement it if found feasible and cheaper.

1.72 Container service operated only on one MG cum BG route, *viz.* Wadi-Bunder—Yesvantpur (introduced in November 1969) with transhipment of containers at Guntakal This service remained in force till January 1983, when the Guntakal-Bangalore section was converted into BG. Another BG-cum-MG service was introducted in December 1980 between KP Docks, Calcutta and Raxaul The Railways have stated that so far their thrust of investment and marketing efforts was on BG routes only. This was because any transhipment meant additional delay. However, there are certain other important considerations favour-

ing the extension of container service to MG routes. All new containers wite 5-tonne capacity have been so designed as to be capable of moving on both BG and MG sections. At present a major problem faced in transhipment is the damage to consignments; particularly in ease of industrial goods of high value, the damage is sometimes serious. Pilferage is another problem. If the MG sections are also containerised, there will be no such problem in transhipment. In the context of the Railways' efforts to optimise the use of the existing containers, the Member (Traffic) promised to undertake a study to see if it is possible to extend the container service to certain MG sections. The Committee desire that the proposed study should be undertaken at an early date and its results communicated to the Committee

1.73 The Committee note that "Own your own container" scheme was launched in the year 1972, but there was no response from the trade. The scheme was again revived later and for the first time in December 1980, 12 containers were purchased by a firm of Nepal. The scheme has not been able to make much headway thereafter. The Committee feel that a very half-hearted effort was made by the Railways first to launch the scheme and then to revive it. It was not functioned the way it should have. It is high time that the scheme was thoroughly re-examined and reoriented with a view to making it a success.

1.74 The Committee note that on the basis of experience of some of the Railway systems abroad, the Indian Railways have adopted the life of a container as 15 years. The Committee also note that norms of periodical overhauling have also been laid down. The Committee desire that the norms of replacement and periodical overhaul should be strictly observed so that the container holdings remain in proper usable condition and the trade may not be discouraged from making use of the container service

1.75 The performance of the container service upto 1974-75 was the subject matter of comment in paragraph 8 of the Report of the Comptroller and Auditor General of India for the year 1975-76—Union Government (Railways). The Public Accounts Committee had called upon the Railway Board inter alia to undertake a study of the economics of each container service. This study has, however, not yet been undertaken for which the Member (Traffic) Railway Board expressed regret to the Committee during evidence and assured that such a study would be completed within the next six months. The Committee desire that the proposed study should also include a financial appraisal of the entire scheme. The committee would like to be informed of the results of the study.

IV. General

1.76 (i) *Non-weighment of containers*

According Audit paragraph the containers which are loaded either by the customers or by the agents of the Railways (freight forwarders) are not subjected to weighment at the originating points. The possibility of overloading of the containers and the Railway losing revenue cannot be ruled out particularly in case of heavy density commodities like edible oils in packed tins, etc. A test weighment of a few containers on certain occasions during 1971 to 1981 at the Carnac Bridge terminal of Western Railway disclosed excess weight in 40 to 50 per cent of the containers weighed resulting in recovery of undercharges of Rs. 5,588. Assuming that the trend of overloading and recovery of undercharges would be of the above order, the extent of loss of earnings due to non-weighment of inward containers alone (32,462) would be of the order of Rs. 29.25 lakhs for the period from April 1974 to March 1981.

1.77 The Audit paragraph stated that Non-weighment of containers was due to non-provision of suitable weighing equipment. The imported 'Orton' type diesel crane 10/20 tonne capacity supplied for use at some of the container terminals had a device which could ascertain the weight or the container as it handled the same. But this mechanism had been removed in 1967 as adequate clearance was not available for free working of the same. Hence the non-weighment of containers continues without any remedial action so far.

1.78 In a note furnished to the Committee, the Ministry have *inter alia* stated as follows :

> "Loadability of different commodities moving in containers and the weight for charge are determined after carrying out test weighments in accordance with the extent procedure. Moreover, packages/consignments offered by the reputed firms are mostly of uniform size and standard weight and as such weight of the consignments in most cases is computable without necessitating weighment of containers. In case of excisable items *viz.* Starch, glucose brandy bottles, TV sets. etc., the weight is stencilled on each package or bag, and the same is adopted by the Railways. The necessity of undertaking weighment of individual containers as a matter of course has not arisen".

* *

1.79 During evidence, the Member (Traffic) commented upon audit observations as follows :

"Overloading is not there to that extent. If you look at the commodities which we normally load in the containers, which account for about 80% of what we load in the containers, the loadability of these can be about three to four tonnes against the capacity of 5 tonnes. There are exceptional instances when overloading is there like in one case we found that the marble chips were loaded which were excess to the capacity. Otherwise to generalise that there is overloading, is not correct."

1.80 On being told that the Audit had taken these figures from the weight-bridge, the witness stated : -

"If you take the totality and the total number of containers loaded, you will find that the extent of overloading is not that much which has been pointed out by the Audit. Out of about 32524 containers which were loaded, 62 were weighed before delivery and out of these 25 were found to have been over-loaded."

1.81 The Committee desired to know whether the Railways had thought of introducing the system of weighment of containers, the Chairman, Railway Board gave the following reply :

"Out of 43 commodities which are generally loaded in the containers, 10 of them perhaps could be overloaded. The point raised by you is very correct. But the only method which we can adopt is that we should in the first instance do a test weighment before we start the traffic and then give the norm and stick to that number, so that future weighment is not necessary."

1.82 When asked to give ratio in terms of tonnage of the 33 and 10 commodities, the witness gave the following information :

"In the case of hairoil, the loadability is five tonnes, vanaspati 4.6 tonnes and lubricants 4.4 tonnes against the capacity of five tonnes."

The Member (Traffic) added :

"In respect of 80 per cent of commodities which are contained in the container it is not possible to overload the container. I

have not checked up the other 20 per cent. If as a result of the enquiry I find that my stand was wrong, then I will take whatever steps are required. I will come up with facts. In the case of 43 commodities, which I have checked up, it is not possible to overload."

