

MARKETING BY INDIAN RAILWAYS

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

**PUBLIC ACCOUNTS
COMMITTEE
1994-95**

TENTH TENTH REPORT

TENTH LOK SABHA

**NINETY-NINTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1994-95)**

(TENTH LOK SABHA)

MARKETING BY INDIAN RAILWAYS

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

*[Action Taken on 66th Report of Public
Accounts Committee]*



सत्यमेव जयते

*Presented to Lok Sabha on 26 April, 1995
Laid in Rajya Sabha on 26 April, 1995*

**LOK SABHA SECRETARIAT
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COMMITTEE (10TH LOK SABHA)

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COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE (1994-95)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Ninth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Sixty-Sixth Report (Tenth Lok Sabha) on Marketing by Indian Railways.

2. In their earlier report, the Committee had noted that the share of rail traffic in the total land traffic had been declining. As against 89% of the total traffic in 1950-51, the share of rail movement had come down to 58% in 1984-85. The Railway's share of the total land traffic had fallen over by 10% during 1965—85 inspite of the establishment of Marketing and Sale Organisation in 1967. The Committee had noted with regret that the Railways had not conducted any meaningful exercise to assess properly their capacity utilisation in terms of line, wagon, locomotive, coaches etc. with a view to finding out whether there was under utilisation of capacity. In this report, the Committee have observed that the Ministry of Railways have now decided to undertake the survey and desired that the requisite survey be undertaken expeditiously and effective strategies evolved thereon not only for successful marketing of Indian Railways but also for achieving better utilisation of the capacities created at great costs.

3. The Committee have further noted that in the light of the deficiencies pointed out by them in their earlier report, the Ministry of Railways have undertaken an exercise for reviewing some of the schemes like Freight Forwarder Scheme, Speed Link Express, Station to Station Rate etc. which are being operated under the aegis of the Marketing and Sales Organisation. The Committee have emphasised that the task should be expeditiously completed and necessary corrective action taken with a view to not only sustaining the customer base but also capturing additional traffic to Indian Railways.

4. The Committee have time and again pointed out that a serious weakness of the Indian transportation system was the lack of co-ordination between the rail and road systems in the country. Emphasising the need for an effective co-ordination between the two modes of transportation, the Committee had repeatedly recommended formulation of a national integrated transport policy. In this report, while observing that nothing concrete has been done on the same, the Committee have expressed their displeasure over the lack of seriousness on the part of Government in the matter. The Committee have desired that their recommendation should be examined with utmost urgency and concrete steps taken for formulating an integrated transport policy and evolving a mechanism for effective co-ordination of rail and road transport.

(vi)

5. In this report, the Committee have also reiterated the need for re-orienting the Marketing and Sales Organisations for enabling the Indian Railways to keep pace with the emerging realities. This was essential keeping in view not only the declining trend of the share of Railways in the total land traffic, but also in terms of the profitability and the service satisfaction rendered by the premier organisation and also in the context of the target set by Indian Railways for achieving 370 to 400 billion net tonne kilometers of freight traffic by 2000 A.D. against the present performance of 258 billion net tonne kilometers in 1992-93.

6. The Report was considered and adopted by the Public Accounts Committee at their sitting held on 21 April, 1995. Minutes of the sitting form Part-II of the Report.

7. For facility of reference and convenience, the 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 to the Report.

8. The Committee 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.

NEW DELHI;
21 April, 1995

1 Vaisakha, 1917 (Saka)

BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations/observations of the Committee contained in their Sixty-Sixth Report (Tenth Lok Sabha) on Paragraph 2.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March, 1992, No. 10 of 1993, Union Government (Railways) relating to Marketing by Indian Railways.

2. The Sixty-Sixth Report which was presented to Lok Sabha on 26 April, 1994 contained 21 recommendations/observations. Action taken notes on all these recommendations/observations have been received from the Ministry of Railways (Railway Board). The Action taken notes have been broadly categorised as follows:

(i) Recommendations and observations which have been accepted by Government:

Sl. Nos. 1 to 19

(ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government:

-Nil-

(iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos. 20 and 21

(iv) Recommendations and observations in respect of which Government have furnished interim replies:

-Nil-

3. Earnings from freight traffic account for about 70% of the gross traffic receipts of the Indian Railways. The Marketing and Sales Organisation (M&SO) was set up in 1967 in recognition of the importance of marketing in boosting freight traffic in the Indian Railways. In their 66th Report (Tenth Lok Sabha) the Committee had examined the progress made by the Marketing and Sales Organisation in the achievement of its objectives and the working of the various schemes introduced by M&SO during the precedent 15 years.

4. The action taken notes furnished by the Ministry of Railways (Railway Board) on the various observations/recommendations of the Committee have been reproduced in the relevant Chapters of the Report.

In the succeeding paragraphs the Committee, however, deal with the action taken on some of their recommendations/observations.

Decline in Railways share of land traffic

(Sl. No. 2—Paragraph 96)

5. In paragraph 96 of their 66th Report (10th Lok Sabha), the Committee had noted that the share of rail traffic in the total land traffic had been declining. As against 89% of the total traffic in 1950-51, the share of rail movement had come down to 58% in 1984-85. The Railway's share of the total land traffic had fallen over by 10% during 1965-85 in spite of the establishment of Marketing and Sale Organisation in 1967. The Ministry of Railways attributed the decline in rail traffic to the growth in road network, road vehicular fleet and also to the decline in the distribution of resources to Railways in the successive five years plans. The Committee had noted with regret that the Railways had not conducted any meaningful exercise to assess properly their capacity utilisation in terms of line, wagon, locomotive, coaches etc. with a view to finding out whether there was under utilisation of capacity. Emphasising the need for optimal utilisation of the rail capacity created at great cost, the Committee had recommended that the Ministry of Railways should undertake a scientific survey with a view to assessing the maximum traffic that Railways could handle and where the rail transportation would be cheaper vis-a-vis road not only for evolving effective strategies for successful marketing on Indian Railways but also for achieving better utilisation of the capacities created.

6. In their action taken note, the Ministry of Railways (Railway Board) stated:

“The recommendation is accepted. Action will be taken to undertake the desired survey.”

7. The Committee desire that the requisite survey be undertaken expeditiously and effective strategies evolved thereon not only for successful marketing of Indian Railways but also for achieving better utilisation of the capacities created at great costs. The Committee would like to be apprised of the further action taken in the matter.

