

**PUBLIC ACCOUNTS COMMITTEE
(1971-72)**

(FIFTH LOK SABHA)

FORTY-SEVENTH REPORT

[Action Taken by Government on the recommendations contained in the Hundred and Sixteenth Report (Fourth Lok Sabha) on Appropriation Accounts (Railways), 1967-68 and Audit Report (Railways), 1969.]



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1972/Vaisakha, 1894 (S)

Price : Rs. 3.60

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CORRIGENDA TO THE FORTY-SEVENTH REPORT OF THE PAC
(FIFTH LOK SABHA) PRESENTED TO LOK SABHA ON THE
28TH APRIL, 1972.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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PUBLIC ACCOUNTS COMMITTEE

(1971-72)

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2. Shri Bhagwat Jha Azad
3. Shrimati Mukul Banerji
4. Shri C. C. Desai
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21. Shri Shyam Lal Yadav
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SECRETARIAT

Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

*Ceased to be Member of the Committee consequent on retirement from Rajya Sabha w.e.f. 2-4-1972.

†Declared elected to the Committee on 3-6-1971 vice Shri Niranjan Verma resigned.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Forty Seventh Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 116th Report (Fourth Lok Sabha) on Appropriation Accounts (Railways), 1967-68 and Audit Report (Railways), 1969.

2. On the 8th July, an 'Action Taken' Sub-Committee was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:—

Shri B. S. Murthy—*Convener*

- | | |
|--------------------------|------------------|
| 2. Shri Bhagwat Jha Azad | } <i>Members</i> |
| 3. Shri Ramsahai Pandey | |
| 4. Shri C. C. Desai | |
| 5. Shri Thillai Villalan | |
| 6. Shri Shyam Lal Yadav | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1971-72) considered and adopted this Report at their sitting held on the 25th April, 1972. The Report was finally adopted by the Public Accounts Committee on the 27th April, 1972.

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

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

NEW DELHI;
April 27, 1972.
Vaisakha 7, 1894 (S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 116th Report (Fourth Lok Sabha) on the Appropriation Accounts (Railways), 1967-68 and Audit Report (Railways), 1969 which was presented to the House on 27-4-1970. Action taken notes have been received from the Ministry of Railways (Railway Board) and other concerned Ministries in respect of all the 149 recommendations contained in the Report.

1.2. The Action taken notes have been categorised under the following heads :

- (i) *Recommendations/observations that have been accepted by Government.*

S.Nos. 1-2, 4—9, 11—13, 15—17, 22—24, 25—28, 32, 33, 34, 35—37, 38, 40—45, 46—55, 56—59, 60-61, 62, 63, 64-65, 66-67, 69, 70—74, 79-80, 84-85, 86-87, 88, 89, 91, 92-93, 97—99, 100—103, 104—106, 107, 110-111, 112-113, 114-115, 116-117, 118, 120-121, 123—125, 126-127, 128-129, 130—132, 134-135, 136—138, 139—141, 142, 143, 144, 146-147, 148-149.

- (ii) *Recommendations/observations which the Committee do not desire to pursue in the light of the replies of Government.*

S.Nos. 29—31, 68, 75—78, 81—83, 90, 94—96, 133, 145.

- (iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.*

S.Nos. 18—21.

- (iv) *Recommendations/observations in respect of which Government have furnished interim replies.*

S.Nos. 3, 10, 14, 39, 108, 109, 119, 122.

1.3. **The Committee desire in the case of recommendations in respect of which interim replies have been furnished, Government should forward the final replies expeditiously.**

1.4. The Committee will now deal with the action taken on some of the recommendations.

Financial Results of the working of the Railways—Paragraph 1.6 and 1.7 (S. Nos. 1 and 2).

The Committee made the following observations regarding unsatisfactory working results of the Railways during the year 1967-68:—

Para 1.6

“The Committee are deeply concerned about the unsatisfactory state of Railway finances. During the year under review i.e. 1967-68, the Railways again ran into a deficit. The anticipation was that the deficit would be more than offset by increase in fares and freights and leave a surplus of Rs. 1.28 crores, but this failed to materialise; the Railways ended the year with a deficit of Rs. 31.5 crores. This was due, on the one hand to a short-fall in receipts (mainly goods earnings) and on the other, to increase in operational expenses. The deficit would have been larger but for the reduction in the annual contribution to Depreciation Reserve Fund and Pension Fund to the extent of Rs. 15 crores.”

Para 1.7

The deficits that have so far occurred on the Railways have been cushioned by balances in their Revenue Reserve Fund. However, with the fund having now been virtually depleted—the balance in the Fund has been reduced from Rs. 63.20 crores in 1965-66 to Rs. 3.49 crores at the end of 1968-69—the Railways now face a very difficult situation. If deficits continue it would appear that the Railways, like the P&T Department would have to resort to loans from Government to meet their dividend liability to General Reveunes, as they have in fact done in 1969-70.”

1.5. In their reply the Ministry of Railways (Railway Board) stated: “The observations of the Committee are noted. As pointed out by the Committee, the shortfall in the net Railway Revenues has been due to the shortfall in earnings and increase in operational expenses. Both these factors were largely beyond the control of the Railways. The heavy increase in expenses was the result of higher labour and material costs.

The Railways are fully alive to the need for increasing the earnings and reducing the expenditure. Goods traffic being the main source of the Railway revenues, special efforts are being made to attract the high-rated traffic which to some extent had been diverted to road owing to the rapid development of road transport and certain inherent advantages the road hauliers have, like being able to pick up traffic and deliver it at different points and not having the legal liability, which the Railways have of being required to lift any traffic offered without showing undue preference either to any set of customers or to any type of traffic. Various steps have been taken to ~~arrest~~ and reverse this trend through the Marketing and Sales Organisations set up on all Railways. Super Express Goods trains, quick transit services, Container Services, Freight Forwarder Scheme, quoting of special Station to Station rate for particular classes of traffic and similar other measures for attracting traffic have been introduced. On the expenditure side also efforts are being made to effect maximum economies possible. A special drive has been launched to economise in the consumption of fuel. Attempts are also being made to curtail the expenditure on staff by minimising additional recruitment and increasing the productivity of existing staff.

Some of the special steps taken recently to augment earnings & to reduce expenditure are enumerated below:—

Ticket checking activities have been intensified with the enhancement of penalties for ticketless travel from June, 1969.

Special steps are being taken to minimise losses due to theft & pilferage including attacks by organised gangs for removal of telecommunication, and overhead wires. Important and vulnerable yards are patrolled round the clock by armed RPF personnel. To prevent crime on vulnerable sections, these are patrolled by motor trolley or by a pilot train. The trains carrying valuable consignments and food grains in open wagons are escorted by the RPF personnel. Seals of wagons are checked at each important yard. Crime intelligence branches at the zonal railways and in the Railway Board are being deployed to collect crime intelligence with a view to tracking down criminals. A pilot scheme to locate vulnerable points for pilferages has been introduced under which at selected pairs of stations on different railways including transhipment points, loading and unloading of commodities is closely supervised to check the mal-practices of short loading, substitution of consignments and misappropriation. Close coordination between the Railway Protection Force, Government Railway Police and the local police is maintained at various levels to effectively deal with criminals as also railway employees conniving with them. Special measures are taken at more vulnerable spots in order to further tighten security in places where crime has been very heavy.

A concerted drive for securing greater control over inventories was initiated in 1967. Application of modern concepts of inventory management, such as analysis of the items stocked on the ABC principle action on specific individual items of high value, introduction of the Economic Order Quantity concept in purchasing variety reduction techniques etc., were initiated on the Railways during the last 2 or 4 years and progress thereof was kept under watch and coordinated in the Railway Board's Office. The result has been that level of stores inventories in terms of number of months consumption has come down from 7.3 months' level on 31-3-67 to about 5.6 months' level on 31-3-70. The reduction in inventories, achieved in 1969-70 alone, is about Rs. 12 crores. The table below shows the position:—

Year	Value of stores issued during the year	Inventories at the end of the year	Inventories in term's of No. of months usage (i.e. issues)
(Figures in crores)			
1966-67	222.07	134.69	7.3
1967-68	248.07	137.84	6.7
1968-69	260.88	139.05	6.4
1969-70	273.72	127.47	5.6

Various measures for modernisation and improvement of efficiency relating to track signalling and telecommunications mode of traction and other areas ensuring higher standards of safety and greater travel comforts are being undertaken. Tracks are being improved by the use of long welded rails, concrete sleepers, increase in the density of sleepers and of ballast. For

better maintenance, mechanical means for inspection and maintenance of track are being adopted. Modern and sophisticated signalling methods like automatic and colour light signalling, centralised traffic control, automatic train control etc. are being introduced. For better communication which is essential for an efficient transportation system, extensive micro-wave and teleprinter net works are being established. Diesel and electric traction has been introduced over a number of sections.

In the overall context and keeping in view the immensity of the problem, these measures can, however, be only of limited effect and the real relief will have to be sought in a rational adjustment of passenger fares and freight rates. Some steps have been taken in this regard in that the rates for some of the high rated commodities have been suitably adjusted and the rates for the low-rated commodities have been revised to cover costs where possible."