1.83 In a note submitted after evidence, the Ministry of Railways have stated that "the position has now been checked and it is seen that there was no case of overloading of there (10) commodities, as would be seen from the particulars given below :—

1982-83

S. No.	Commodity	No. of containers loaded	Tonnage loaded	Actual average weight per container (Tonnes)	Average loadability fixed (Tonnes)
1.	Soap	8,096	39,176	4.8	5.0
2.	Hair Oil	No traffic	—	—	5.0
3.	Telephone material	344	829	2.4	5.0
4.	Medicines	1,003	4,165	4.2	5.0
5.	Animal Feed	168	840	5.0	5.0
6.	Paints	28	136	4.6	4.8
7.	Dry Batteries	145	612	4.2	4.9
8.	Typewriters	149	449	3.0	4.8
9.	Abrasives	8	40	5.0	5.0
10.	Electrodes	963	2,025	2.1	4.6

1.84 In support of their claim the Ministry of Railways have submitted the following statements after the evidence was over :

I Statement showing results of random checks and test weighments of containers carried out by railways at the container terminals during January 84 is given below :—

Name of terminal	No. of containers test weighed	Commodity	Weight in Quintals				
			weight declared	weight as per reweihgment	Excess weight found	Min. weight for charge per two containers	Under charges recovered
Wadi Bunder	2	Alluminium Collapsible Tubes	12	12	Nil	40	Nil
,,	2	Rubber Tyres & Tubes	40	45	5.0	50	Nil
Wadi Bunder	2	Teleprinters	30	35	5.0	50	Nil
Carnaco Bridge	2	Liquor	66	68.5	2.6	66	Rs. 90
	2	Biscuits	50	57	7.0	50	Rs. 364 (in dispute)
New Delhi	2	Soap	99	99	Nil	100	Nil
	2	Sanitary-wares	40	42.4	2.4	45	Nil

II Statement showing the containers received and despatched at Shalimar money with the results of the weighment done during August to December 83 and January 84 :

Month	Total No. of containers weighed		No. of containers with excess weight		Under Charges recovered
	O/W	I/W	O/W	I/W	Rs.
Aug. 83	679	230	Nil	Nil	Nil
Sep. 83	532	246	Nil	Nil	Nil
Oct. 83	621	296	Nil	Nil	Nil
Nov. 83	560	305	Nil	Nil	Nil
Dec. 83	735	265	Nil	2	950
Jan. 84	665	352	Nil	Nil	Nil

1.85 In reply to a point raised in para 5 of the Advance Report of the Comptroller and Auditor General of India for the year 1980-81 regarding the reasons for non-weighment of containers, the Railway Board had *inter alia* stated that a "suggestion to provide the weighing mechanism to the cranes is noted and in future procurement, the possibility of providing the weighing mechanism will be explained" (October, 1982). The Committee enquired whether any progress had been made in the matter. In a written reply, the Ministry of Railways (Railway Board) have stated :

> "The suggestion has been brought to the notice of the Railways for placing new demands with weighing mechanism as and when the existing cranes become due for replacement."

1.86 The Committee note that the containers which are loaded either by the customers or by the agents of the Railways (freight forwarders) are not subjected to weighment at originating points. A test weighment of a few containers on certain occasions during the period 1974 to 1981 at the Carnac Bridge terminal of Western Railway disclosed excess load in 40 to 60% of the containers. The representative of the Railway Board contended in evidence that overloading of the containers was not to the extent pointed out by Audit as about 80% of the commodities which are loaded in containers have a weight of 3-4 tonnes as against the eapacity of 5 tonnes of a container. It was only in exceptional cases that there was an overloading. The Committee have also been informed by the Ministry that the Railway Board have asked all the Railway Administrations to place orders for cranes with weighing mechanism as and when the existing cranes become due for replacement. The Committee desire that pending the provision of proper weighing mechanism at important points, the Railway should ensure that all commodities to be loaded in containers particularly high density commodities, are first test-weighed and their loadability as also the tariff to be charged therefor determined accordingly.

(ii) *International Standards Organisation (ISO) containers*

1.87 Between 1976-77 and 1981-82, the import/export traffic via the Indian Ports in foreign containers in 20 ft. long, 20 tonne capacity, had increased from 6,825 to 1,56,583. In order to match the inland transport facilities therefor, the Railway Board had created since 1975, in consultation with the Ministry of Commerce, certain terminal and other infrastructural facilities at Bangalore, Ahmedabad and New Delhi. The

terminal at Pragati Maidan near Delhi was completed at a cost of Rs. 9 lakhs in August, 1981. About 140 bogie wagon flats have been modified at a cost of Rs. 9.52 lakhs and procurement of another 350 wagon flats at a cost of Rs. 4.20 crores have been ordered in 1980-81 works programme to transport the above containers. However, owing to delay in finalisation of combined transport document procedures by the concerned Ministries, the Railways could commence this foreign container service from August 1981 only in one route between Madras port and Bangalore and moved 263 containers in 1981-82. Railway's efforts to wean away the new mode of sea-cum-land traffic are yet to gather momentum.

1.88 Audit has further informed the Committee that movement of goods on sea-cum-road rail routes by standard size containers is being preferred increasingly. Details of ISO containers handled at some of the major ports (In terms of 20 ft. long and 20 tonne capacity)

	1977-78	1981-82
Bombay	13599	132195
Calcutta-Haldia	712	20309
Madras	Nil	14807

The work of providing inland container depot at Ahmedabad sanctioned in 1980-81 at a cost of Rs. 1.67 lakhs has not progressed as only a sum of Rs. 3 lakhs was spent upto 1982-83.

There is no programme of setting up any inland container terminal in or around Calcutta-Haldia.

As regards Pragati Maidan container terminal in new Delhi, the depot has not so far been opened for receipt and despatch of ISO containers traffic.

During 1982-83, 323 containers moved between Madras Port and Bangalore.

1.89 In a note on the International Standard Organisation containers the Ministry of Railways have stated as follows :

> "Ministry of Commerce is the nodal Ministry for Containerisation projects both at ports as well as inland locations in India. They set up in Inter-ministerial co-ordination committee in 1979 to take action on the various Containerisation projects and monitor their progress.

As a follow-up of the various recommendations of the working Groups set up by the Government earlier and the deliberations of the Inter-ministerial Coordination Committee the following policy decisions were taken.

(a) The Railways will develop infrastructural facilities for rail movement of ISO containers between the ports and Inland Container Depots (ICDs).

(b) ICDs would be set up at Bangalore, Delhi and Ahmedabad in the first phase. These depots would serve as dry ports where customs examination would be undertaken thereby eliminating customs formalities at the maritime ports.