Working of inter model services

(Sl. Nos. 8 to 16—Paragraphs 102 to 110)

8. One of the principal objectives of the Marketing and Sales Organisation of Indian Railways is to improve the quality of service to the customers and in the process to plan and provide inter model services combining the advantages of rail and road transport. Several services like Freight Forwarder Scheme, Container Services, Mobile Booking Service, Quick Transit Service, Speedlink express, Station to Station Rate, etc. have been undertaken by Indian Railways under the aegis of Marketing and Sales Organisation with this objective. After examining the working of several such schemes the Committee had arrived at the conclusion that

despite the patronage of a specialised Organisation for marketing, most of the schemes had not been successful in generating good response from the users. While the existing schemes were struggling to sustain their customer base, there was lack of seriousness in implementing the new schemes. Pointing out that the whole system of introduction of new schemes and operation of existing schemes leaves much to be desired, the Committee had recommended that the Ministry of Railways should thoroughly look into the matter and take necessary action with a view to sustaining and expanding the customer base of Railways.

9. In their action taken notes, the Ministry of Railways (Railway Board) stated that the recommendations of the Committee have been accepted and accordingly, it has been decided that the schemes of Freight Forwarder, Speedlink Express, Station to Station rate would be thoroughly reviewed in order to make them more effective and advantageous to the Railways and customers. The Quick Transit Service Scheme was stated to have been discontinued since December 1993 in view of its decreasing relevance on account of major shift in operating strategies. As regards new Schemes, the Ministry also stated that there was encouraging response to the revised 'Own Your Wagon' Scheme. The leasing of SLR Scheme introduced in September, 1992 and liberalised from time to time has also attracted very good response. The annual earnings from the space leased so far are estimated to be in the region of Rs. 6 crores. Apart from this Scheme, the Ministry stated that a special thrust is also being given to containerisation which has registered an increased of 352% over the period 1989-90 to 1993-94. They also added that there would be better co-ordination between the Operating and Commercial Departments with the placing of the Chief Marketing Managers under the Chief Operating Managers in the Zonal Railway Administrative set up.

10. The Committee note that in the light of the deficiencies pointed out by them, the Ministry of Railways have undertaken an exercise for reviewing some of the schemes like Freight Forwarder Scheme, Speed Link Express, Station to Station Rate etc. which are being operated under the the aegis of the Marketing and Sales Organisation. The Committee trust that the task would be expeditiously completed and necessary corrective action taken with a view to not only sustaining the customer base but also capturing additional traffic to Indian Railways. This may be done in such a manner whereby availability of wagons and better utilisation of the wagon capacity are also ensured. The Committee would like to be informed of the action taken in the matter.

Need for a National Integrated Transport Policy

(Sl. No. 20—Paragraph 114)

11. The Public Accounts Committee have time and again pointed out that a serious weakness of the Indian transportation system was the lack of co-ordination between the rail and road systems in the country. In fact,

there was a severe competition between the two. The road transport had certain advantages over rail transport such as the ability to provide door to door service, pick and choose not only the commodities for carriage but also the routes and customers and vary rates at will. On the other hand the Railways being a nationalised undertaking and a public utility service had the obligation to carry all traffic that was offered to them; sometimes even at less than cost as in the case of essential commodities like coal and foodgrains. Over the years the Railways' share of the total freight had continuously gone down and with the diversion of short distance and high profit-yielding traffic to the roads, the Railways have virtually become carriers of only bulk commodities and other long distance freight which was not found profitable by road transport or which cannot be conveniently transported by road. This phenomenon not only involved wasteful competition between the railways and road hauliers but also lead to a national waste in as much as the rail capacity created at great cost remains unutilised for underutilised in many sectors.

12. The Committee had been repeatedly emphasising the need for an effective rail-road co-ordination which can be brought out only if there was a national integrated transport policy. In 1980-81 (Ref: 16th Report of the Committee—Seventh Lok Sabha) the Committee had been informed that a draft National Transport Policy as circulated by the then Ministry of Shipping and Transport in January 1977 was revised in the light of comments received from various Ministries and referred to the Planning Commission who propose to appoint a high power committee to consider various aspects of the draft paper.

13. In this connection, the Committee in para 114 of their 66th report (10th Lok Sabha) had recommended:

“...They regret to note that despite their persistent exhortations an integrated transport policy is yet to be formulated. The Committee have been informed that the National Transport Committee in 1978 had in their report submitted in 1980 recommended *inter alia* setting up of a National Transport Commission as an appropriate mechanism for achieving continuous and complete rail and road co-ordination. Unfortunately, the recommendation was not approved by the Government. The Committee further note that the Luthra Committee have recently formulated a Report on “Perspective planning for transport development” for consideration of the Planning Commission which is also understood to have dealt with the issue of integrated rail and road transport. In the light of the above facts, the Committee would like to once again reiterate that the matter may be considered at the highest level and steps taken for formulating an integrated transport policy and evolving a mechanism for effective co-ordination of rail and road transport. The Committee would like to be informed of the action taken in the matter.”

14. The Ministry of Railways (Railway Board) have in their action taken note stated:

“This is for the Planning Commission to formulate a policy. The recommendation has been referred to them for action.”

15. The Committee have time and again pointed out that a serious weakness of the Indian transportation system was the lack of co-ordination between the rail and road systems in the country. Emphasising the need for an effective co-ordination between the two modes of transportation, the Committee had repeatedly recommended formulation of a national integrated transport policy. In their earlier report, the Committee had observed that a proposal on the subject mooted as far back as January, 1977 was shuttling between various organs of the Government of India without assuming any concrete shape. Regretting that an integrated transport policy had still eluded the country, despite their persistent exhortations, the Committee in their earlier report had recommended that the matter may be considered at the highest level and steps taken for formulating an integrated policy and evolving a mechanism for the purpose. The Ministry of Railways in their action taken note have merely stated that the recommendation of the Committee has been referred to the Planning Commission for action. The action taken note is completely silent on the precise nature of the proposal pending before the Government as also the stage of its examination. Evidently, nothing concrete has been done on the same which is indicative of the lack of seriousness on the part of Government in the matter. While expressing their displeasure over the same, the Committee desire that their recommendation should be examined with utmost urgency and concrete steps taken for formulating an integrated transport policy and evolving a mechanism for effective co-ordination of rail and road transport.