1.6. The Committee note the steps taken or proposed to be taken to augment earnings and reduce expenditure of Railways. These are intensification of ticket checking activities, tightening of security measures to minimise losses due to pilferage, reduction in inventories and modernisation of track signalling and telecommunications etc. The Railway Board have, however, stated that the measures can be only of limited effect and the real relief will have to be sought in a rational adjustment of passenger fares and freight rates. Rates for some of high rated commodities have been suitably adjusted and rates of low rated commodities have been revised to cover costs wherever possible. The Committee also find that in the budget for the year 1972-73 further rationalisation of freight structure has been proposed. The Committee have in paragraph 1.20 of their 11th Report (Fifth Lok Sabha) already expressed their concern over the persistent tendency towards increase in working expenses. The Committee would like to impress that Railways should make sustained efforts to improve operational efficiency and to reduce their expenses rather than resort to frequent increase in fare and freight charges.

Economy in Expenditure on Staff—Paragraph 1.8 (S. No. 3)

1.7. In paragraph 1.8, the Committee observed that expenditure on staff was disproportionate to the growth of traffic and they referred to the suggestions regarding staff assessment made in para 1.28 of their 94th Report (Fourth Lok Sabha).

The Committee have insuccessive reports indicated the steps that Railways would have to take to rehabilitate their position. Basically, a three-fold approach to the problem seems indicated:

- (i) Systematic efforts will have to be made to economise on working expenses. The two major components of working expenses are the staff and fuel bills. Out of the total working expenses of Rs. 693.31 crores in 1967-68, these accounted for Rs. 212.29 crores and Rs. 127.83 crores respectively. In regard to the staff, the growth of expenditure has been disproportionate to the growth of traffic. The Committee have made certain suggestions in this regard in para 1.28 of their Ninety Fourth Report (Fourth Lok Sabha) which they would like to be implemented."

1.8 In their reply the Ministry of Railways (Railway Board) stated: "The observations of the Committee are noted. The suggestions made by the Committee in para. 1.28 of the 94th Report (4th Lok Sabha) are separately under consideration and the final decision taken would be intimated to the Committee in due course."

1.9 The Public Accounts Committee (1969-70) in paragraph 1.28 of their 94th Report (Fourth Lok Sabha) had suggested that an independent unit should be constituted under the Financial Commissioner (Railways) with a charter of duties similar to that of staff Inspection Unit of the Ministry of Finance. The unit should be entrusted with the work study and jobs analysis and asked to review the staff position of the various departments of the Zonal Railways on a phased programme.

1.10 The Committee have been informed that the matter is under consideration. The Committee desire that an early decision should be taken in this regard so that necessary economy in expenditure on staff could be effected as a result of the work study undertaken by an independent unit.

Impact of increase in fares and freights on Traffic earnings—Paragraphs 1.23 and 1.24 (S.Nos. 5 & 6)

1.11 Referring to shortfall in goods earnings in 1967-68, the Committee made the following observations in paragraphs 1.23 and 1.24.

"The Committee observe that the Budget estimates for 1967-68 placed the goods earnings of the Railways at Rs. 526 crores. These estimates were however revised later to Rs. 509 crores, but the actual earnings fell short of even these lower estimates, as they amounted to Rs. 503 crores only. Even though the goods earnings were Rs. 21.17 crores higher than in 1966-67 the originating revenue earning traffic was 1.8 million tonnes less compared to that year and as much as 8.5 million tonnes below what was anticipated in the budget. The inference, therefore, has to be that the increase in revenue was largely due to the increase in freight rates. With a view to ascertaining the actual impact of increases in fares and freights on the traffic earnings, it is imperative to maintain proper records showing actual increase in revenue accruing from increase in fares and freights and to explain variation of these actuals from the anticipations made at the time of the Budget.

The Committee observe that the bulk of the shortfall in goods earnings occurred under foodgrains, steel plants traffic and other general goods. In the case of food grains the shortfall of Rs. 4.4 crores was due primarily to reduce imports, while shortfall of earnings was Rs. 3.07 crores in respect of raw material traffic for steel plants. In regard to general goods, the traffic fell short of Budget anticipations by as much as 9.1 million tonnes, depressing the earnings by about Rs. 13.73 crores below anticipations."

1.12 In reply the Ministry of Railways (Railway Board) stated: "The observations of the Committee are noted. The question of how best to ascertain the actual impact of increases in fares and freights on the traffic impact of increases in fares and freights on the traffic earnings has been examined. It is felt that maintenance of detailed records is likely to result in incurrence

of expenditure disproportionate to the purpose to be achieved. The feasibility of ascertaining these results by a suitable statistical method is under active examination.

The observations of the Committee are noted."

1.13 The Committee note the Railway Board's view that maintenance of detailed records for the purpose of ascertaining the actual impact of increase in fares and freights on the traffic earnings is likely to result in increase of expenditure disproportionate to the purpose to be achieved. The Railway Board are examining the feasibility of ascertaining the results by a suitable statistical method as they are aware of the need in this regard. The Committee desire that statistical method devised by the Railway Board should throw up dependable data to bring about the desired Budgetary control.

Rail-Road coordination—Paragraph 1.28 (S.No.10)

1.14 Referring to the need for better rail-road coordination, the Committee made the following observations in paragraph 1.28:

"The Committee also consider it essential to avoid wasteful duplication of investments through better rail-road coordination. The Administrative Reforms Commission which considered this point suggested, *inter-alia*, that the State Governments should be moved "to regulate the grant of licences and permits for the operation of road transport services or the introduction of new road services so as to eliminate any possible conflict of interest between different modes of transport." For this purpose they had suggested that "a representative of the Railway's may be associated with the State Transport Authority or other bodies which are in charge of the grant of licences or permits for operation of road transport services." The Committee would like these suggestions to be examined expeditiously for implementation in consultation with the State Governments."

1.15 In their reply, the Ministry of Railways (Railway Board) stated;

"The suggestions of the Public Accounts Committee may be summarised as under:—

- (i) The State Governments should be moved to regulate the grant of licences and permits for the operation of road transport services or the introduction of new road services so as to eliminate any possible, conflict of interest between different modes of transport; and
- (ii) A representative of the Railways may be associated with the State Transport Authority or other bodies which are in charge of the grant of licences or permits for operation of road transport services.

With regard to item (i) a similar suggestion was made by the Uneconomic Branch Lines Committee, 1969 in their report. The matter was referred to the Ministry of Shipping and Transport who have recently written to the State Governments stressing that the present unrestricted competition from road transport has to be regulated and coordinated so that the rail services, which are run to serve the public become viable.

Regarding item (ii) of para. 1 above, the matter was considered in consultation with the Ministry of Shipping & Transport in connection with the similar suggestion contained in the report of Administrative Reforms Commission. The State and Regional Transport Authorities are appointed by the State Governments and Union Administrations under section 44 (2) of the Motor Vehicles Act, 1939. Under the existing provisions of the Act, there is an absolute ban on the appointment of a person who has any financial interest, whether as proprietor, employee or otherwise, in any transport undertaking from being appointed, or continuing, as a member of these Authorities. The expression 'any transport undertaking' has been constructed to include the Railways also. The conclusion was then arrived at that there were legal bars to a representative of the Railway being included in the State and Regional Transport Authorities.

The matter is, however, being examined further and the Committee will be advised of the result in due course."

1.16. The Committee note that the Ministry of Transport have written to the State Governments stressing that the present unrestricted competition from road transport has to be regulated and coordinated so that the rail services, which serve the public, become viable. The Committee feel that effective coordination in this regard between the Railways and the State Transport authorities is necessary and this can be achieved only by association of a representative of Railways with State and Regional Transport authorities. But according to the Railway Board, there are legal bars for inclusion of a representative of Railways in the State bodies. The Committee desire this question should be further examined expeditiously in consultation with the Ministry of Law.

Criterion for Dieselisation—Paragraphs 1.52—1.54 (S. No. 11-13)

1.17 Referring to the increase in expenditure on fuel in 1967-68, the Committee made the following observations:

"The Committee observe that, despite a short-fall of 8.5 million tonnes in goods traffic if 1967-68 in relation to the Budget anticipations, the expenditure on fuel amounted to Rs. 10.46 crores more than the budget provision. In regard to one major component of the fuel bill, namely coal the data furnished to the Committee shows that the unit rate of coal consumption increased on all the three services viz. passenger, goods and shunting. This has been stated to be due to a reduction in supply of selected grades of coal and the extension of diesel and electric traction resulting in a drop in load and speed of goods trains hauled by steam engines. The Committee have already dealt with these arguments in para. 1.65 of their 60th Report (Fourth Lok Sabha) where they have pointed out that these

factors cannot by themselves account for the increase in coal consumption that has taken place. A Study Team of the Administrative Reforms Commission have also arrived at this finding. They have stated that the increase in consumption is so substantial that we are driven to the conclusion that there is considerable loss on account of theft." The Study Team pointed out further that "the Railway Protection Force, which exists for controlling these thefts, has apparently failed in this respect" and stated that "the organisation of the Railways for watching coal consumption at present is rather weak".

The Committee observe a similar tendency for increase in unit consumption of diesel oil on passenger as well as goods services. There is a distinct increase in the case of Central, South-Eastern and North east Frontier Railways. The increase has been attributed to a number of factors, amongst them the increase of diesel traction on graded sections and a drop in load and speed. It is no doubt true that operation in graded sections will increase fuel consumption but such sections exist in all the Railways. Besides, as pointed out by Audit, in certain Railway like the North-East Frontier Railway dieselisation occurred prior to 1965-66, operation on graded sections cannot in such cases, adequately explain the increase in unit consumption in 1967-68 in relation to the previous years. As regards increased consumption due to drop in loads. The Committee would like to point out that such a position if true, would suggest that dieselisation was undertaken in certain sections without adequate justification therefor. Audit have in this connection pointed out that on certain Railways the traffic density has been well below the prescribed norm of 7,500 net tonne kilometres per route kilometre laid down for dieselisation of traction.