(c) Railways will procure adequate number of container flats for carriage of ISO containers.

In keeping with the above decisions, Inland container Depots have been set up at Bangalore Contonment, Guntur (Reddipalem) and Pragati Maidan, New Delhi, on pilot project basis, with a view to make an early beginning of ISO Container services.

As regards the full-fledged ICDs, the project report for establishment of ICD at Bangalore has already been approved by the Ministry of Railways. Acquisition of land between Krishnarajapuram and whitefield stations near Bangalore is in progress. The project report for setting up an ICD at Delhi (Tughlakabad) has been completed and is under examination. For setting up an ICD at Ahmedabad. the land selected for the purpose could not be acquired bacause of a writ petition filed in High Court of Gujarat. The State Government is pursuing the matter to get it settled early.

In regard to rolling stock and handling equipment for the ICDs, the following provision has been made for—

(i) the manufacture of 425 BFKT type flat wagons to be made available by 1985-86. In the first instance, provision has been included in the 1980-81 Polling Stock Programme for 350 flat wagons ; and

(ii) the procurement of 4 Mobile Lifting Road Cranes and to Goliath Granes in the 1980-81 Machinery and Plant programme.

In addition, it was also decided to make use of 50 BFKI flat wagons built for domestic container traffic by making them versatile i.e., capable

of carrying both domestic and ISO containers. Also, another 80 BFR type flat wagons have been modified for the carriage of ISO containers.

During 1981-82, 229 TEUs (twenty-foot equivalent units of ISO containers) were trasported, earning freight charges of Rs. 2.29 lakhs and during 1982-83 the loading and earnings improved to 323 TEUs and Rs. 3.18 lakhs and during the first four months of 1983-84 from April to July, 83. as many as 1304 TEUs have already been transported earning freight charges of Rs. 23.08 lakhs."

Regarding terminals at Pragati Maidan, the Ministry had earlier stated :

"The pilot ICD at Pragati Maidan, New Delhi, though ready in all respects since August '81, could not be formally commissioned so far mainly on account of demands made by the Transport & Dock Workers' Union, Bombay Port."

In a subsequent note furnished to the Committee, the Ministry have now stated :

"The dispute between the Bombay Dock Workers Labour Union and the Bombay Port Trust has been settled recently and movement of ISO container traffic from Bombay Port has commenced in e.f. 14.3.83. Proposals are under examination to establish an ICD at Gauhati and link it with Calcutta/Haldia ports, after the conversion of New Bongaigaon-Gauhati section into Broad gauge, which is already in progress."

1.90 In regard to movement of ISO to hinterland served by the ports at Bombay, Calcutta and Madras, the Ministry informed as follows :

"Combined Transport, document was finalised in February, 1983 by the concerned agencies after which only the ISO container services could really start, during the period from April, 1983 to January, 1984 the total number of ISO containers worked to/from Madras and Cochin ports was 2943 TEMO (Twenty foot Equipment Units) As a result of these the railways have covered a number of Rs. 35.12 lakhs Movement of ISO container traffic to and from Calcutta ports as a regular measure is yet to commence."

1.91 In regard to establishing ICD at Gauhati, the Ministry informed the Committee as follows :-

"It is not possible to move I.S.O. containers on the metre gauge due to infringement of the maximum moving dimensions. Hence, the establishement of Inland Container Depot at Gauhati has been linked to the completion of New Bongaigaon-Gauhati broad gauge section which is likely to be completed by June, 1984."

1.92 During evidence on an enquiry, the Member (Traffic) informed the Committee in this connection as follows :

"There is lot of scope internationally for the container service. I am glad to say we have made a beginning in that. During 1983-84, upto November, 1983 we have handled about more than 2,300 containers and the freight we have earned upto November this year from the ISO container traffic is about Rs. 34 to 35 lakhs. We are going ahead. This is the other strategy we want to adopt for marketing. We want to tap all avenues and try to build it in a big way.....

We have set up container handling terminals at Bangalore in Karnataka, New Delhi, Guntur, Anabathi and other places. Since port and customs are involved in this an interministerial group is working on that. We are doing our part with capital investment as well as our organisation to fall in line with this trend."

1.93 As regards the latest position regarding establishment of ICDs at Ahmedabad and Gauhati, the Ministry have stated in a further note :

"(i) Acquisition of land required for the ICD at Ahmedabad is (still) pending and the matter is subjudice in Gujarat High Court.

(ii) The work of setting up the ICD at Amingaon near Gauhati has been included in the works programme for 1984-85."

1.94 Noting an increase from 6825 to 1,56,583 numbers between the period 1976-77 and 1981-82 in the import/export traffic via the Indian ports in 20' long, 20 tonne capacity International Standards Organisation containers, the Railway Board, in consultation with the Ministry of Commerce, created matching inland transport facilities at Bangalore, Ahmedabad and New Delhi. The terminal at Pragati Maidan (New Delhi) was completed at a cost of Rs. 9 lakhs in August, 1981. About 140 bogie wagon flats have been modified at a cost of Rs. 9.52 lakhs and procurement of another 350 wagon flats at a cost of Rs. 4.20 crores have been ordered in 1980-81 works programme to transport the ISO containers. However, owing to delay in finalisation of combined transport document procedures by the concerned Ministries, the Railways could

commence this foreign container service from August 1981 only in one route between Madras port and Bangalore. The work of providing inland container depot at Ahmedabad sanctioned in 1980-81 has not progressed, as acquisition of a suitable piece of land for the terminal is sub-judice. The Committee note that the dispute between the Bombay Dock Workers Labour Union and the Bombay Port Trust has since been settled and movement of ISO container traffic from/to Bombay port has commenced w.e.f. 14.3.1984. In 1981-82, 229 TE Us were transported earning freight charges of Rs 2.29 lakhs and during 1982-83 the loading and earnings improved to 323 TE Us and Rs. 3.18 lakhs respectively. During the period from April 1983 to January 1984 the total number of ISO containers moved to/from Madras and Cochin ports was 2943 TE Us. As a result of these movements the Railways have earned a revenue of Rs. 35.12 lakhs. This increase was apparently due to the fact that movement of goods on sea-cum-road routes by ISO containers was being preferred increasingly. There is thus great scope for ISO container service, which the Committee feel should be fully exploited by the Railways. The Committee would like to have a further Report in the matter. Tbey would also like to be informed of the latest position regarding establishment of ICDs at Ahmedabad and Gauhati as also movement of ISO traffic from Calcutta port on a regular basis.