Role of Marketing and Sales Organisation

(Sl. No. 21—Paragraph 115)

16. Commenting on the role of the Marketing and Sales Organisation in improving the marketing and sales efforts of the Railways, the Committee in paragraph 115 of their 66th report (10th Lok Sabha) recommended:

“The Committee note that while an integrated transport policy had eluded the country, the marketing and sales effort on the Indian Railways have not kept pace with the emerging role of the Indian Railways. The Ministry of Railways have expressed their optimism that with the placement of Chief Marketing Managers under the operating Department, setting up of container Corporation, introduction of schemes like leasing of SLR space, running of speed link services etc., the marketing efforts of the organisation would get a boost in the future. This may be so. But the Committee feel that in view of the fact that the Railways share of the total land freight traffic has been falling continuously there is an urgent need to have a re-look into the role and functioning of Marketing and Sales Organisation in Indian Railways not only from the point of

view of profitability but also in terms of service satisfaction rendered by the premier organisation. This is particularly essential in the context of the target set by Indian Railways for achieving 370 to 400 billion net tonne kilometers of freight traffic by 2000 A.D. against the present performance of 258 billion net tonne kilometers in 1992-93. They, therefore, recommend that the Ministry of Railways (Railway Board) should look into the matter in-depth and take necessary action. The Committee would like to be informed of the further action taken in the matter."

17. In their action taken note on the aforementioned recommendation the Ministry of Railways (Railway Board) stated, "Accepted".

18. While emphasising the need to improve the marketing and sales efforts of the Indian Railways, the Committee in their earlier report had pointed out that there was a need to have a re-look into the role and functioning of the Marketing and Sales Organisation. This was essential keeping in view not only the declining trend of the share of Railways in the total land traffic, but also in terms of the profitability and the service satisfaction rendered by the premier organisation. The Ministry of Railways have in their action taken reply merely stated "accepted" without elaborating the action actually taken or proposed to be taken by them in the desired direction. The Committee cannot remain satisfied with this. They would like to be apprised of the precise steps taken/contemplated to re-orient the functioning of the Marketing and Sales Organisation for enabling the Indian Railways to keep pace with the emerging realities. The Committee would once again like to emphasise that a well planned marketing and sales strategy is highly imperative in the context of the target set by Indian Railways for achieving 370 to 400 billion net tonne kilometers of freight traffic by 2000 A.D. against the present performance of 258 billion net tonne kilometers in 1992-93.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

Earnings from freight traffic account for about 70% of the gross traffic receipts of the Indian Railways. The Marketing and Sales Organisation was set up in 1967 in recognition of the importance of marketing in boosting freight traffic in the Indian Railways. The functioning of the Organisation had engaged the attention of the Public Accounts Committee on an earlier occasion also. The Seventieth Report of the Committee (1977-78 Sixth Lok Sabha) had brought into sharp focus several deficiencies in the working of the Organisation. The Committee had emphasised the need for a proper evaluation of the functioning of the Marketing and Sales Organisation of the Railways with a view to streamlining it. The present Audit review deals with issues arising out of implementation of the earlier recommendations of the Public Accounts Committee on the subject, the progress made by the Marketing and Sales Organisation in the last 15 years in the achievement of its objectives and the working of the schemes introduced by the Organisation during the last three years. The Committees' examination of the review has revealed several disquieting aspects which are dealt with in the succeeding paragraphs.

[Sl. No. 1 (Para 95) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

The Committee note that the share of Rail Traffic in the total land freight traffic has been declining. From the available statistics it is seen that as against 89% of the total traffic in 1950-51, the share of rail movement came down to 58% in 1984-95. The Railway's share of the total land freight traffic has fallen over by 10% during 1965-85 inspite of the establishment of Marketing and Sales Organisation in 1967. The Ministry of Railways attributed the decline in rail traffic to the growth in road network, road vehicular fleet and also to the decline in the distribution of resources to Railways in the successive five years plans. The Committee regret to note that the Railways have not conducted any meaningful exercise to assess properly their capacity utilisation in terms of line, wagon locomotive, coaches etc. with a view to finding out whether there was under utilisation of capacity. The Committee need hardly emphasise that the rail capacity created at great cost requires to be utilised optimally. It is also necessary in view of the fact that the per unit cost of fuel consumption

is lower in rail than road transport. They, therefore, recommend that the Ministry of Railways should undertake a scientific survey with a view to assessing the maximum traffic that Railways can handle and where the rail transportation would be cheaper vis-a-vis road not only for evolving effective strategies for successful marketing on Indian Railways but also achieving better utilisation of the capacities created.

[Sl. No. 2 (Para 96) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation is accepted. Action will be taken to undertake the desired survey.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

Revenue freight traffic on the Railways has two main components, i.e. bulk commodities and other goods. Bulk Commodities like coal, fertilizers, iron and steel, cement, foodgrains etc. constitute about 95% of the tonnage. The proportion of bulk commodities has been steadily increasing over the years. Bulk commodities which made up 58.2 per cent and 79.8 per cent of total originating traffic in 1950-51 and 1970-71 respectively stood at 94.6 per cent in 1990-91. From the commodity-wise break up of the total freight earnings, the Committee find that nine items accounted for about 88% of the total freight earnings in the year 1991-92. of these, coal ranked top in the list contributing about 40% to the total earnings. In this connection, the Committee' attention has been drawn to the fact that power plants are major defaulters for Railways in payment of freight for coal supplied to Thermal Power Houses. According to the figures made available by Audit to the Committee, freight outstanding against power plants amounted to Rs. 700 crores in May, 1993. The representatives of Ministry of Railways stated during evidence that the arrears have been accumulated due to the defaults by the Electricity Boards who are stated to have not been able to realise their dues from the consumers. The Committee consider the extent of arrears as serious and desire that the Ministry of Railways should make vigorous efforts to recover the dues. The Committee would like to be informed of the latest position in the matter.

[Sl. No. 3 (Para 97) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation is accepted. Necessary steps in this regard are already being taken with the Ministries concerned, for recoveries from the Central Plan assistance.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

The data furnished by the Ministry also indicated that Railways were incurring losses on transportation foodgrains and salt. While in case of foodgrains, the loss incurred in 1991-92 amounted to Rs. 158 crores, Salt accounted for loss of Rs. 56 crores during the same year. The losses were attributed to the concessional rates offered on those items. It was, however, stated that exemptions given to grains and pulses have since been withdrawn and were being charged at normal tariff items. The Committee would like to be apprised of the latest position in respect of the profits earned or losses sustained by the Railways on the transportation of those two items.