1.54 For the foregoing reasons the Committee feel that the Railways have not been exercising adequate control over their fuel bill to ensure such control, the Committee would like the Railways to take action on the following lines.

- (i) The Mechanical Engineering Staff are at present far too busy in various operating and maintenance duties with the result that "no proper attention is paid", as pointed out by the Administrative Reforms Commission, to the question of controlling fuel consumption. This should be remedied.
- (ii) It should also be made the specific responsibility of the Financial Advisers of the Zonal Railways to get periodical data about fuel consumption in various sections of the Railways and to bring to the notice of the General Managers any tendency towards untoward increase in consumption.
- (iii) The Railways Protection Force will have to be stream-lined so that it could effectively check thefts and leakage, which quite obviously are on the increase.
- (iv) Dieselisation of sections will have to be undertaken after the most careful study of traffic trends so that it is sanctioned only where adequate justification exists.

1.18 In their reply dated 31-12-1970 the Ministry of Railways (Railway Board), have stated:—

The observations of the Committee are noted.

In regard to the increase in consumption rate on N.F. Railway during 1967-68, it may be stated that even though dieselisation occurred on N.F. Railway prior to 1965-66, the pattern of deployment of diesel locos had undergone a change in 1967-68 resulting in more trains running on graded sections as compared to previous years. This is evident from the fact that the number of goods from 2801 in 1966-67 to 3335 in 1967-68 (19%) and the goods trains worked in graded sections in N.F. Railway had increased train kms. increase from 521000 in 1966-77 to 597000 in 1967-68 (15%). Regarding the suggestion that dieselisation undertaken in certain sections without adequate justification it may be pointed out that no level of traffic at which dieselisation becomes justified can be fixed as it is related to the actual density of traffic prevailing on a section in relationship to the capacity available, distance from collieries etc. The criteria for selecting the sections to be dieselised are as under:—

- (i) Sections which had reached saturation where otherwise the requirement of increased traffic could not have been met without heavy Capital investment on development of line capacity and consequently recurring expenditure. The level of traffic has, therefore, to be linked with the line capacity and cannot be treated in isolation.
- (ii) Intensively used gradient sections, the objective being increased through put in terms of wagons;
- (iii) Sections which have strategic importance where the movement has to be speeded up as the NF Railway ; and
- (iv) Sections suffering from extreme water scarcity.

The Ministry of Railways would like to assure the Committee that schemes for dieselisation are programmed only after the most careful consideration. Such schemes are oriented to traffic needs particularly on sections working to near saturation under steam or mixed traction. As a further safeguard, studies of typical sections which have been dieselised are conducted with a view to working out comparative economics.

The recommendation of the Committee on the need for Mechanical Engineering Staff to pay proper attention to the question of controlling fuel consumption has been communicated to the Railways for information and necessary action.

The Financial Advisers and Chief Accounts Officers were asked by the Board to keep a tab on the fuel bill in pursuance of recommendation No. 9 Para 1.68 of 60th Report of the PAC *vide* Board letter No. 69/Fuel/1285/10 dated 30-8-69. However, the Railway have been addressed once again on this subject as desired by the PAC in the present report. Concerted efforts have been made to get the best out of the Railway Protection Force. These include :-

- (i) Intensifying Security measure at point where theft/pilferages are noticed and where concentration of coal traffic is heaviest.
- (ii) Crime Intelligence Wing of the Railway Protection Force is utilised to organise raids and collect intelligence.
- (iii) Escorting of coal trains by the Railway Protection Force and armed guards through routes where theft/pilferages are reported.
- (iv) Strengthening of R.P.F. guards at storage points.

Audit Comments

1.19 The criteria for dieselisation as brought out in the action take note are not quantified. The Board will agree that density of traffic per route kilometre is the reliable index of extent of saturation justifying the extension of dieselisation/electrification. It is, therefore, necessary for the Railway Board to prescribe and spell out the norms for dieselisation in term of density of traffic.

As regard the increase in the rate of consumption of diesel oil on North-east Frontier Railway it is stated that both the net tonne kilometres and the gross tonne kilometre during 1966-67 and 1967-68 remained more or less constant. The loads of diesel goods trains however came down from 916 tonnes in 1966-67 to 905 tonnes in 1967-68. The Unit rate of consumption per 1000 CTKM thus seems to have increased from 4.82 litres in 1966-67 to 5.81 litres in 1967-68 owing to under utilisation of diesel power in 1967-68. As the rate of consumption is based on the gross tonne kilometres actually carried, the number of trains run on graded sections cannot provide a direct explanation of the increase in diesel oil consumption.

The action taken note needs suitable modification in the light of above observations.

Railway Board's further comments

1.20 The level of traffic divorced from the line capacity cannot be the sole criterion for dieselisation. The criterion has to be whether the section has reached saturation and whether the alternative to dieselisation would be heavy investment on development of additional capacity to meet the anticipated traffic and consequently additional recurring expenditure. There have also necessarily to be other circumstances when the operating advantages of Dieselisation have to be utilised e.g. (i) where there is acute scarcity of water and (ii) where there are graded sections. Sections where in view of strategic considerations movement has to be speeded up should also be covered by the dieselisation policy.

The fact that the number of goods trains worked on graded sections on the N.F. Railway has increased has already been mentioned above. As resistance to motion ingredients is higher than on level track the rate of fuel consumption would be higher on graded section as compared to level section.

1.21 The Committee recommend that suitable guidelines should be laid down for dieselisation and the economics thereof in individual cases carefully gone into so that conversion of traction is done solely on economic considerations save in exceptional cases involving strategic considerations.

Contribution to Pension Fund Paragraph 1.56 (S.No. 14)

1.22 In Paragraph 1.56, the Committee made the following observations regarding the liability of the Railways for payment of pensions:

“The Committee note that in view of the liberalisation of rules governing the Railway Pension Fund, the liability of the Railways for payment of pensions has increased and a reassessment of the contribution to the Fund has become necessary. The Committee would like the necessary data in this regard to be collected and processed expeditiously and appropriate action taken thereafter.”

1.23. In their reply, the Ministry of Railways (Railway Board) stated:

“Necessary data as required by the Government actuary is being collected from all the Railways and Projects. As soon as they are completed, they will be processed in the Form prescribed by the Government Actuary and sent to him for reassessment of the contribution to the Railway Pension Fund.”

Audit comments

1.24 “The Board are requested to kindly indicate the time required for the collection of the necessary data and its further processing as per programme drawn up by the Board in this regard. This is considered necessary as the Committee desired that the reassessment of the contribution to the Pension Fund should be made expeditiously.”

Railway Board's further remarks

1.25 “The requisite data up to 31-3-70 has been called for from the Railways and till now the information is awaited from the majority of the railways. Railways have indicated that they will take some more time to furnish the requisite data as the statistical data required to be collected covers all the serving and retired employees coming within the purview of Pension Scheme in various annexures prescribed by the Controller of Insurance. Urgency of Furnishing the requisite data has been stressed on the Railways more than once. Originally, the Railways were asked to furnish the data by 27-10-70. This target date is now being extended up to 31-1-71 as it has not been possible for Railways to adhere to this schedule due to time involved in collection of data from sub-ordinate/ executive offices spread over the entire system.”

“Besides, it is learnt that the Assistant Controller of Insurance would be coming down sometime in the middle of this month for preliminary discussions.

Thus, the question of reassessment of contribution to the Pension Fund is dependent on :

- (i) the availability of the requisite data from all the railways up to the close of the financial year 1969-70; and
- (ii) the convenience of the officer of the Controller of Insurance, Simla to examine and assess the data collected.

Every effort is being made to finalise the reassessment as expeditiously as possible and the Committee would be further addressed shortly in the matter."

1.26 The Committee hope that the necessary statistical data regarding the employees and ex-employees covered by the Pension Scheme which was due to be furnished by the Zonal Railways upto 31st January, 1971, according to the extended period, have been received by the Railway Board. The Committee would like to be informed about the progress made in collection of data and assessment of the contribution to the Pension Fund.

Operating Ratio—Paragraph 1.57 (S. No. 15)

1.27 Commenting on the deterioration in the operating ratio of all Indian Railways during 1967-68, the Committee made the following observations:

"The Committee observe that there was a general deterioration in the operating ratio of all Indian Railways during 1967-68 as compared to the previous two years. The deterioration on Central, Northern, North-Eastern, North-east Frontier and Southern Railways was particularly marked. While the Committee realise that a number of factors beyond the control of the Railways viz. increase in DA rise in cost of coal, natural calamities etc., did not affect the financial working of the Railways, they consider that there are certain areas where improvement can be affected through better housekeeping and more intensive utilisation of assets. The Committee have, in para 1.70 of their 60th Report suggested that the Railway Board should carry out periodical reviews of the working of the various Railways from the point of view of overall financial results. They trust that such reviews will enable the Railway Board to identify promptly the areas where unwarranted increases in expenditure occur and to take effective steps to control them.

1.28 In their reply, the Ministry of Railways (Railway Board) stated:

"The observations of the Committee are noted and the suggestion to undertake periodical reviews of the working of the various Railways from the point of view of over all financial results is under consideration of the Ministry of Railways."

1.29 The Committee would like to be informed about the final action taken on the suggestion made in para 1.70 of their 60th Report (Fourth Lok Sabha) to undertake periodical reviews of the working of various Railways from the point of view of overall financial results.

Surplus Wagon Capacity—Paragraphs 2.20 to 2.23 (S. Nos. 18-21).