NEW DELHI
April 27, 1984
Vaisakha 7, 1906 (S)

SUNIL MAITRA
Chairman,
Public Accounts Committee

APPENDICES

APPENDIX I

(*Vide* Page 1 of the Report)

Audit Paragraph 2 of the Advance Report of the C & AG for the year 1981-82 (Railways) relating to the Ministry of Railways (Railway Board) on performance of Container Service.

I. Introduction

2.1 Container service was introduced from 1966 between specified terminals in order to wean away diversion of high rated goods traffic to road by ensuring quick and safe door to door transport of goods without any handling of the contents either at the transhipment point, *en route*, if any or at the goods sheds. The steel containers are water and pilfer proof, having a carrying capacity (CC) of 4.5/5.0 tonne and six such containers are transported on a flat bogie wagon. These services got established on 9 routes by 1971-72, 12 routes by 1974-75 and 16 routes by 1981-82.

2.2 Functioning of the container service has been reviewed by Audit and the results are detailed in the succeeding paragraphs.

II. Holding and traffic materialisation

Year	Holding	No. of loadings		Earnings	
		Total	Per container per year	Total (Rs. in lakhs)	Per container per day
					Rs.
1971-72	686	31880	46	144	57.5
1976-77	2086	43052	21	338	44.4
1980-81	2096	43649	21	511	66.8
1981-82	2345	37864	16	542	63.3

2.3 It may be seen from the above table that the container loading dropped significantly in 1981-82 and the efficiency indices, namely loading per container per year declined to 16 in 1981-82 as compared with 21

achieved in 1976-77. This is indicative of poor utilisation of container in a year. The increase in the earnings of about 60 per cent during this period is primarily due to increase in the general tariff rates. On the Western Railways which initially commenced this service in 1966, the decline in traffic was to the extent of 40 per cent as compared to their traffic of 1976-77. Two of their regular services introduced in 1967 and and 1973 were closed in 1979.

2.4 Nevertheless, container fleet is being augmented by addition of 850 containers besides replacement of 518 containers. Of these ordered (1368) in September 1980, 311 containers were received by end of 1981-82, and the balance (1057) supply is in progress during 1982-83. These additions were justified to increse container loading by 50 per day.

III. Factors affecting the performance

2.5 The factors responsible for the deterirating performance of the container service have been analysed below :

(i) Overaged and damaged containers

2.6 (a) Initially, life of a container was fixed at 40 years (same as of a wagon). Subsequently, in February 1981 Research, Designs and Standards Organisation (RDSO) has proposed to fix the life of a container as 15 years, subject to its being given proper periodic overhaul (POH). This has not yet been approved by the Railway Board (November 1982).

(b) In the meanwhile, due to absence of norms for replacement and periodical overhaul, containers in badly damaged conditions continue to be in service, which the trade is reluctant to load (Western Railway).

(ii) Empty haulage of containers

2.7 With a view to reducing empty haulage and improving utilisation, the containers and flats were being utilised on a pooled basis from 1975-76 and not in Railway based closed circuits. But due primarily to lack of coordination between the Railways and imbalance of traffic, sizeable number of containers are hauled empty. A test check of the performance reports of the Railways for March 1982, indicated empty haulage of containers, the maximum being on the Eastern Railway (41.3 per cent of the total inward receipts), followed by South Central (39 per cent), South Eastern (32 per cent) and Western (27 per cent). The Southern Railway had the minimum empty haulage of 15 per cent.

Despite the container services being operated on selective routes, its empty haulage is comparatively high on the Eastern, South Central, South Central, South Eastern and Western Railways, indicating need for sustained marketing efforts.

(iii) Excess turnround time

2.8 The turnround time has increased from 17 days in 1976-77 to 21.6 days in 1981-82. This high turnround time is partly accounted by transit time for movement of containers between the two terminals and partly by its hold up at the Railway's or consignee's premises at the terminal. The Zonal Railways fix a target transit time for each container service. The containers are moved by nominated quick transit (QTS) goods trains. The average speed of such QTS trains is 22-23 km per hour. Hence the transit time of containers by these trains even on the longest container route between New Delhi-Bangalore (2544 km) would not exceed 5 days. A test check in Audit of the performance reports of regular services for March 1982 of the Zonal Railways revealed that the target transit time have been fixed much in excess of the running time required by QTS service and the actual transit time taken for the movement of containers was still higher as brought out below :

Railway	Container service		Distance (km)	Transit time (days)		Actual transit time taken by Railways (days)
	From	To		as compared with reference to QTS	as fixed by Railway	
Southern	Tondiarpet (Madras)	New Delhi	2185	4	10	14
	Bangalore	New Delhi	2544	5	11	15
Northern	New Delhi	Bangalore	2544	5	20 to	13 to
	New Delhi	Tondiarpet	2185	4	21	14
Central	Wadi Bunder	Tondiarpet	1286	3	6	15.7
	Wadi Bunder	Secunderabad	794	2	5	11.8
	Wadi Bunder	Shalimar	1968	4	6	11.9
	Wadi Bunder	Yesvantapur	1114	2.5	6	15.4

2.9 Due to excessive transit (turnround) time, Central Railway was not able to meet fully the demands of trade for containers during the years 1979-80 to 1981-82. There were shortfalls in the supply of empty containers to the extent of 4133 in 1979-80, 3697 in 1980-81 and 1079 in 1981-82 leading to decline in loadings from 6186 containers in 1979-80 to 5332 containers in 1981-82.

2.10 On the Western Railway also the container loadings declined from 8822 to 6059 between 1977-78 and 1981-82 due to shortage caused by detention to containers. A random check by Audit in October 1981 revealed that containers were often detained for unduly long periods extending upto 21 days after their arrival at the terminals by the consignees using them as storage godown. As a result the Western Railway could not achieve the targets of loading laid down by it in any of the years from 1976-77. It closed down the services on Carnac Bridge—Asarva and Carnac Bridge—Kota routes in 1979 due to decline in traffic resulting from its inability to keep to the prescribed transit time, originally committed to the users.