[Sl. No. 4 (Para 98) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The latest position in respect of the profit earned or losses sustained by the Railways on transportation of foodgrains and salt are as under:—

Commodity	Year	Profit / Loss
Foodgrains	1992-93	(-) 160 crores (Approx)
	1993-94 (Revised Est.)	(+) 144 crores (")
Salt	1992-93	(-) 15.6 crores (")
	1993-94 (Revised Est.)	(-) 26 crores (")

After withdrawal of the exemptions given to foodgrains from increases in freight rates in the past with effect from 1.4.1993, the losses incurred on the movement of this commodity have been eliminated. However, in the case of Salt, since the exemption from increases in freight rates have not been withdrawn, the Railways continue to incur loss in the movement of this commodity.

[Ministry of Railways (Railway Board) D.O. No. 94/BC-PAC/X/66 dated 1.11.1994]

Recommendation

One of the important functions of the Marketing and Sales Organisation is to keep a watch on the loading of High Profit Yielding (HPY) commodities, for which daily quota of wagons have been fixed or guaranteed, to improve their earnings. The Public Accounts Committee in their 16th Report (Seventh Lok Sabha) had recommended that the Marketing and Sales Organisation should strive to attract high rated traffic

as much as possible especially where there had been diversion to road over long and uneconomical distances. The Committee find that the quantum of traffic in high profit yielding commodities averaged 6.7% of the total traffic but constituted 15.04% of the total earnings during the five years in 1971-72 to 1975-76. In 1990-91, the HPY commodities accounted for 5.4% of weight and only 8.09% of the earnings. The Committee regret to conclude from the above that despite its existence for over 27 years the Marketing and Sales Organisation had woefully failed in increasing the traffic in high profit yielding commodities.

[Sl. No. 5 (Para 99) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

The Committee find that there were 47 HPY commodities in 1970 which was enlarged to 78 in 1976. These were in the 'other goods' category and were carried on 'smalls' or as 'piccemeal' traffic in wagons. The list was revised in 1984 wherein Railway Board identified 35 categories of commodities as having fairly high profit yielding potential. The criteria for inclusion of these commodities in the list issued in 1984 was that only those commodities whose originating tonnage in the preceding year was 10000 tonnes or more and whose profitability was Rs. 1000 or more per wagon. As per Railway Board's instructions, the traffic in these commodities should not normally be subjected to any operating restrictions and the loading of these commodities should be watched by the operating and commercial officers at all levels. Further it was also stipulated that there should be close coordination between operating and commercial departments to ensure maximum loading of these commodities and the marketing officers of the Marketing and Sales Organisation were to make special efforts to increase loading in these commodities. The Committee are however, unhappy to note from their examination of certain illustrative cases of loading of HPY commodities in some zonal Railways that those instructions were not complied with. On Southern Railway during the period 1985-86 to 1990-91 traffic in HPY commodities registered a downward trend. There was an overall drop of 912300 tonnes with a fall in earnings of Rs. 38.63 crores in 1990-91 in comparison to the position of traffic in 1985-86. The decreasing trend continued in 1991-92 also. However, the monthly appreciation report sent to the Railway Board did not indicate and the Board did not bother to ascertain the reasons for the drop in loading these commodities or the steps proposed to be taken to recapture the traffic. On the Central Railway, there was a steep fall in the loading of two HPY items namely electrical appliances and oil seeds in the years 1990-91 and 1991-92. On the South Eastern Railway, while the target for loading HPY commodities exceeded in 1989-90 it declined in 1990-91 and 1991-92. Similarly on the Western Railway also there had been a continuous decline in the loading and earnings from HPY commodities during 1987-88 to 1991-92. However, the Marketing Organisation had not analysed the reasons for the steep fall in these cases. All these,

clearly indicate that the Marketing and Sales Organisation both at Board and Zonal levels had failed in keeping a watch on the loading of high profit yielding commodities which they were expected to perform as per the assigned objectives of the Organisation and also the Board's instructions in this behalf. The Committee cannot but express their unhappiness over this.

[Sl. No. 6 (Para 100) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

The Ministry of Railways have explained that the definition and scope of high rated commodities has been changing in accordance with the variation in the pattern of transportation of Commodities in Indian Railways. According to the Ministry as a result of the directional shift to bulk carriage of goods and the reclassification of several bulk commodities enhancing their profitability, the HPY commodities falling in the category of 'other goods' in 1970-71 no longer had the same economic relevance on earning generation potential. The Ministry stated that they have enlarged their base of bulk traffic more effectively and efficiently than envisaged originally and have not restricted the scope of their marketing thrust to a limited group of HPY commodities identified in the 70s. The Committee however, would like to point out that the authorities concerned had not taken any action to revise the list of HPY commodities so as to reflect the shift in approach as claimed by the Ministry in the working of the Marketing and Sales Organisation. It was only after the Audit paragraph and the selection of the subject by the Committee that the Ministry in 1993 revised the list to 11 items. The list indicated that many of the items were of bulk in nature. Also the criteria for inclusion of the commodities in the list has also been revised. Since most of the bulk traffic comes under programmed movements, the Committee wonder whether in the changed circumstances the Marketing and Sales Organisation has now any specific role to perform in the marketing of HPY items.

[Sl. No. 7 (Para 101) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The observation of the Committee has been noted.

As earlier submitted to the Committee that with the shift in operating strategies from piecemeal and less than wagon load traffic to transportation of goods in bulk on point to point basis, the HPY Commodities earlier falling in the category of 'other goods' are now being increasingly containerised. The list of HPY Commodities, revised in 1993, therefore includes items that are of bulk in nature. The thrust on containerisation of high rated smalls and piecemeal traffic has played a vital role in recapturing and attracting such traffic.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

One of the principal objectives of the marketing and sales organisation is to improve the quality of service to the customers and for that to plan and provide inter-modal services combining the advantages of rail and road transport. Several services have been undertaken by Indian Railways under the aegis of Marketing and Sales Organisation with this objective. This included Freight Forwarder Scheme, Container Services, Mobile Booking Service, Quick Transit Service, Speedlink Express, Station to Station Rate etc. The Public Accounts Committee in their 70th Report had recommended that targets and goals in relation to each service undertaken under the aegis of Marketing and Sales Organisations should be laid down. They had also recommended that the measures actually taken to set up marketing and sales promotion activities with a view to expanding the various services rendered by the Marketing and Sales Organisations should also be clearly indicated stating separately how far these have proved effective. However, the performances of some of such schemes, as discussed in the succeeding paragraphs, have belied the expectations of the Committee.