1.30 In paragraphs 2.20—2.23 the Committee made the following observations about the surplus wagon capacity of the Railways:

“The Committee have repeatedly been expressing the view that the Railways have surplus wagon-stock. The data now furnished to them by the Railway Board bears out this view.

Substantial numbers of wagons have been ‘stabled’ at different points due to lack of traffic. The information given by the Railway Board shows that the ‘stabled empties’ ranged from 2,000 to 17,000 every year for periods ranging from 5 to 6 months during 1965-66 to 1967-68. Every these figures do not accurately reflect the extent of surplus wagons as they do not take note of empty wagons stabled for less than ten days at a stretch. Besides, they show only empty wagons ‘stabled’, but not those that are hauled. The data given to the Committee shows that such empty haulage has gone up both on the broad gauge and metre gauge in 1967-68 as compared to 1966-67.

There is still another reason why these figures of stabled wagons cannot be taken as accurately reflecting the surplus wagon capacity in the Railways. Detention of loaded wagons at some of the major marshalling yards, terminals, break-of gauge transshipment points, steel plants and coal washeries has been going up. It is obvious that this situation has resulted in distorting the position of wagon usage and precluded more effective use of wagon stock.

For the foregoing reasons, the Committee are compelled to conclude that the Railways have more wagons than warranted by the needs of traffic. The Administrative Reforms Commission have recently expressed a similar view, they have pointed out that the inventories of wagon stock with the Railways should be drastically cut down. Exact quantification of such surplus wagon holdings will be a matter of some difficulty with the changes in composition of traffic, leads etc. that keep occurring from time to time. Still the Railways should make a reasonable accurate assessment of the position, so that scarce resources do not get blocked up in fresh acquisition of unnecessary wagons. The Committee would like in this connection to invite attention to their observations in para 1.35 of their Forty-Ninth Report (Fourth Lok Sabha).”

1.31 In their reply the Ministry of Railways (Railway Board) stated:

“The observations of the Committee are noted. The Action Taken notes on the observations by the Committee made in para 1.35 of the 49th Report (Fourth Lok Sabha) and also paras 1.11 to 1.13 of the 94th Report (Fourth Lok Sabha) are being submitted separately.

During the Second and Third Plans, physical planning for rail transport was done on incremental basis *i.e.* additional capacity being added to cope with anticipated additional traffic. This method was based on the assumption that the capacity existing at the beginning of the Plan was more

or less adequate to requirements—and did not take into account additional requirements of wagons in respect of traffic already moving due to changed pattern, increased lead etc.

This in turn meant adoption of one set of turn-round for the basic wagon fleet and another for the incremental fleet to be built up. Consequently when the traffic pattern, in terms of commodity mix, as well as leads of loaded and empty movement, altered substantially the gap between the wagon fleet and the actual requirements of traffic widened. As a result there was an imbalance in the availability of transport capacity at the end of the Third Plan. Actual requirements of wagons were also more than what was calculated due to increased turn-round arising out of several constraints like limited section and terminal capacity, increased lead, higher percentage of empty haulage etc.

In this connection it is also submitted that taking the above factors into consideration, a review of the availability of rail transport at the end of the Third Plan and the further requirement of wagons has since been made. This review revealed that at the end of the Third Plan, the Railways had only a marginal surplus of 4368 wagons on the broad gauge and a shortage of 1612 wagons on the metre gauge. The earlier assessment of capacity of 225 million tonnes at the end of the Third Plan related to the peak loading capacity against which the capacity for sustained movement for the year as whole was only around 205 million tonnes.

The methodology now adopted for the assessment of wagon requirements during the Fourth Plan takes into account the total wagon requirement at the end of the Plan for the entire traffic anticipated giving due consideration to the change in the pattern of traffic and increase in the lead of movement. After having assessed the total wagon requirement at the end of the Plan for the anticipated level of traffic, the actual holding at the beginning of the Plan has been deducted to arrive at the net additional requirement during the plan period. This new methodology of calculating wagon requirements on the overall basis, thus takes into account any shortage/surplus capacity at the beginning of the Plan.

Audit Comments

During the Third Plan the procurement of wagons corresponded to an average of 1,250 four wheelers for moving an additional one million tonnes of originating traffic. From the calculation adopted now incorporating certain refinements stated to have been made in the assessment of wagon requirements it is seen that the number of wagons required to move one million tonnes of originating traffic (for sustained movement) is now 1,893 wagons on the B.G. and 2,798 wagons on the M.G. for 1965-66 level of traffic. The average number of wagons required for carrying one million tonnes of originating traffic had, thus, gone up by more than 50% on the B.G. The possible argument for this increase would be that the lead had increased and that the change in pattern and composition of traffic would also affect the wagon requirements. It is, however, seen from a detailed scrutiny of the calculations made in April, 1968 that, apart from the lead, the other important factors greatly influencing the wagon requirements are (i) speed of the goods trains, (ii) loadability and (iii) detentions at yards, terminals etc

While we are not in a position to offer any remarks on the leads assumed for the various commodities in the assessment of wagon requirements the assumptions made in respect of other factors calls for a review in the light of following observations:—

The speed adopted in the case of specific commodities like coal and raw materials to steel plants, coal to washeries and iron ore traffic for export is 23 kilometres per hour during 1965-66. This is lower than the actual average of all goods trains during 1967-68 viz. 23.4 for diesel and 24.5 for electric locos. In respect of bulk movements of commodities like coal, steel, iron ore etc. where dieselisation/electrification has been done to a greater extent than for other commodities and in view of the possibilities of running block loads etc. the actual speed may be still higher than even the averages. It is further noticed that the same speed adopted in the calculations for 1965-66 has been maintained in the projections at the end of 1973-74 (the last year of the Fourth Plan). For these and other commodities that move in bulk and are being hauled by diesel and electric locos the speed of 23 KMPH assumed in the calculations for wagons required at the end of Fourth Plan, appears to be rather low. The movement of some other commodities like P.O.L. and food grains which move largely in bulk quantities (the latter particularly during peak period) also needs an adoption of a higher speed than what has been assumed in the calculations. The assumptions of realistic speed w.r.t. specific commodities acquires more importance in view of the fact that the quantum of traffic hauled (net tonne kilometres) over diesel and electric traction has increased from 55% of the total traffic in 1965-66 to 64% during 1967-68 an increase of 9% in two years and would no doubt progress further.

The time allowed for detentions at marshalling, terminals etc. also needs a more realistic assumption particularly in respect of commodities which move in block loads without need for marshalling enroute owing to greater adoption of long distance marshalling etc. With the augmentation of capacity in the important marshalling yards and terminals already achieved during the third plan period, there should be a progressive reduction in the detentions at these points. It is, however, seen from the details of wagon assessment for 1973-74 longer periods of detentions in yards and terminals have been adopted for most of the commodities, compared to the corresponding figures adopted for the assessment for 1965-66.

It is further seen from the detailed calculations that the estimated running time in hours has been, in many cases, rounded off to the next higher figure in days. For example 1.8 hours for washeries, 17 hours for raw materials to steel plants and 14 hours for Railway Materials, have been rounded off to one day. The net effect of such rounding off to a higher figure has been to increase the calculated requirements of wagons by about 7,000 wagons on B.G. for 1965-66 level of traffic.

The allowance made for peak traffic also needs reconsideration as the excess wagons acquired on this account remain idle during the non-peak season and it must be examined whether the peak traffic requirements should not be met by a more intensive utilisation of wagon stock rather than by providing a cushion of wagons on this account.

In the circumstances stated above we are unable to accept the draft action taken note in its present form which needs to be modified in the light of the above observations.

Government's reply to audit comments

1.32 It has been brought out earlier that during the Second and Third Plans, physical planning for rail transport was done on incremental basis i.e. the additional capacity being provided only to cope with the anticipated additional traffic. This method was based on the assumption that the capacity existing at the beginning of the respective Plan was more or less adequate to meet the requirements. Besides, as pointed out earlier, the requirements for the additional traffic were not based on any detailed calculations, as already observed by the PAC in recommendation No. 9. In fact the initial procurement programme during the Third Plan period corresponded to about 1260 wagon per million tonnes of additional traffic. That this figure was unrealistically low would be clear from the particulars given in Annexures I* and II** attached. It would be seen that the minimum requirement for BG wagons works out of 1635 and 2567 wagons per million tonnes of traffic in heavy and light commodities respectively, the requirement on the MG being still higher. Annexure II brings out the number of wagons actually utilised per million tonne of traffic carried (originating and transhipment) at the end of the Second and Third Plans. It will be seen from the latter that but for a slight marginal excess in respect of BG stock at the end of the Third Plan which was also due to imbalance in the Commodity mix (requiring different type of stock), improvement was maintained.

However, in order to arrive at realistic assessment for procurement of rolling stock the system of calculation of wagon requirements on the overall basis (distinct from the incremental traffic) has now been introduced for the Fourth Plan period. In this, the average lead of traffic, turn-round and the percentage of empty haulage etc. are taken into account and then suitable allowance for meeting the peak demand is made. In these calculations, the turn-rounds were objectively calculated in detail for every commodity based on the leads of movement, terminal detentions, speed of trains, average load of wagons and the proportion of empty running. As a result the calculations of wagon requirements for the Fourth Plan represent an overall turn-round of 11.9 days on the B G and 8.8 days on the MG. Both these turn-rounds are considerably lower than the turn-rounds then prevailing. The actual average turn-round during the year 1967-68 was 12.6 on BG, 9.5 on the MG and during 1968-69 was 12.7 on the BG and 9.69 on the MG. In order to see if the procurement during the Third Plan was excessive, a similar exercise was undertaken for the 1965-66 level of traffic and the conclusion has already been brought out earlier.