2.11 On the basis of an average lead of 1590 km for container traffic actually achieved during the 30 months period (April 1978 to September 1980), weightage for empty haulage of 26 per cent and a period of six days for loading/unloading at the two terminals, the reasonable turnround time including transit time for a container works out to only 10 days. Against this, the actual turnround was 21.6 days in 1981-82 indicating poor utilisation of the containers. Calculated on the basis of turnround of 10 days, the requirement of containers even for the maximum loading (43649) achieved in 1980-81 was about 1364 containers whereas the actual holding at the end of 1981 was 2345. This would indicate that as many as 981 containers could be spared for additional loading by controlling the transit time and reducing the detentions at the terminals by the Railways. Thus, due to excessive turnround, the earning potential of Rs. 66 thousand per day or Rs. 2.40 crores per annum on their existing holding of containers, has not been harnessed.

(iv) Demurrage rates on containers

2.12 Though the container service was in operation from January 1976, demurrage charges for the delayed release of the container were introduced from September 1979; thus, no penalty was imposed on users for detaining the containers in their premises till then. The demurrage rate *viz.* Rs. 30 for the first day was very low as compared to the average

earnings of Rs. 57 per day of a container in 1971-72, Rs. 67 in 1980-81 and Rs. 63 in 1981- 2. The above demurrage does not take into account the consequent detention to the wagon flats, road units and its staff.

2.13 All the container terminals *e.g.* Wadi Bunder, Shalimar, New Delhi, Bangalore, etc. are not open for delivery on Sundays and Holidays unlike the goods sheds at these places which do not observe such holidays As a result, the containers and the connected assets such as wagon flats, road units. etc. remain unutilised.

(v) Non-extension of container service over BG/MG routes

2.14 At present container service operates only on one MG-cum-BG route *viz.* Wadi Bunder-Yesvantapur (introduced in November 1969) with transhipment of containers at Guntakal. There has been no further expansion of such service.

(vi) Performance of road units

2.15 The Railway's container terminals hold 116 road units consisting of a tractor and trailer unit costing Rs. 79,300 each (total investment Rs. 91.64 lakhs). A test check of their performance reports during March 1982 disclosed that only 58 vehicles were in effective use for delivery and collection of the containers : 11 vehicles were out of use cost Rs 8.96 lakhs) due to cannibalisation of their parts, etc. (4 on Western, 4 on the Central, one on the Southern and two on the South Central Railways) and the remaining 47 were either under repair or awaiting repairs, etc.

2.16 Thus, hardly 50 per cent of the road vehicles were in effective use for container traffic.

IV General

(i) **Non-weighment of containers**

2.17 The containers which are loaded either by the customers or by the agents of the Railways (freight forwarders) are not subjected to weighment at the originating points. The possibility of overloading of the containers and the Railway losing revenue cannot be ruled out particularly in case of heavy density commodities like edible oils in packed tins, etc. A test weighment of a few containers on certain occasions during 1974 to 1981 at the Carnac Bridge terminal of Western Railway disclosed excess weight in 40 to 50 per cent of the containers weighed resulting in

recovery of undercharges of Rs. 5,588. Assuming that the trend of overloading and recovery of undercharges would be of the above order, the extent of loss of earnings due to non-weighment of inward containers alone (32,462) would be of the order of Rs. 29.25 lakhs for the period from April 1974 to March 1981.

2.18 Non-weighment of containers was due to non-provision of suitable weighing equipment. The imported 'Orten' type diesel crane 10/20 tonne capacity supplied for use at some of the container terminals had a device which could ascertain the weight of the container as it handled the same. But this mechanism had been removed in 1967 as adequate clearance was not available for free working of the same. Hence the non-weighment of containers cotinuous without any remedial action so far.

(ii) **International Standards Organisation (ISO) containers**

2.19 Between 1976-77 and 1981-82, the import/export traffic *via.* the Indian Ports in foreign containers in 20 ft. long, 20 tonne capacity, had increased from 6,825 to 1,56,583. In order to match the inland transport facilities therefor, the Railway Board had created since 1975 in consultation with the Ministry of Commerce, certain terminal and other infrastructural facilities at Bangalore, Ahmedabad and New Delhi. The terminal at Pragati Maidan near Delhi was completed at a cost of Rs. 9 lakhs in August 1981. About 140 bogie wagon flats have been modified at a cost of Rs. 9.52 lakhs and procurement of another 350 wagon flats at a cost of Rs. 4.20 crores have been ordered in 1980-81 works programme to transport the above containers. However, owing to delay in finalisation of combined transport document procedures by the concerned Ministries, the Railways could commence this foreign container service from August 1981 only in one route between Madras port and Bangalore and moved 263 containers in 1981-82. Railway's efforts to wean away the new mode of sea-cum-land traffic are yet to gather momentum.

(iii) **Financial appraisal**

2.20 The Ministry of Railways (Railway Board) have not yet (October 1982) undertaken a study of the economics of the container service for testing its viability keeping in view changes in the pattern of movements introduced from time to time such as :

(a) pooling of containers among the railways from 1976,

(b) loading of containers in BOX and KC wagons on a substantial scale due to shortage of container flats and for operational reasons, and

(c) tarffic in ISO containers owned by non-railway parties.

The factors aforesaid indicate need for a fresh financial appraisal of this scheme.

V Conclusion

2.21 (i) The container loading on the Indian Railways have declined significantly from 43,052 in 1976-77 to 37,864 in 1981-82. The loading indices per container per annum which was 21 in 1976-77 deteriorated to 16 in 1981-82 indicating its poor utilisation. Use of overaged dilapidated containers affected the loading, specially on the Western Railway.

(ii) Despite pooling of containers between the Railways, empty haulage of containers continuous to be high with a maximum of 41.3 per cent on Eastern Railway. This indicates need for sustained marketing efforts.

(iii) Target transit time of containers were fixed very liberally and even these target were not adhered to by the Railways affecting the turnround of the containers ; the actual turnround being 21 days in 1981-82. By controlling the transit time and reducing detention to containers at terminals, additional 981 containers would be available for loading thereby harnessing the earnings potential of Railways by Rs. 2.40 crores per year.

(iv) The containers were detained by the users for long periods (ranging upto even 21 days on the Western Railway) without being penalised by way of recovery of demurrage charges till September 1979. The demurrage rates prescribed thereafter were much less than the earnings of containers per day (Rs. 30 against the earnings of Rs. 66) and these rates have not been revised (November 1982).