[Sl. No. 8 (Para 102) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

The Committee note that Freight Forwarder Scheme was introduced in 1969 in order to cater mainly to small traffic bulked into wagon loads which tends to move away from rail to other modes of transport. Under this scheme, approved freight forwarders collect and deliver consignments from to the godowns of new trains at the forwarding and destination stations in 'smalls' and offer them for transportation by rail between specified terminals in wagon loads. An attractive lump sum rate is offered by the railways to the freight forwarder. Such traffic is generally carried in conventional wagons or containers by nominated quick transit service or express and super express goods trains. During the year 1990-91 this scheme was available over 60 routes. The loading went up from 27,785 wagons in 1989-90 to 28,653 wagons in 1990-91. The earnings also increased from Rs.23.71 crores in 1989-90 to Rs. 29.57 crores in 1990-91. However, since then there had been a steep fall in the earnings which touched as low as Rs. 15.52 crores in 1992-93. The Committee desire that the precise reasons for this decline in revenue should be looked into and necessary corrective action taken.

[Sl. No. 9 (Para 103) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

As stated earlier under the Freight Forwarder Scheme Railways offered a concessional, lumpsum rate to the freight forwarder. The Committee find that there had been a marked variation in the lumpsum rates quoted by Eastern Railway in Howrah-New Delhi route in comparison to the rates offered by Northern Railway on the same route. According to Audit the incorrect fixation of rate under the scheme in this case deprived Eastern Railway of an earning of Rs. 70 lakhs during 1989-90. Further the Eastern Railway had also not observed the norm that the concessional rate under Freight Forwarder Scheme should not fall below the current average earnings per wagon for traffic between the concerned stations, while fixing the lumpsum rate in 1989-90. Pertinently, at the relevant time, indents for wagons were also pending with the Eastern Railway (2165 per month) for transportation of other goods traffic. While disagreeing with the Audit objection the Ministry of Railways maintained that the fixation of rates by the authorities in Eastern Railway was proper. The Committee desire that in the light of the facts relating to this case and the Audit objection, the Ministry should look into the whole question of fixation of lumpsum rates with a view to ensuring that they are correctly fixed and that the interests of Railways are adequately protected.

[Sl. No. 10 (Para 104) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

Another shortcoming observed by the Committee was that under the Freight Forwarder Scheme Railways were not aware of the type of commodities loaded. In this connection the Committee find that in the Northern Railway the freight earned under this service increased from Rs. 189 lakhs in 1987-88 to Rs. 607 lakhs in 1991-92. The test check of three high profit yielding commodities namely soap, plaster of paris and soda conducted by Audit showed a steep shortfall in traffic from 36100 to 2000, 25,000 to 2770 and 14900 to 5110 tonnes respectively during 1987-88 to 1991-92. This indicated the possibility that the increase in traffic was due to diversion of high profit yielding commodities to Freight Forwards Scheme. In the light of the sample cases pointed out by Audit, the Committee recommend that the Ministry of Railways should ensure that the Railway revenues are not suffered due to diversion of high profit yielding commodities traffic to the Freight Forwarder Scheme.

[Sl. No. 11 (Para 105) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Recommendation

The Committee find that despite the concessional rate extended and the existence of a specialised marketing institution—M&SO under whose aegis the scheme was operated, the Freight Forwarder Scheme did not show any good result. In fact, the earnings under the scheme had gone down from

Rs. 29.57 crores in 1990-91 to Rs. 15.52 crores in 1992-93. There was a shortfall in the physical performance of the scheme in Eastern Railway. Similarly there was a declining trend of loading in Central Railway and the South Eastern Railway registered a drastic fall, both in the number of wagons loaded as also the amount of earnings. It is, therefore, abundantly clear that the M&SO had not been able to make the FFS particularly popular. The Committee trust that the Ministry of Railways will take note of this for necessary corrective action and review the working and continuance of the Freight Forwarder Scheme.

[Sl. No. 12 (Para 106) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation of the Committee is accepted.

The whole scheme is being thoroughly reviewed, keeping in view the reasons for the drop in earnings and for fixing realistic rates vis-a-vis protection of Railway's interest.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

The Committee find that the Quick Transit Service (QTS) provides transport of goods between certain pairs of stations within assured target time for which the customer is required to pay Quick Transit Service charges in addition to the ordinary freight. In case the consignment is not made available for delivery within the stipulated time, the Quick Transit Service Charges are refunded. The Committee are distressed to note that the performance of this service was dismal in almost all the Zonal Railways during the period 1990—93. In several cases, the additional service charges had to be refunded to the level of 100% indicating the extent of failure in adhering to the guaranteed delivery schedule. The Ministry of Railways have stated that with the emphasis shifting to bulk-train load, point to point movement, the scheme was no longer viable and that they were proposing to discontinue it altogether. This however, does not absolve the Railways from the failure to implement this service properly. Such non-adherence to time schedule, in fact, only confirms the widespread impression that the Indian Railways cannot guarantee any service. The Committee would like to be informed of the decision taken about the fate of Quick Transit Service (QTS).

[Sl. No. 13 (Para 107) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

In view of the decreasing relevance of the Quick Transit Service Scheme on account of major shift in operating strategies, the Scheme has been discontinued since December, 1993.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated
1.11.1994]

Recommendation

Speed Link Express (SLE) trains for goods traffic were introduced in June 1984 with a guaranteed transit time and an offer of refund of 5% freight charges in addition to Quick Transit Service charges for failure to adhere to the guaranteed time. The Committee are concerned to note that the scheme did not make any breakthrough mainly due to lack of co-ordination between the commercial and operating departments and consequent failures to adhere to the guaranteed transit time. To quote a few weaknesses, on Southern Railway, instead of augmenting the Railway revenues, the scheme resulted in foregoing even the normal revenue on account of avoidable lapses. Besides, loading of SLE goods required to be made on nominated days only acted as a constraint since the traders could not obtain railway receipts immediately for raising funds and at the same time had to incur expenditure on godown rent for storing their goods till the nominated day. On Eastern Railway, SLEs were run with significant under load. The Ministry of Railways assured that after some initial fluctuations, the Scheme has now stabilised. The Committee cannot remain satisfied merely with this assurance. The desire that the Railway Board should look into the shortcomings in the scheme and take effective remedial measures for successful marketing of the scheme and make the results available to the Committee.