In order to judge the actual utilisation of rolling stock on the overall basis, the following indices are noteworthy:—

*Appendix I.

**Appendix II.

TABLE I

Number of wagons (in terms of 4-wheelers) utilised to move one million NT kms per day expressed in terms of standard carrying capacity

Year	B.G.	M.G.
1950-51	1402	2771
1965-66	1066	2040

TABLE II

Net tonne kilometres moved per annum per tonne of capacity

Year	B.G.	M.G.
1950-51	11833	9021
1965-66	15567	12255

It would be seen that there has been consistent improvement in the utilisation of rolling stock, which would not have been possible, had any surplus capacity been provided as made out by the Audit.

In this connection, a comparison of the utilisation per tonne of wagon capacity on the Indian Railways with that on certain advanced Railway systems in the world is also interesting:—

TABLE III

Net tonne kilometres moved per annum per tonne of capacity

Indian Government Railways (BG) 1965-66	15,567
British Railways (1965)	2,529
Canadian Pacific Railway (1964)	13,229
French National Railways (1964)	7,346
German Federal Railway (1964)	7,279
Italian State Railways (1964)	5,226
Japanese National Railways (1964-65)	25,310
U.S. Class I Railroads (1965)	11,623

It will be seen from the particulars given above that the utilisation of the rolling stock capacity compares favourably with that on Railway systems of other countries and is second only to the Japanese National Railways.

This Ministry would also like to clarify that details of speed are not being maintained commodity-wise nor is it practicable to do so and, therefore, the figures of speed adopted in respect of each specific commodity for the purpose of calculating wagon requirements are based on the general experience in this respect. It may be pointed out that the pilots and the section trains for collection and dispersal of traffic are still worked by steam locomotives. Even in respect of goods trains, there are several areas where the traffic moves under mixed traction or completely under diesel traction. The effect of increasing density of traffic on speed of trains has also to be taken into account.

Likewise, with the increasing lead of traffic, incidence of marshalling also increase affecting the turn-round.

It has also to be appreciated that while working out the requirement on 'all Railway' basis, it is not possible to reach the same degree of accuracy for such a vast network as would be possible, if the calculations were to be made for an individual section only. In the former cases, weighted average as all that can be considered based on a reasonable assessment. It is for this reason that rounding off in terms of full or half day has been done. While in certain cases the rounding off is to the higher half or full day, in certain other cases, it is to the lower figure.

Regarding allowance for peak traffic, it may be pointed out that the peak loading is considerably higher viz. of the order of about 15% as compared to average monthly loading. When this loading is compared with the lowest loading in any month, the variation is as high as about 25%. This entire gap cannot be bridged by intensive utilisation of the rolling stock as during this period even the line capacity is under severe strain. As such peak allowance has been made for various commodities at only 7% to 10% of the bare requirements; the balance fluctuation is catered for by improved utilisation of the rolling stock as would be seen from them month by month utilisation figures which is best during the peak months. Unless allowance to some extent is made for peak traffic it would not be possible to meet the requirements of traffic during the busy season and with competitive road transport system the traffic would be further diverted to road. Even with this peak allowance and the better utilisation of assets, some staggering of traffic has to be done.

Further comments of Audit

1.33 Our earlier remarks were in the context of the reply give by the Railway Board that the actual wagon holdings as at the end of 1965-66 had a 'capacity' for sustained movement of only about 205 million tonnes or originating traffic, even though the target for procurement of wagons itself was related to the plan target of about 264 million tonnes of originating traffic as in January, 1962. It was also observed that the actual capacity' as now given by the Railway Board roughly corresponded to the actual traffic which materialised during 1965-66. It was, therefore, inferred that the assumptions regarding the various criteria that determine wagon usage, viz. lead, roadability, empty return ratio, detention at yards etc., were such as to yield such a result. It would, however, be appreciated that 'capacity' must be taken in terms of what the wagon fleet is capable of carrying if the various criteria adopted represented the best achievement possible rather than what was actually achieved. It was in this connection that various improvements effected in the method of traction, on the running of trains in bulk loads and traffic facilities created to ease the movement of traffic etc., were referred to further, it was in this context that the assumption of deteriorating figures for detention for various commodities in the exercise regarding wagon requirements for the new Fourth Plan when compared with the exercise made for 1965-66 was noted. It was also pointed out that approximations in calculation like rounding off in 1965-66, had the net effect of increasing wagon requirements by 7,000 four wheelers. As regards the peaking allowance the point that was sought to be made was that this traffic would be met by better utilisation of wagons rather than by maintaining a cushion of wagons and that this should be reflected

in the criteria adopted for calculation of wagon requirements. We should draw attention to the fact that a similar observation has been made in Para 5.22 of the Report of the Study Team of the Administrative Reforms Commission on Railways.

The essential point thus is, how, considering the capabilities of the wagon fleet in terms of facilities available to the Indian Railways, does the actual utilisation compare with such capability? It is here that we are unable to accept the Railways' plea that the wagon fleet as at the end of 1965-66 was capable of transporting only 205 million tonnes of originating traffic. As an indication of the probable capability, the performance of the wagon fleet in 1965-66 in terms of net tonne KM per wagon per day could be compared to the performance of the wagon fleet in 1962-63, when pattern of traffic was similar. It would then be seen that on the Broad Gauge there is a deterioration from about 1007 net tonne KMs per wagon day in 1962-63 to about 934 in 1965-66. Without asserting that exact computation of the actual surplus of wagons on Broad Gauge is possible on this basis, it can still be inferred that if the performance of 1962-63 had been repeated in 1965-66 considering the total number of Kms. of traffic transported in 1965-66, the wagon fleet as at the end of that year seems to be surplus by about 42,780—four wheelers. Since 1962-63 is a year close to 1965-66 there would be no basis for asserting that this is an unrealistically ideal target to achieve. If further allowance is made for improvements in terms of further dieselisation, electrification, marshalling facilities etc. it can be asserted that what is feasible in the changed conditions after 1962-63 should be even better. We have no further remarks to offer and in case Railway Board still differ from what we have stated we would suggest that our remarks may also be forwarded together with Railway Board's action taken note to the Public Accounts Committee.

Government's reply to audit's further comments

1.34 In the year 1962-63, the Railways carried 18.3 million tonnes of additional originating freight traffic which represents the highest increase in the freight traffic handled in the Indian Railways so far in any single year. On the other hand, during 1965-66 agricultural production suffered a severe set-back and the increase in Industrial Production was only modest. So much so, the additional originating freight traffic carried by the Railways during that year amounted to only about 9.2 million tonnes. In the circumstances, it is difficult to accept the contention that the patterns of traffic during 1962-63 and 1965-66 were similar. Besides, 1962-63 followed the transport crisis of the early sixties and over 65,000 indents were outstanding on B. G. alone at the end of the year, which came down to 20,984 at the end of 1966. The heavy outstanding indents in 1962-63 not only indicated a large unsatisfied demand but ability of the Railway to pick up traffic in bulk, which was no longer possible in 1965-66 due to low level of indent. The utilisation in one single year specially in 62-63 when there was a transport crisis and wagons were being utilised at the cost of maintenance, cannot, therefore, be taken as a criterion for calculating wagon requirements. The very fact that the same utilisation was never achieved before or thereafter also shows that that year was peculiar in itself. In

the circumstances, it does not seem correct to project the performance in 1962-63 into the year 1965-66 as a basis for comparative judgement and quantification of Railways transport capacity, in view of the changes in the various factors affecting the Railways' transport capacity that had taken place during the intervening period. This Ministry would like to submit that for assessing wagon procurement during the Third Plan the correct criterion would be to judge the transport capacity based on the norms as at the end of the Second Plan and it would be seen from the particulars given above that the real misunderstanding has arisen due to unrealistically low figure of wagon requirement per million tonnes of traffic, initially calculated for the Third Plan level of traffic.

In this connection it may also be submitted that the various factors including change in the pattern of traffic have already been brought out in the discussions relating to para 11 of the Audit Report Railways 69 as given in the 116th Report.

1.35 The Committee had expressed the view that the Railways had more wagons than warranted by the needs of traffic and Railways should therefore make an accurate assessment of the position before acquiring more wagons. Although the anticipated increase in traffic did not materialise during the III Plan period, target for wagon procurement was, according to audit, fully achieved. Obviously, the Railways held surplus wagons at the end of III Plan. The Ministry of Railways have, however, stated that for assessing wagon procurement during the Third Plan the correct criterion would be to judge the capacity based on the norms as at the end of the Second Plan and that a misunderstanding had arisen due to unrealistically low figure of wagon requirement per million tonnes of traffic, initially calculated for the Third Plan level of traffic. Thus, the Ministry of Railways seems to be repudiating the norms adopted by the Railways themselves for determining the III Plan target for wagon procurement.

1.36 According to the Ministry of Railways, the Railways had only a marginal surplus of 4368 wagons on the broad gauge and a shortage of 1612 wagons on the metre gauge at the end of the Plan period. Audit has, however, pointed out that there was surplus of about 42,780 four wheelers even on the basis of Railways' own performance in 1962-63 (viz., 1,007 net tonne KM per wagon day). The contention of the Railways that 1962-63 was a peculiar year and that the pattern of traffic in 1962-63 and 1965-66 were not comparable does not seem to be acceptable as the performance in 1960-61 and 1963-64 in terms of NTKM per wagon day (998 and 987 respectively) was very near the performance in 1962-63. The obvious conclusion is that the deterioration in the performance in 1965-66 as compared to 1962-63 had resulted in an understatement of the existence of surplus wagon capacity.