(v) Though the containers have proved to be damage and pilfer proof and best suited for BG/MG routes involving transhipment, this service over the BG/MG routes has not been extended beyond a single route introduced in November 1969.

(vi) Road units procured for collection and delivery of containers were grossly under-utilised in as much as only 50 per cent of them (58 out of 116) are being put to use.

(vii) Containers irrespective of whether loaded by the users or by freight forwarders were not weighed owing to non-provision of suitable weighing equipment ; even where such weighment devices were provided, the same were removed, resulting in loss of revenue from overloading.

(viii) Railway's efforts capture the high rated traffic in International Containers are yet to gather momentum.

APPENDIX II

(*Vide* paragraph 1.32)

Actual Turnround achieved in 1981-82

1.	Loading per year	37864
2.	Loading per day	104
3.	Holding	2345
4.	Repair, POH percentage	4
5.	Effective holding	$\frac{96}{100} \times 2345 = 2251$
6.	Turnround (5)	21.6

APPENDIX III

(*Vide* paragraph 1.35)

(*i*) *Details indicating the extent of surplus holding of containers on the Zonal Railways.*

1.	Average number of containers loaded per month on regular routes (11 routes in operation between April 1978 and September 1980 were taken into account).	1996
2.	Total container km per month (based on the actuals over 11 routes during April 1978 to September 1980).	31.7 lakhs km.
3.	Average distance (lead)	1590 km.
4.	Empty haulage (based on the actuals from Inward receipt at all the terminals in March 1982).	26 per cent of total
5.	Transit time of containers between terminals from one loading to another loading with 26 per cent empty haulage (calculated on the basis of 22 km per hour speed for through goods hauled by diesel/electric traction in 1980-81).	4 days
6.	Extra time for loading/unloading, normal waiting time for materialisation of load and for other operational factors @ 3 days per terminal.	6 days
7.	Turnround (5+6)	10 days

8.	No. of containers required for the maximum loading achieved so far i.e. 43649 in 1980-81 $\frac{(4364 \times 10)}{365}$	1196
	Add extra containers 14 per cent to provide for 4 per cent POH repairs 10 per cent spare, peak allowance	168
	Total required for traffic in 1980-81.	1364
9.	(i) Holding in 1980-81	2096
	(ii) Holding in 1981-82	2345

APPENDIX IV

(*Vide* paragraph 1.35)

Turnround in 1982-83

1.	Loading during 1982-83	36173
2.	Loading per day	99
3.	Holding	2464
4.	Repair, POH per centage	4
5.	Effective Holding	$\frac{96}{100} \times 2464 = 3365$
6.	Turnround (5÷2)	$\frac{2365}{99} = 23.8$ days.

APPENDIX V

(*Vide* Introduction)

Statement of Conclusions/Recommendations and Observations

Sl. No.	Para No.	Min/Deptt. Concerned	Recommendations/Conclusions
1	2	3	4
1	1.63	M/O Railways (Rly Board)	The Container Service was introduced by the Railways in 1966 between specified terminals in order to wean away diversion of high rated goods traffic to road by ensuring quick and safe door to door transport of goods without any handling of contents either at the transhipment point, en route, if any, or at the goods shed. These services got established on 9 routes by 1971-72, 12 routes by 1974-75 and 16 routes by 1981-82. The Committee, however, observe that after having made a "dent" in the traffic all along held by the road transport, the Railways could not sustain it and during the last few years, there has been a gradual fall in the Efficiency Index of the Service, namely loadings per container per year. In 1971-72, with a holding of 686 containers, the Railways carried 31,880 loadings. But in 1981-82, with 2,345 containers,

			the number of loadings carried was only a fraction more, viz., 37864 Loadings. The Efficiency Index, declined from 46 in 1971-72 to 21 in 1980-81 and to 16 in 1981-82. On the Western Railway, which initially commenced this Service in 1966, the decline in traffic was to the extent of 40% as compared to their traffic of 1976-77. Two of their regular services introduced in 1967 and 1973 were closed in 1979. During 1982-83, there was further decline in the container traffic.
	1.64	-do-	As to the main reasons for the deterioration in the performance of the Container Service, the Committee observe that although certain external factors beyond the control of Railways had accentuated the process of deterioration, the root cause, as admitted by the Member (Traffic), Railway Board, was the inability of the Railways to provide the 'quality of service' which the private road hauliers were able to provide as also the inability of the Railways to compete with them in the matter of transit time and of rates. Another reason was the inefficient functioning of the road units of the Railways Container Service.
3.	1.65	-do-	As the Committee observe, the road traffic has certain inherent advantages over the Railways in the matter of providing door to door service. The transit time taken by the road transport is much less than taken by the Container Service. For instance, the transit time fixed by the Railways between New Delhi and Tondiarpet (Madras)—a distance of 2185 Km.—is 19 days but the actual time taken by the Container Service is 14 days. As against this, the transit time taken by the road transport is 5-6 days. Likewise, the transit time fixed by the Railways

1	2	3	4
			between New Delhi and Bangalore—a distance of 2544 Km.—is 11 days, but the time actually taken is 15 days. As against this, the transit time taken by the road transport is 6-7 days. The road transport has also the advantages of smaller unit load, freedom to pick and choose and flexibility to offer rates on day to day basis. Rather than haul the truck empty on the return journey, it may even accept half the usual rates but not so the Container Service. The question now arises, therefore, is whether it was at all wise on the part of the Railways to have ventured into this line. The Committee have, however, considered the matter in a wider perspective especially in the context of development of integrated Sea, Rail and Road Container Service the world over. Considering the overwhelming advantage enjoyed by the Railways in the matter of fuel consumption in case of long distance, the Committee feel that in the interest of optimum utilisation of scarce resources of the country, the Railways should not only continue with the Container Service but also extend its coverage provided they can successfully overcome the shortcomings they are facing at present. This, the Committee will like to point out, is no easy task and for this the Railways will have to do some hard thinking not only to re-orient their whole approach and strategies but will have to be much more businesslike than hithertofore.
1	1.66	M/O Railways (Rly. Board)	In the succeeding paragraphs, the Committee have dealt with various specific points raised in the Audit paragraphs in regard to the performance of the Container Service.