[Sl. No. 14 (Para 108) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation is accepted and an exercise has already been undertaken to indentify the lacunae in this Scheme and to make it more effective and advantageous to the Railways and the customers.

An important step taken to ensure better coordination between the Operating and Commercial Departments is the placing of the Chief Marketing Managers under the Chief Operating Managers in the Zonal Railway Administrative set up.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated
1.11.1994]

Recommendation

In order to enable the Railways to have some flexibility in the matter of charging freight on commercial considerations the concept of station to station rate, at rates below the normal tariff was introduced to attract traffic and earn additional revenue. The Committees' examination found that apart from not generating adequate response, the operation of the scheme and its marketing and sales efforts left a lot to be desired. It was seen that while on the Eastern Railway, the total number of wagons loaded under the scheme declined from 20567 in 1988-89 to 6033 in 1991-92, on the Southern Railway most of the station to station rates introduced over the last five years were withdrawn either for want of traffic or on the grounds of poor patronage. The Committee desire that all the weaknesses in the operation and marketing of station to station rates scheme should be thoroughly analysed and necessary corrective action taken.

[Sl. No. 15 (Para 109) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The Recommendation is accepted. A review of the Scheme has been undertaken to make it more effective for capturing additional traffic to rail.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

From the facts stated in the preceding paragraphs it is abundantly clear that despite the patronage of a specialised organisation for marketing, most of the scheme had not been successful in generating good responses from the users. While the existing schemes were struggling to sustain their customer base, there was lack of seriousness in implementing the new schemes. For instance, the Railway Board had among others proposed three schemes, viz., own your wagons in 1985, Leasing out SLR space for parcel loading in 1991 and introduction of fast parcel services in 1991. However, none of these schemes proposed during the period 1985 to 1991 had been implemented. The Ministry of Railways stated that "Own Your Wagons" Scheme launched in 1985 did not evoke any public response and therefore, a revised scheme under the same name was launched in 1992 which according to the Ministry has since picked up response from the users. As regards "Leasing out SLR space for parcel loading" the Ministry merely stated that the scheme was introduced in 1991 without indicating the date of implementation and the extent of response. The Ministry offered no explanation for the non-implementation of the third scheme. Evidently, the whole system of introduction of new schemes for implementation and the operation of existing schemes leaves much to be desired. The Committee, therefore, desire that the matter should be thoroughly

looked into and necessary action taken with a view to sustaining and expanding the customer base of Railways. The Committee would like to be informed of the latest position in respect of the implementation of the various schemes and the extent of public responses.

[Sl. No. 16 (Para 110) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The Marketing and Sales Organisation keeps continuous liaison with Trade and Industry to ascertain and resolve the problems/irritants faced by rail users and to improve the quality of service to attract more traffic to rail. There is encouraging response to the revised 'Own Your Wagon' Scheme. The leasing of SLR Scheme introduced in September, 1992 and liberalised from time to time has also attracted very good response. The annual earnings from the space leased so far are estimated to be in the region of Rs. 6 crores. Apart from this Scheme, a special thrust is also being given to containerisation which has registered an increase of 352% over the period 1989-90 to 1993-94.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

The Committee find that the main reasons cited for the poor performance of the various services/schemes operated by Marketing and Sales Organisation and the marked deterioration in the loading of high profit yielding traffic were inadequate supply of wagons and the restrictions imposed on booking of traffic on account of operational difficulties. However, during evidence, the representative of Railway Board admitted that Indian Railways had remained stagnant at a particular efficiency level since 1987-88 in wagon utilisation. The Committee are therefore of the view that apart from scope for better utilisation of wagon capacity, there is need for effective co-ordination between the operating and commercial departments of the Railways.

[Sl. No. 17 (Para 111) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation is accepted. Towards this objective, as submitted earlier, the Marketing and Sales Organisation has been placed under the control of the Chief Operating Managers of the Zonal Railways. With this measure, problems on account of lack of coordination between these Departments would be obviated.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

The Committee find that one of the objectives of the Marketing and Sales Organisation was to maintain close liaison with trade and industry to ascertain and solve their problems about transportation by rail. In this connection, the Committee's attention was drawn to a sample study by Audit of the booking of paper, sugar and turmeric at three different stations with reference to the materials received at the concerned station, annual rate of production of the commodity and average share of traffic offered for transport by rail. In the case of a paper mills factory located in Rajahmundry in Andhra Pradesh having an annual capacity of one lakh tonnes, the Railway's share of traffic was hardly on average 10% and had also reduced from 840 wagons in 1986-87 to 232 in 1991-92. The main reason was stated to be non-supply of wagons in time for this piecemeal traffic causing inordinate delay in traffic as well as late arrival at destination. Similarly, the Market Organisation had not been able to attract sugar traffic in respect of a sugar factory with an annual production of three to six lakh tonnes located near Nizamabad station on South Central Railway. In yet another case of turmeric traffic in the same area, the traders were stated to have been forced to divert the business to road transport due to non-availability of wagons and extra freight charges caused by movement of traffic through lengthier routes. The Ministry of Railway attributed the failure to attract traffic in the selected cases discussed above to limited production capacity by the paper mill, movement of sugar being controlled by Ministry of Food and Agriculture, imposition of traffic restrictions for diversion of turmeric transportation *via* lengthier routes, etc. The Committee can not accept these arguments as valid explanations for the failure for the Marketing and Sales Organisations in achieving the desired objectives. In their opinion, the Railways are not justified in shifting the responsibility for such shortcomings to other extraneous factors. The Committee therefore, recommend that the Ministry of Railways should look into the matter and see that there is close co-ordination between operating and commercial departments of the Railways as well as with other Government departments concerned. Constant and continuous liaison also needs to be maintained by the Marketing and Sales Organisation, both at the Railway Board as well as the Zonal Railway levels with the industry and trade so that the problems faced by them during the interactions are ironed out to the extent possible with a view to ensuring that the commodities, particularly, the high rated ones are offered to the Railways for transportation.