1.37 The Committee are inclined to agree with Audit that the Railways' calculations make no objective effort to establish the capacity of the wagon fleet to carry traffic. As actual performance in relation to speed, detentions, loadability, approximations in calculations etc., cannot be accepted as reliable basis of calculations of wagon capacity, the Committee would like to emphasise that realistic norms on the basis of best performance obtained by Railways themselves should be fixed so that the surplus already held and the future wagon procurement could be suitably adjusted to meet future requirements.

Measures to improve utilisation of wagons Paragraphs 2.24—2.25 (S.Nos. 22-23)

1.38 In the paragraphs 2.24 and 2.25 the Committee pointed out the need to improve utilisation of wagons and made the following observations:—

2.24 "One particular reason why holding of a large cushion of wagons should be discouraged is that it generates a sense of complacency which interferes with efforts to secure optimum utilisation of the stock. As pointed out by the Administrative Reforms Commission these "excessive stocks lead to slackness in utilisation and poor outturn". Besides, as wagon procurement for future requirements is based on indices of current performance, the slackness in utilisation of wagons, by depressing the indices, leads to inflated estimates of future wagon requirements, with corresponding over-investment.

2.25 The Committee would like the Railways to take concerted measures to improve wagon utilisation. The following steps are particularly indicated:—

- (i) Work studies should be periodically conducted to evaluate the time required for handling of wagons at various points, like marshalling yards transshipment stations, coal washeries, Steel plants and the scope for minimising loading and unloading time through adoption of improved practices. Based on such studies, norms should be evolved, with reference to which performance will have to be periodically evaluated. It should be made a specific responsibility of the higher management in Zonal Railways, particularly the Financial Advisers to undertake such periodicals evaluations.
- (ii) Appropriate administrative measures should be taken as pointed out by the Administrative Reforms Commission to check unreasonable detention of wagons by customers.
- (iii) Frequent marshalling of trains results in their detention at several points en-route. Goods trains should therefore, be marshalled for long distances, so that they could skip minor yards and interchange points, which do not constitute terminals for traffic. This is a matter which will need constant study by the Operational Department.
- (iv) Very careful operational research will have to be done so as to bring about a reduction in empty haulage.
- (v) A drop in speed would appear to have contributed to a deterioration in wagon utilisation. A study team of Administrative Reforms Commission pointed out that the average speed of diesel and electric trains, hauling goods, traffic, has been in the range of 17 to 26 kms. per hour and the such low speeds result "in wholly unnecessary waste of power." "Through goods trains should, therefore, be scheduled at the maximum permissible speed to be worked out on the basis of trial-runs. Without this, it would not be possible for Railways to regain the traffic they have lost to road transport.

- (vi) Above all, it should be made obligatory for the higher formations in the Zonal Railways, particularly the Financial Adviser, to obtain at frequent intervals reliable data regarding stabling of wagons and examine them, with a view to seeing how the position could be improved."

1.39 In their reply, the Ministry of Railways (Railway Board) stated:—
"The observations of the Committee are noted:

- (i) Work studies of marshalling yards, transshipment points and major industrial units receiving rail traffic in large quantum are frequently conducted, with a view to fix norms and to review the free time made admissible to these users. So far, studies in respect of 21 marshalling yards and transshipment points have been conducted by work Study Organisation of Zonal Railways. The recommendations of the Public Accounts Committee in this regard has also been brought to the notice of the Zonal Railway Administrations for compliance.
- (ii) The study team of ARC has recommended through investigation of marshalling yards and terminals problems of stabling trains, carrying out operational research on detention to coal and iron ore wagons at steel works, prompt withdrawal from the placement of wagons in sick lines and has also suggested provision of mechanical devices for unloading wagons at Power plants and other industrial units. These recommendations are under close study. As already stated Railway work study teams are carrying out studies on various aspects of operation including marshalling yards, sick lines and major industrial units. It is also submitted that the movement of goods trains are reviewed daily by the COPs and Dy. COPs (Goods) and Zonal Headquarters and also by the Director and Joint Director Transportation at Railway Board level and prompt remedial steps are taken including regulation of traffic wherever necessary. Railways continue to impress on the Power Plants and other major industries to install mechanical unloading equipments. In respect of new plants, this condition is being insisted upon.
- (iii) The marshalling instructions in force are regularly reviewed by Zonal Railways for intra-railway movements and by Railway Board for inter-railway movements to take into account changes in pattern of movements, development of capacity at different yards/terminals sections *vis-a-vis* traffic requirement to be dealt with in yards so that increased number of wagons may by-pass intermediate yards. Inter-Railway marshalling instructions were reviewed and revised by Railway Board in January, 1970.

To achieve better marshalling and speedier movement of wagons a system has been introduced of loading of block rakes from the collieries/mines/refineries/oil terminals etc., to single point destinations in respect of such commodities as coal, iron ore, petroleum products, cements etc. Movement of foodgrains on Food Corporation of India's account from surplus areas, such as Rabi crop from Punjab and Haryana, is programmed

mostly in block rakes. The investment achieved in this regard over the last 3 years is given below:—

Percentage of wagons moved in block rakes to total number of wagons loaded:

Commodity.	1967-68		1968-69		1969-70	
	BG	MG	BG	MG	BG	MG
Coal	65.0	—	64.0	—	67.0	—
Export-ores	95.0	66.0	95.5	68.2	97.1	72.1
Petroleum Products in tank wagons.	NA	—	NA	—	68.0	52.0
Other commodities	13.0	15.0	19.0	14.0	7.7*	4.3*

*(Reduction in the percentage of "other commodities moved in block rakes" in 1969-70 on the BG and MG as compared to preceding years is on account of figures for "other commodities" in earlier years including block rakes of petroleum products in tank wagons also, which has now been taken separately.)

In 1969-70, 30% of the total originating loading on the BG and 14% on the MG moved by such block rakes.

(iv) The position in this respect has already been explained to the Committee in the course of evidence, of special type of wagons for bulk or special commodities involve considerable empty haulage. The holding of special type of wagons on BG has increased from 11.2% on 31-3-60 to 38% on 31-3-70. The matter is however, under constant review by the Railway Board.

(v) Through goods trains have a booked speed which is about 80 to 90% of the maximum permissible speed. However, with very heavy saturation in the principal trunk routes and very heavy frequency of passenger trains particularly in the Central, Northern, Western and Southern Railways, very heavy incidence of thefts of overhead electric traction wires, interruption to control communication due to theft of cables and increasing interference by unsocial elements with railway operation, the actual average speed is inevitably very much less than the booked speed. In fact, even under ideal conditions of working the actual average speed is bound to be much less than the booked speed and this has always been so. However, despite heavier, saturation and very large increase in incidents like riots, strikes, gheraos, theft of wires, interruption to control communication during the recent years, there has been an improvement in the average speed of through and all goods trains, as will be seen from the following figures:—

Average speed in kmph of through and all goods trains tractionwise on broad gauge.

Year	Through goods train			All goods train				
	Electric	Diesel	Steam	All Traction	Electric	Diesel	Stream	All traction
1960-61	20.1	22.5	18.9	19.2	19.5	22.2	13.6	16.1
1964-65	23.0	23.5	16.7	19.4	22.6	23.2	13.2	15.9
1965-66	23.7	24.0	16.6	20.1	23.4	23.7	13.0	16.4
1966-67	25.3	24.1	15.4	20.1	25.1	23.9	12.3	16.5
1967-68	24.8	23.5	15.4	20.0	24.5	23.4	12.2	16.8
1968-69	25.8	23.3	15.6	21.0	25.6	23.2	12.2	17.5
1969-70	25.8	23.0	15.5	21.1	25.5	22.9	12.1	17.7

Despite all endeavours it would be unrealistic to expect any appreciable improvement in this regard till additional capacity becomes available on saturated routes and the law and order conditions improve.

- (vi) Data on all important indices of operating efficiency circulated through domestic summaries, monthly appreciation reports and periodical D. Os. of General Managers to the reports and periodical D.Os. of General Managers to the Board are reviewed at all levels, viz. divisions, zonal headquarters and the Railway Board. At the Zonal Headquarters the entire operating position (including stabled wagons) is reviewed periodically by General Manager with Head of Department including FA&CAO. The position regarding stabling of wagons is also watched by the Board and this and other operating aspects are discussed at length in the operating meetings of the Board with the Chief Operating Supdts. of Railways. The position regarding stabling wagons is thus examined at appropriate levels with a view to taking immediate remedial action.

1.40 The Committee suggest that a targetted programme should be chalked out to complete work studies of marshalling yard, transshipment points and more industrial units receiving rail traffic in large quantities with view to fix norms and to review the free time for wagons. The Committee would like to know the progress made in this regard.

Utilisation of Electric and Diesel Locomotives—Paragraph 2.64 (S. No. 32)

1.41 In paragraph 2.64, the Committee made the following observation about the unsatisfactory utilisation of diesel and electric locomotives:

“The Committee find the position in regard to utilisation of diesel and electric locomotives unsatisfactory. A special team of engineers under the Efficiency Bureau of the Railway Board had, after comprehensively examining the question of utilisation of these locomotives, came to the conclusion that these locomotives should give an output of about 700 kilometres per day per engine on line. The Railway Board have taken this to be a goal to be achieved in the distant future. In the meanwhile, even the relatively modest targets that they have set have not been achieved. The data about engine utilisation available to the Committee shows that the highest kilometrage per engine day on the line has not exceeded 324 in respect of diesel and 277 in respect of electric locomotives upto 1968-69. In the Committee's opinion, this constitutes gross underutilisation of costly assets acquired by the Railways.”