The Committee observe that one of the main reasons for the deteriorating performance of the Container Service is the unduly high turn-round time of Containers. The reasonable turn-round time for a Container has been worked out as 10 days. As against this, the actual turn-round time of the Container Service during 1981-82 was 21.6 days on an average. The turn-round time is partly accounted by transit time for movement of Containers between the two terminals and partly by their hold-up at the Railways or consignees' premises at the terminal. How excessive is the transit time taken by the Container Service will be apparent from the fact that on Tondiarpet (Madras)—New Delhi Container Service the transit time fixed by the Railways was 10 days as compared to 4 days taken by QTS, but the actual time taken in March, 1982 was 14 days. Likewise, on Wadi Bunder-Yeswantpur Container Service the transit time fixed by the Railways was 6 days as against 2.5 days taken by QTS, but the actual time taken was 15.4 days. Owing to excessive transit time, Central Railway was not able to meet fully the demands of trade for containers during the years 1979-80 to 1981-82. There were shortfalls in the supply of containers to the extent of 4133 in 1979-80, 3697 in 1980-81 and 1079 in 1981-82, leading to decline in loadings from 6186 containers in 1979-80 to 4223 in 1982-83. On the Western Railway, the position was even worse. Container loadings declined from 8822 in 1977-78 to 5352 in 1982-83. How costly the excessive transit time had proved to be will be seen from the fact that by

1	2	3	4
			controlling the transit time and reducing detention to containers, additional 981 containers could be available for loading, thereby augmenting the earning potential of Railways by Rs. 2.40 crores per year. In a note furnished to the Committee, the Ministry have stated that transit time can improve if direct super-fast goods trains are run regularly on container routes. This question is under the consideration of the Ministry.
5	1.67	M/O Railway (Rly. Board)	The Committee are firmly of the view that if the Railway Container Service is to successfully compete with the road service, the first thing it has to do is to drastically cut down the transit time. It is hardly necessary for the Committee to point out that with a substantial reduction in transit time, the existing containers can carry far more loadings than at present. The Committee note that a proposal under the consideration of the Ministry is to run direct super-fast trains regularly on container routes. The Committee will like the Ministry to implement the above proposal at the earliest. Together with it, the Committee will like the Ministry to consider re-orienting the existing system so as to concentrate more in sectors where it is possible to run a single unit train from start to finish without any intermediate detention. In addition, determined efforts should be made by the Ministry to cut down the unnecessary hold-ups at the Railways 'and consignees' ends at the terminals. In the opinion of the Committee, the aim of the Railway Container Service should be to bring down the transit time in the first instance to the level of the target time fixed by the Railways and later on to bring it as near as possible to the QTS time.

6	1.68	-do-	Intimately connected with the question of high turn-round time is the question of fixing a deterrent demurrage rate. The Committee observe that though the Container Service has been in operation from January, 1966, demurrage charges for the delayed release of containers were introduced in September 1979. No penalty was imposed on users for detaining the containers till then. However, the demurrage rate, *viz* , Rs. 30 for the first day is very iow as compared to the average earnings of Rs. 63 per day of a container in 1981-82. The reason given by the Ministry for the very low rate of demurrage is that "the container service being sensitive, it was feared that if the demurrage rates were increased the trade might resent and divert the traffic to road. Besides, there were hardly any cases of heavy delays to containers at the warehouses of the users." In evidence also it was stated that the 'incidence' of people "retaining containers for a long time is not very high." The Committee are surprised to learn this in view of the fact that a random check by Audit on the Western Railway in October 1981 revealed that containers were often detained for unduly long periods extending upto 21 days after their arrival at terminals by the consignees using them as storage godowns. While the Committee agreee that the question of demurrage charges should not be allowed to become an unnecessary irritant to the customers, they are also positive that the containers should not be allowed to be misused by unscrupulous consignees as storage godowns. With this end in view, the Committee desire that while the demurrage charges for the first two days may remain unchanged, the charges for

1	2	3	4
			the third day onwards should be sharply increased so as to act as a deterrent.
7	1.69	M/O Railways (Rly. Board)	Another important reason for the deteriorating performance of the Containers Service is the heavy empty haulage of containers. With a view to reducing empty haulage and improving utilisation the containers were being utilised on a pooled basis from 1975-76 and not in Railway based closed circuits. But, in spite of this, a large number of containers are hauled empty. According to a test check of the performance reports of the Railways for March 1983 by Audit, empty haulage of containers was as high as 41.8% on the Eastern Railway, 39% on the South-Central Railway, 32% on the South-Eastern Railway and 27% on the Western Railway. In evidence, Member (Traffic) pleaded that "in any transport organisation, certain element of empty haulage is inevitable (and) to have a perfectly matched traffic is very, very difficult". However, he conceded "we will have to reorient our marketing strategy to reduce empty haulage. Our effort is to bring it down to 20%". The Committee strongly recommend that the Railways should keep the position under constant review and make sustained marketing efforts in order to minimise the empty haulage. With this end in view, the Committee would like the Ministry to examine the feasibility of offering special station to station rates in case they find that on the return way, the containers are likely to go empty.

8	1.70	-do-	From the comparative data of the road transport rates and the railway container service rates furnished by the Ministry of Railways, the Committee find that as against the road rate of Rs. 35-40 per quintal on Carnac Bridge—New Delhi route the container service rate was Rs. 62.01 for lubricating oil and manufactured plastic. Like-wise, as against the road rate of Rs. 50-60 per quintal on Tondiarpet-New Delhi route, the container rate for lubricating oil was Rs. 92.35 and for welding rods Rs. 80.32 per quintal. Similarly, as against the road rate of Rs. 16-22 per quintal on the Wadi-Bunder—Secunderabad route, the container service rate was Rs. 61 for radios/transistors and Rs. 59 for switch-gears. The same is true of other routes. The Committee feel that there is enough scope to wean away high rated goods traffic from road transport by making container service more attractive. To this end, the Committee will like the Ministry of Railways (Railway Board) to make a thorough study of their haulage rates *vis-a-vis* those offered by road transport, and wherever possible, to make their rates competitive. The position should be kept under constant review.
9	1.71	-do-	Performance of road units of the Railways container service has been another factor responsible for the deterioration of the service. The Railway's container terminals held 116 road units. A test check of their performance reports during March 1982 disclosed that only 58 vehicles were in effective use for delivery and collection of the containers, 11 were out of use due to cannibalisation of their parts and the remain-