[Sl. No. 18 (Para 112) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The Recommendation is accepted. In this connection it is submitted that the existing traffic rule regarding charging of traffic has already been

revised so that the traffic will be hereafter charged by the shortest route unless the rail user himself opts for a longer route. The existing rationalisation orders are also being reviewed so as to keep the number of such orders to the barest minimum. Railways have also commissioned "Railways Cells" at Ports in order to attract imported traffic for rail. As already mentioned, better coordination between the Operating and Commercial Departments is also being achieved by placing the marketing and sales organisation under the Chief Operations Manager in the Zonal Railways.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated
1.11.1994]

Recommendation

Another function of Marketing and Sales Organisation is to undertake commodity/road surveys to assess as to which of the traffic could be brought to Railways with advantage. In their 70th Report (Sixth Lok Sabha) the Committee emphasised the need for conducting purposeful market research on scientific lines and by qualified personnel. The Audit paragraph, however, revealed that road surveys were conducted, sporadically and even when conducted, neither any analysis nor any follow up action was initiated. The Ministry of Railways have stated that market surveys are conducted by the Zonal Railways from time to time "as the need arises". The Ministry have, however, admitted that no periodicity for such surveys has been prescribed. From the information furnished by the Ministry in this regard, it was also revealed that the surveys conducted were inadequate and that the Board issued instructions to the Zonal Railways very recently only to organise commodity-wise surveys of traffic moving by road to be conducted at the check-posts around certain cities. During evidence, the representative of the Ministry admitted the inadequacies in the surveys conducted. The Committee regret to note that the even after the lapse of 27 years since it was set up, the Marketing and Sales Organisation still have not evolved any proper mechanism for undertaking a meaningful market research which is a matter of concern to the Committee. The Committee therefore, desire the Railway Board to evolve a proper system of market research which will act as an effective feedback and help in formulating plans and strategies for improved services and satisfaction to customers.

[Sl. No. 19 (Para 113) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

The recommendation is accepted. Services of professional agencies are being employed for this purpose.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated
1.11.1994]

CHAPTER III

RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT.

—NIL—

CHAPTER IV

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

Recommendation

The Committee have time and again pointed out that a serious weakness of the Indian Transportation System was the lack of co-ordination between the rail and road systems in the country. In fact, there is a severe competition between the two. The Committee in this connection, recall the following observations made in paras 1.230 and 1.231 of their 70th Report (Sixth Lok Sabha):

“The road transport has certain inherent advantages over rail transport such as the ability to provide door to door service, pick and choose not only the commodities for carriage but also the routes and customers and vary rates at will. On the other hand the Railways being a nationalised undertaking and a public utility service have the obligation to carry all traffic that is offered to them; sometimes even at less than cost as in the case of essential commodities like coal and foodgrains...over the years the Railway's share of the total freight has continuously gone down and with the diversion of short distance and high profit yielding traffic to the roads, the Railways have virtually become carriers of only bulk commodities and other long distance freight which the road do not find profitable to transport or which cannot be conveniently transported by road. This phenomenon not only involved wasteful competition between the railways and road hauliers but leads to a national waste inasmuch as the rail capacity created at great cost remains unutilised or underutilised in many sectors.

The Public Accounts Committee have been repeatedly emphasising the need for an effective rail-road co-ordination which can be brought about only if there is a national integrated transport policy. The Committee have now been informed that a draft National Transport Policy as circulated by the Ministry of Shipping and Transport in January 1977 was revised in the light of comments received from various Ministries and referred to the Planning Commission who propose to appoint a high power committee to consider various aspects of the draft paper. This

draft has yet to pass through various stages before it can take a proper shape. The Committee are constrained to express their dissatisfaction over the delay in finalization of a national transport policy.....”

The facts stated in the preceding paragraphs amply indicate that the observations made by the Public Accounts Committee as far back as 16 years ago are fully relevant even in the present situation. They regret to note that despite their persistent exhortations an integrated transport policy is yet to be formulated. The Committee have been informed that the National Transport Committee in 1978 had in their report submitted in 1980 recommended *inter-alia* setting up of a National Transport Commission as an appropriate mechanism for achieving continuous and complete rail and road co-ordination. Unfortunately, the recommendation was not approved by the Government. The Committee further note that the Luthra Committee have recently formulated a Report on “Perspective planning for transport development” for consideration of the Planning Commission which is also understood to have dealt with the issue of integrated rail and road transport. In the light of the above facts, the Committee would like to once again reiterate that the matter may be considered at the highest level and steps taken for formulating an integrated transport policy and evolving a mechanism for effective co-ordination of rail and road transport. The Committee would like to be informed of the action taken in the matter.

[Sl. No. 20 (Para 114) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

This is for the Planning Commission to formulate a policy. The recommendation has been referred to them for action.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66 dated 1.11.1994]

Recommendation

The Committee note that while an integrated transport policy had eluded the country, the marketing and sales effort on the Indian Railways have not kept pace with the emerging role of the Indian Railways. The Ministry of Railways have expressed their optimism that with the placement of Chief Marketing Managers under the operating Department, setting up of Container Corporation, introduction of schemes like leasing of SLR space, running of speed link services etc., the marketing efforts of the organisation would get a boost in the future. This may be so. But the Committee feel that in view of the fact that the Railways share of the total land freight traffic has been falling continuously there is an urgent need to have a re-look into the role and functioning of Marketing and Sales Organisation in Indian Railways not only from the point of view of

profitability but also in terms of service satisfaction rendered by the premier organisation. This is particularly essential in the context of the target set by Indian Railways for achieving 370 to 400 billion net tonne kilometers of freight traffic by 2000 A.D. against the present performance of 258 billion net tonne kilometers in 1992-93. They, therefore, recommend that the Ministry of Railways (Railway Board) should look into the matter in-depth and take necessary action. The Committee would like to be informed of the further action taken in the matter.

[Sl. No. 21 (Para 115) of Appendix II to 66th Report of PAC (10th Lok Sabha)]

Action Taken by the Government

Accepted.