1.42 In their reply the Ministry of Railways (Railway Board) stated:

The recommendation of the Team of Engineers referred to by the P.A.C. presumably refers to the Sahai Committee Report of 1963 in which, as per Appendix VI, a summary of the operating performance *theoretically* possible under diesel and electric traction, has been tabulated sectionwise. The objective of the Committee was to compare the performance of different systems of traction under exactly similar conditions, which were chosen to be ideal, rather than developing operating norms for achievement. The figures quoted in Appendix VI were merely derivatives computed on the basis of assumptions made therein.

Diesel traction has been introduced on Indian Railways so far on a limited scale over saturated and graded sections to increase the movement capacity on these sections in order to increase throughput without having to undertake large scale line capacity works. When diesels are put on saturated sections working above 80% of the charted capacity, their utilisation is low. This is often further aggravated by the chain reactions arising out of failure of telecommunications due to thefts of telegraphs wires/cables and series of interferences with train running from anti-social elements which are a common occurrence these days. Moreover, due to the number of diesel locos available being limited, it has not been possible to dieselise the entire passenger and goods services on a section and mixed traction of steam and diesel/electric is continuing. In mixed traction, the average speed of even the high capacity diesel or electric locomotives is low due to limiting factors such as precedence to passenger trains which have to run as per time table, slow moving steam trains preceding which have in many cases to be run ahead of the diesel/electric loco operated train to cover the journey before the crew complete their duty hours. On graded sections, particularly on branches like Kiriburu and Kirandul with continuous falling gradients ranging from 1-in-60 to 1-in-50, diesels run at restricted speeds to permit the driver to always retain control over the train on these falling gradients due to limitations of brake power.

Though certain standard norms for diesel/electric engine usage have been laid down, actual performances of different Railways has to be judged taking into account the different circumstances prevailing on each section of the railway in the day to day operation such as density of traffic, state of telecommunications and other railway equipment like the overhead traction wires, signalling gear etc. equipment which is subject to frequent pilferage. Account has also to be taken of the proportion of graded sections, extent of mixed traction, limitations of terminal capacities, etc. Performance of individual Railway under these constraints is not only scrutinised by the Division and Zonal Headquarters of the Railways, but also by the Ministry of Railways.

Engine usage figures of individual railways are scrutinised every month of by a Committee of Directors in the Railway Board and any unsatisfactory features which have not been explained to the satisfaction of the Directorates by the railway is taken up. At the same time, each Railway is called upon to improve their performance to the maximum extent to come as near the standard norms as possible."

1.43. The Committee would like to suggest that realistic norms for usage of diesel and electric locomotives should be fixed for different sections taking into account the different conditions prevailing, and the performance should be reviewed periodically.

Measures to check over procurement of Track Materials—Paragraph 3.166 (S. No. 74)

1.44. Referring to a case of excess procurement of sleeper plates in 1964-65 and 1965-66, the Committee made the following observation in paragraphs 3.164—3.166 :—

3.164. "The Committee observe that there was over-provisioning of CST-9 sleepers both in 1964-65 and 1965-66. The over-provisioning led to a substantial accumulation of stocks which led to stoppage of further orders for these sleepers in 1966-67, when the Railways could have purchased them at much lower rates.

3.165. It has been stated that the accumulation of stocks arose out of track laying or renewal works getting slowed down due to inadequate receipt of matching materials like rails. The short-receipt of rails had persistently occurred since 1964-65 and, therefore, should have been taken into account while placing the orders. Besides, the Railways have themselves been over the years showing a preference for wooden and steel sleepers over CST-9 sleepers. This consideration should have weighed with the Railways to reduce the orders for CST-9 sleepers.

3.166. The Committee recognise that it is primarily the function of the Zonal Railways to keep a check on stocks of sleepers which are held by numerous permanent way inspectors. The Railway Board should issue instructions to ensure that control over these inventories is tightened up all along the line so that a case of over-provisioning of this nature does not recur."

1.45. In their reply the Ministry of Railways (Railway Board) stated :

"The observations of the Committee are noted.

Para 3.166 :

The Railway Board have taken steps to improve the methods of working out the requirements of P. Way materials to avoid over-procurement. The post of tracksupply officer on the Railways has been graded to that of Engineer-in-Chief Track so that there is better control over the permanent way materials. The assessment of the requirements of P. Way materials is also done in a meeting held with the ENCs/Track. In that meeting the ENCs/Track are asked to bring the stock position to the various types of P. Way materials and to forecast the requirements based on the sanctioned works programme after taking into account the stock already available with them. The procurement action is initiated after these requirements are subsequently advised as 'firm' after the budget has been presented and are also got vetted by the Railway's Finance with a view to see that the requirements assessed by the Engineers are in accordance with the budget allotments for the various works programmes.

Besides, a Committee of 3 Jt. Directors has been appointed to check up the reasons leading to the over-procurement and suggest ways and means to tighten up the assessment of track material required each year. Suitable instructions will be issued to the Railway administrations after the Committee has finalised its findings."

1.46. The Committee would like to know the findings of the Committee of the Joint Directors appointed to check up the reasons leading to the over-procurement and to suggest ways and means to tighten up the assessment of track material required each year and the action taken in pursuance of these recommendations. The Committee also desire that system of procurement should be kept under review to have a check over excessive procurement.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee are deeply concerned about the unsatisfactory state of Railway finances. During the year under review, *i.e.*, 1967-68, the Railways again ran into a deficit. The anticipation was that the deficit would be more than offset by increase in fares and freights and leave a surplus of Rs. 1.28 crores, but this failed to materialise; the Railways ended the year with a deficit of Rs. 31.5 crores. This was due, on the one hand, to a short-fall in receipts (mainly goods earnings) and, on the other, to increase in operational expenses. The deficit would have been larger but for the reduction in the annual contribution to Depreciation Reserve Fund and Pension Fund to the extent of Rs. 15 crores.

The deficits that have so far occurred on the Railways have been cushioned by balances in their Revenue Reserve Fund. However, with the fund having now been virtually depleted—the balance in the Fund has been reduced from Rs. 63.20 crores in 1965-66 to Rs. 3.49 crores at the end of 1968-69—the Railways now face a very difficult situation. If deficits continue, it would appear that the Railways, like the P&T Department would have to resort to loans from Government to meet their dividend liability to General Revenues, as they have in fact done in 1969-70.

[S. No. 1 and 2, Appendix VII Paras 1.6 and 1.7 of the 116th Report of the P.A.C.—4th Lok Sabha].

Action taken

The observations of the Committee are noted. As pointed out by the Committee, the shortfall in the net Railway Revenues has been due to the shortfall in earnings and increase in operational expenses. Both these factors were largely beyond the control of the Railways. The heavy increase in expenses was the result of higher labour and material costs.

2. The Railways are fully alive to the need for increasing the earnings and reducing the expenditure. Goods traffic being the main source of the Railway revenues, special efforts are being made to attract the high-rated traffic which to some extent had been diverted to road owing to the rapid development of road transport and certain inherent advantages the road hauliers have, like being able to pick up traffic and deliver it at different points and not having the legal liability, which the Railways have, of being required to lift any traffic offered without showing undue preference either to any set of customers or to any type of traffic. *Various steps* have been taken to arrest and reverse this trend through the *Marketing and Sales Organisations* set up on all Railways. *Super Express Goods trains, quick*

transit services, Container Services, Freight Forwarder Scheme, quoting of special Station to Station rates for particular classes of traffic and similar other measures for attracting traffic have been introduced. On the expenditure side also efforts are being made to effect maximum economies possible. A special drive has been launched to economise in the consumption of fuel. Attempts are also being made to contain the expenditure on staff by minimising additional recruitment and increasing the productivity of existing staff.

3. Some of the special steps taken recently to augment earnings and to reduce expenditure are enumerated below :

(i) Ticket checking activities have been intensified with the enhancement of penalties for ticketless travel from June, 1969.

(ii) Special steps are being taken to minimise losses due to theft and pilferage including attacks by organised gangs for removal of telecommunication and overhead wires. Important and vulnerable yards are patrolled round the clock by armed RPF personnel. To prevent crime on vulnerable sections, these are patrolled by motor-trolley or by a pilot train. The trains carrying valuable consignments and foodgrains in open wagons are escorted by the RPF personnel. Seals of wagons are checked at each important yard. Crime intelligence branches at the zonal railways and in the Railway Board are being deployed to collect crime intelligence with a view to tracking down criminals. A pilot scheme to locate vulnerable points for pilferages has been introduced under which at selected pairs of stations on different railways including transshipment points, loading and unloading of commodities is closely supervised to check the mal-practices of short loading, substitution of consignments and misappropriation. Close coordination between the Railway Protection Force, Government Railway Police and the local police is maintained at various levels to effectively deal with criminals as also railway employees conniving with them. Special measures are taken at more vulnerable spots in order to further tighten security in places where crime has been very heavy.