1	2	3	4
			ing 47 were either under repair or awaiting repairs. Thus nearly 50% of the road vehicles were out of effective use for container traffic. This was mainly due to maintenance problems. The Railway workshops are not geared for the periodical overhauls and other repair facilities for road vehicles. Admittedly, it is necessary to maintain the road units in an efficient manner. The Committee were informed that if the work relating to repairs and overhauling was entrusted to private workshops, it would work out to be cheaper as compared to the existing system in the Railways. Since the Railways are not averse to this suggestion, the Committee would like the Ministry of Railways to examine it and implement it if found feasible and cheaper.
10	1.72	M/O Railways (Rly. Board)	Container service operated only on one MG-cum-BG route, viz. Wadi-Bunder—Yesvantpur (introduced in November 1969) with transhipment of containers at Guntakal. This service remained in force till January 1983, when the Guntakal-Bangalore section was converted into BG. Another BG-cum-MG service was introduced in December 1980 between KP Docks. Calcutta and Raxual. The Railways have stated that so far their thrust of investment and marketing efforts was on BG routes only. This was because any transhipment meant additional delay. However, there are certain other important considerations favouring the extension of container service to MG routes. All new containers with 5-tonne capacity have been so designed as to be capable of moving on both BG and MG sections. At present a major problem faced in

			transhipment is the damage to consignments ; particularly in case of industrial goods of high value, the damage is sometimes serious. Pilferage is another problem. If the MG sections are also containerised, there will be no such problem in transhipment. In the context of the Railways' efforts to optimise the use of the existing containers, the Member (Traffic) promised to undertake a study to see if it is possible to extend the container service to certain MG sections. The Committee desire that the proposed study should be undertaken at an early date and its results communicated to the Committee.
11	1.73	M/O Railways (Rly. Board)	The Committee note that "Own your own container" scheme was launched in the year 1972, but there was no response from the trade. The scheme was again revived later and for the first time in December 1980, 12 containers were purchased by a firm of Nepal. The scheme has not be able to make much headway thereafter. The Committee feel that a very half-hearted effort was made by the Railways first to launch the scheme and then to revive it. It has not functioned the way it should have. It is high time that the scheme was thoroughly re-examined and reoriented with a view to making it a success.
12	1.74	-do-	The Committee note that on the basis of experience of some of the Railway systems abroad, the Indian Railways have adopted the life of a container as 15 years. The Committee also note that norms of periodical overhauling have also been laid down. The Committee desire that

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			the norms of replacement and periodical overhaul should be strictly observed so that the container holdings remain in proper usable condition and the trade may not be discouraged from making use of the container service.
13	1.75	M/O Railway (Rly. Board)	The performance of the container service upto 1974-75 was the subject matter of comment in paragraph 8 of the Report of the Comptroller and Auditor General of India for the year 1975-76—Union Government (Railways). The Public Accounts Committee had called upon the Railway Board *inter alia* to undertake a study of the economics of each container service. This study has, however, not yet been undertaken, for which the Member (Traffic) Railway Board expressed regret to the Committee during evidence and assured that such a study would be completed within the next six months. The Committee desire that the proposed study should also include a financial appraisal of the entire scheme. The Committee would like to be informed of the results of the study.
14	1.76	-do-	The Committee note that the containers which are loaded either by the customers or by the agents of the Railways (freight forwarders) are not subjected to weighment at originating points. A test weighment of a few containers on certain occasions during the period 1974 to 1981 at the Carnac Bridge terminal of Western Railway disclosed excess load in 40 to 60% of the containers. The representative of the Railway Board contended in evidence that overloading of the containers was not to the extent pointed out by Audit as about 80% of the commodities which are loaded in containers have a weight of 3.4 tonnes as against the capacity

			of 5 tonnes of a container, It was only in exceptional cases that there was an overloading. The Committee have also been informed by the Ministry that the Railway Board have asked all the Railway Administrations to place orders for cranes with weighing mechanism as and when the existing cranes become due for replacement. The Committee desire that pending the provision of proper weighing mechanism at important points, the Railway should ensure that all commodities to be loaded in containers particularly high density commodities, are first test-weighed and their loadability as also the traffic to be charged therefor determined accordingly.
15	1.94	-do-	Noting an increase from 6825 to 1,26,583 numbers between the period 1976-77 and 1981-82 in the import/export traffic via the Indian ports in 20' long, 20 tonne capacity International Standards Organisation containers, the Railway Board, in consultation with the Ministry of Commerce, created matching inland transport facilities at Bangalore, Ahmedabad and New Delhi. The terminal at Pragati Maidan (New Delhi) was completed at a cost of Rs. 9 lakhs in August, 1981. About 140 bogie wagon flats have been modified at a cost of Rs. 9.52 lakhs and procurement of another 350 wagon flats at a cost of Rs. 4.20 crores have been ordered in 1980-81 works programme to transport the ISO containers. However, owing to delay in finalisation of combined transport document procedures by the concerned Ministries, the Railways

1	2	3	4
			could commence this foreign container service from August 1981 only in one route between Madras port and Bangalore. The work of providing inland container depot at Ahmedabad sanctioned in 1980-81 has not progressed, as acquisition of a suitable piece of land for the terminal is sub-judice. The Committee note that the dispute between the Bombay Dock Workers Labour Union and the Bombay Port Trust has since been settled and movement of ISO container traffic from/to Bombay port has commenced w.e.f. 14.3.1984. In 1981-82, 229 TE Us were transported earning freight charges of Rs. 2.29 lakhs and during 1982-83 the loading and earnings improved to 323 TE Us and Rs. 3.18 lakhs respectively. During the period from April 1983 to January 1984 the total number of ISO containers moved to/from Madras and Cochin ports was 2943 TE Us. As a result of these movements the Railways have earned a revenue of Rs. 35.12 lakhs. This increase was apparently due to the fact that movement of goods on sea cum-road routes by ISO containers was being preferred increasingly. There is thus great scope for ISO container service, which the Committee feel should be fully exploited by the Railways. The Committee would like to have a further report in the matter. They would also like to be informed of the latest position regarding establishment of ICDs at Ahmedabad and Gauhati as also movement of ISO traffic from Calcutta port on a regular basis.

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