[Ministry of Railways (Railway Board) D.O. No. 94-BC-PAC/X/66
dated 1.11.1994]

CHAPTER V

**RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

—NIL—

**NEW DELHI;
21 April, 1995**

1 Vaisakha, 1917 (Saka)

**BHAGWAN SHANKAR RAWAT,
Chairman,
Public Accounts Committee.**

APPENDIX

Conclusions and Recommendations

Sl. No.	Para No.	Ministry/ Deptt. Concerned	Recommendations/Conclusions
1	2	3	4
1.	7	Ministry of Railways (Railway Board)	The Committee desire that the requisite survey be undertaken expeditiously and effective strategies evolved thereon not only for successful marketing of Indian Railways but also for achieving better utilisation of the capacities created at great costs. The Committee would like to be apprised of the further action taken in the matter.
2.	10	-do-	The Committee note that in the light of the deficiencies pointed out by them, the Ministry of Railways have undertaken an exercise for reviewing some of the schemes like Freight Forwarder Scheme, Speed Link Express, Station to Station Rate etc. which are being operated under the aegis of the Marketing and Sales Organisation. The Committee trust that the task would be expeditiously completed and necessary corrective action taken with a view to not only sustaining the customer base but also capturing additional traffic to Indian Railways. This may be done in such a manner whereby availability of wagons and better utilisation of the wagon capacity are also ensured. The Committee would like to be informed of the action taken in the matter.
3.	15	-do-	The Committee have time and again pointed out that a serious weakness of the Indian transportation system was the lack of co-ordination between the rail and road systems in the country. Emphasising the need for an effective co-ordination between the two modes of transpor-

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tation, the Committee had repeatedly recommended formulation of a national integrated transport policy. In their earlier report, the Committee had observed that a proposal on the subject mooted as far back as January, 1977 was shuttling between various organs of the Government of India without assuming any concrete shape. Regretting that an integrated transport policy had still eluded the country, despite their persistent exhortations, the Committee in their earlier report had recommended that the matter may be considered at the highest level and steps taken for formulating an integrated policy and evolving a mechanism for the purpose. The Ministry of Railway in their action taken note have merely stated that the recommendations of the Committee has been referred to the Planning Commission for action. The action taken note is completely silent on the precise nature of the proposal pending before the Government as also the stage of its examination. Evidently, nothing concrete has been done on the same which is indicative of the lack of seriousness on the part of Government in the matter. While expressing their displeasure over the same, the Committee desire that their recommendation should be examined with utmost urgency and concrete steps taken for formulating an integrated transport policy and evolving a mechanism for effective co-ordination of rail and road transport.

4. 18

Ministry of
Railways
(Railway
Board)

While emphasising the need to improve the marketing and sales efforts of the Indian Railways, the Committee in their earlier report had pointed out that there was a need to have a re-look into the role and functioning of the Marketing and Sales Organisation. This was essential keeping in view not only the declining trend of the share of Railways in the total land traffic, but also in terms of the profitability and the

1**2****3****4**

service satisfaction rendered by the premier organisation. The Ministry of Railways have in their action taken reply merely stated "accepted" without elaborating the action actually taken or proposed to be taken by them in the desired direction. The Committee cannot remain satisfied with this. They would like to be apprised of the precise steps taken/contemplated to re-orient the functioning of the Marketing and Sales Organisation for enabling the Indian Railways to keep pace with the emerging realities. The Committee would once again like to emphasise that a well planned marketing and sales strategy is highly imperative in the context of the target set by Indian Railways for achieving 370 to 400 billion net tonne kilometers of freight traffic by 2000 A.D. against the present performance of 258 billion net tonne kilometers in 1992-93.

PART II

MINUTES OF THE TWENTY-SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (1994-95) HELD ON 21 APRIL, 1995.

The Committee sat from 1100 to 1130 hrs. on 21 April, 1995 in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Bhagwan Shankar Rawat — *Chairman*

MEMBERS

2. Shri Anil Basu
3. Sqn. Ldr. Kamal Chaudhry
4. Dr. K.V.R. Chowdary
5. Shri Jagat Veer Singh Drona
6. Shrimati Krishnendra Kaur (Deepa)
7. Shrimati Geeta Mukherjee
8. Shri Mrutyunjaya Nayak
9. Shri Triloki Nath Chaturvedi

SECRETARIAT

1. Shri G.C. Malhotra — *Joint Secretary*
2. Smt. Paramjeet Kaur Sandhu — *Director*
3. Shri P. Sreedharan — *Under Secretary*

REPRESENTATIVE OF THE AUDIT

1. Shri Samir Gupta — *Addl. Dy. C&AG*
2. Dr. A.K. Banerjee — *Pr. Director of Audit (Direct Taxes)*
3. Shri A. Sathyavardhana — *Pr. Director of Audit (Indirect Taxes)*
4. Smt. Pravin Tripathi — *Pr. Director of Audit (Railways)*
5. Shri Rakesh Jain — *Director of Audit (CX)*
6. Shri Asim Sharma — *Dy. Director (DT)*

2. The Committee Considered the following draft Reports:

(i) System Appraisals— Functioning of Investigation Circles [Para 21 of Audit Report No. 5 of 1994 (Direct Taxes)]

(ii) Union Excise Duties — System defects in working of Chief Accounting Offices [Para 2.22 of Audit Report No. 4. of 1994 (Indirect Taxes)]

(iii) Marketing by Indian Railways [Action taken on 66th Report of PAC (10th Lok Sabha)]

The Committee adopted the draft Reports at (ii) and (iii) above with certain modification as shown in Annexures I* and II respectively. The Committee adopted the draft Report at Serial No. (i) above without any amendments.

3. The Committee authorised the Chairman to finalise these draft Reports in the light of the comments of Audit arising out of factual verification and also to present the Reports to the House.

The Committee then adjourned.

ANNEXURE-II

AMENDMENTS/MODIFICATIONS MADE BY THE PUBLIC ACCOUNTS COMMITTEE IN THE DRAFT REPORT ON MARKETING BY INDIAN RAILWAYS (ACTION TAKEN ON 66TH REPORT OF PUBLIC ACCOUNTS COMMITTEE)

PAGE	PARA	LINE	AMENDMENTS/MODIFICATIONS
5	10	last line of para.	Add after 'Indian Railways'. 'This may be done in such a manner whereby availability of wagons and better utilisation of the wagon capacity are also ensured. The Committee would like to be informed of the action taken in the matter.'