(iii) A concerted drive for securing greater control over inventories was initiated in 1967. Application of modern concepts of inventory management, such as analysis of the items stocked on the ABC principle, action on specific individual items of high value, introduction of the Economic Order Quantity Concept in purchasing, variety reduction techniques, etc. were initiated on the Railways during the last 2 or 3 years and progress thereof was kept under watch and coordinated in the Railway Board's office. The result has been that level of stores inventories, in terms of number of months' consumption, has come down from 7.3 months' level on 31-3-1967 to about 5.6 months' level on 31-3-70. The reduction in inventories, achieved in 1969-70 alone, is about Rs. 12 crores. The table below shows the position :

Year	Value of stores issued during the year	Inventories at the end of the year	Inventories in terms of No. of months' usage (i.e. issues)
(Figures in crores)			
1966-67	222.07	134.69	7.3
1967-68	248.07	137.84	6.7
1968-69	260.88	139.05	6.4
1969-70	273.72	127.19	5.6

4. Various measures for modernisation and improvement of efficiency relating to track signalling and telecommunications, mode of traction and other areas ensuring higher standards of safety and greater travel comforts are being undertaken. Tracks are being improved by the use of long welded rails, concrete sleepers, increase in the density of sleepers and of ballast. For better maintenance, mechanical means for inspection and maintenance of track are being adopted. Modern and sophisticated signalling methods like automatic and colour-light signalling, centralised traffic control, automatic train control etc. are being introduced. For better communication which is essential for an efficient transportation system, extensive microwave and tele-printer net works are being established. Diesel and electric traction has been introduced over a number of sections.

5. In the overall context and keeping in view the immensity of the problem, these measures can, however, be only of limited effect and the real relief will have to be sought in a rational adjustment of passenger fares and freight rates. Some steps have been taken in this regard in that the rates for some of the high rated commodities have been suitably adjusted and the rates for the low-rated commodities have been revised to cover costs where possible.

This has been seen by audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated, 31-12-1970/Pausa] 10, 1892.]

Recommendation

"As regards fuel, the Committee had in *para* 1.65 of their Sixtieth Report (Fourth Lok Sabha) drawn attention to the mounting coal bill and the need to cut down steam loco holdings in Railways where they are being progressively substituted by diesel/electric traction. Diesel oil consumption has also been increasing in and the findings in a later section of this Report would suggest that the existing arrangements for watching consumption are weak. *Steps should, therefore, be taken to bring about economical and proper utilisation of this fuel.* Above all, security arrangements will have to be tightened up because, as pointed out by the Administrative Reforms Commission, "Considerable loss is also caused by thefts and pilferage of fuel."

[S. No. 4 of Appendix VII, Para 1.9 of 116th Report of the PAC, 1969-70.]

Action taken

The recommendations of the Committee are noted.

A vigorous drive for economising the consumption of coal was launched on the railways with effect from 1-5-70 followed by a drive for saving diesel oil. This is in pursuance of the implementation of 11 Point Programme announced by the Minister for Railways in Parliament. During this drive, special emphasis is being laid to the following aspects :

- (a) to ensure that the coal loaded by the collieries is of correct quality and is up to the quantity shown in the invoices.
- (b) to reduce pilferage in transit and in loco sheds by enforcing security measures.

- (c) to improve operating features which influence coal consumption on steam locomotives.
- (d) Motivation of staff for achieving maximum economy in the use of coal.

It may be mentioned here that the railways had undertaken various measures for fuel economy in the past but the present drive is very comprehensive and covers the entire journey of coal from the colliery till it is consumed in steam incos.

Although there has been some general improvement in coal and diesel oil consumption as a result of this drive as compared to the corresponding period of earlier year, there is still scope for further improvement in fuel consumption rates and this matter is being pursued separately. It is hoped that the concerned efforts that are being made would show an improvement over a longer period.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated, 6-2-1971/Magh 17, 1892.]

Recommendation

1.9. (ii) The Railway have persistently been over-estimating traffic. Such persistent over-estimation gives a misleading optimistic picture of their budgetary position every year, which the subsequent course of events belie. During the year 1967-68, the shortfall in earnings in relation to budgetary anticipations was Rs. 29.16 crores due primarily to a shortfall in goods earnings to the tune of Rs. 23.21 crores. An undesirable consequence of this tendency to over-estimate traffic has been the creation of needless capacity at substantial cost, leading to over capitalisation and an unnecessary increase in the Railways' dividend liability. The Committee have repeatedly been drawing attention to this fact. Later in this Report, the Committee have referred to the existence of a large surplus of wagons and the gross underutilisation of costly rolling stock, particularly diesel and electric locomotives. The Committee have no doubt that, if the operational efficiency of the Railways has to be brought to optimum level, it will be first necessary to put the existing assets, in the form of rolling stock, line capacity etc., to much better use than now and exercise the utmost caution in embarking on new schemes involving substantial capital outlay.

[S. No. 4, Appendix VII, Para 1.9 (ii) of the 116th Report of the PAC, (4th Lok Sabha.)]

Action taken

The PAC have been impressing upon the Railways the need to frame more realistic estimates of goods traffic since their 22nd report presented in April, 1968. The present issue relates to the forecasts for the year 1967-68 which were framed earlier.

The techniques of estimation of traffic have since been further refined as desired by the Committee. As suggested by the Committee, the Railways keep a close watch on trends in traffic. For this purpose, the frequency of coordination with the Planning Commission and other Ministries has been increased. Meetings are held by the Planning Commission every quarter with the Economic Ministries and the Railway Board to discuss and modify as necessary the traffic prospects on the Railways. For example, taking note of the trends of traffic during the first six months of the current year, the traffic anticipations for the year have been brought down to 205.90 million tonnes from the original estimate of 224.60 million tonnes and from the later estimates of 217.10 million tonnes (Feb. 1970) and 211.50 million tonnes (July 1970). The traffic anticipations for the Fourth Plan have also been revised from 265 million tonnes to 240.5 million tonnes.

As regards the steps taken to improve the operational efficiency of the Railways, a detailed note on this subject is being submitted to the Committee in reply to Recommendations Nos. 18 to 23 and 32 to 34 of this report.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC-IV/116 dated 30-12-1970/Pausa 9, 1892.]

Recommendation

1.9. (iii) The Railways are estimated to be handling 80 per cent of the total goods traffic in the country. It would seem from the analysis in a subsequent section of this report that progressively, the Railways are carrying more and more low-rated traffic at the expense of high-rated items. It would be necessary to recapture the high-rated traffic by a commercially-oriented approach which would ensure better customer service, quick settlement of claims, quicker movement of goods and prevention of pilferage.

[S. No. 4 of Appendix VII, Para 1.9 (iii) of the 116th Report of the PAC—4th Lok Sabha.]

Action taken

The need to attract high-rated traffic to rail by providing better customer service, quick settlement of claims, quicker movement of goods and prevention of pilferage has already been recognised on the Railways and sustained efforts are being made in that direction.

2. Marketing and Sales Organisations were set up on the Railways in 1967 to conduct market research, study the pattern of movement of traffic, canvas additional traffic for the Railways and to maintain liaison and contact with trade and industry. They watch the trend of movement of selected high-rated commodities and analyse the fall in movement where noted and initiate remedial action to retrieve the position. Customer-oriented services like container services have been introduced and expanded. The services have been well received by the trade and industry and loading of containers in 1969-70 recorded an increase of 120% over the figure of 1968-69 and an increase of 479% over the figures of 1967-68. Freight Forwarder Services have been introduced on selected routes for container and conventional wagon traffic.

To bring booking and delivery of goods nearer the premises of the customers, the Railways have provided out agencies, city booking agencies, and street collection and delivery services. 166 out agencies and 125 City Booking agencies, offices are functioning on the Railways. Street collection and delivery services operate in 32 cities including Calcutta, Bombay-Delhi and Madras. An improvement over the traditional street collection and delivery service is the development of mobile booking service under which traffic is booked in the premises of consignor and the Railway receipt is handed over to him on the spot. The service which was started at Calcutta has been extended to Madras and Bombay.

The importance of courteous behaviour and helpful attitude on the part of Railway staff towards the rail users is brought home from time to time. Complaints received from users regarding lack of courtesy and unhelpful attitude on the part of the staff are thoroughly investigated and deterrent action taken against those found guilty.

With a view to ensure more or less uninterrupted movement of high-rated traffic Railways have been instructed as far as possible, to exempt commodities changed at class 70 and above from imposition of operating restrictions. Further instructions have been issued that high rated traffic should be moved in a moveable priority so that there is no difficulty about timely availability of wagons.

Super express trains are run on the 7 important routes given below to provide a fast goods transit services to the rail users between important trade centres :

Carnac Bridge,—New Delhi.

Wadi Bunder—Shalimar.

New Delhi—Howrah

Shalimar-Salt Cotaurs.

Wadi Bunder—Salt Cotaurs.

Shalimar-Tata Nagar.

New Delhi-Salt Cotaurs.

Super express goods trains are run according to schedule timings and bypass most of the intermediate yards/terminals, thus taking minimum overall time to reach the destination. Some of the super express trains are run by Diesel engines/and by Electric engines on electrified sections. Running of these trains is specially watched by the railways. Transit time is continuously kept under review so as to minimise it.

Quick transit service for wagon loads is provided between 69 pairs of stations where railways offer to carry goods within the specified number of days and make them available for delivery according to schedule on payment of a small charge for carriage of goods by Quick Transit Service. Transit time of the consignments booked under this scheme is continuously watched.

Transit time between selected pairs of stations is regularly analysed by a Committee of Officers in each zonal Rly. Headquarters and corrective measures taken to eliminate any held-up.

To enable the Railway to quote competitive rates liberal powers have been delegated to the General Managers of the Railways for quotation of special station to station rates where justified for retention or promotion of traffic and feasible from financial considerations. Packing and minimum weight conditions are also relaxed by the Railways wherever necessary and justified to facilitate movement of traffic by rail.

Constant endeavour is made by the Railways to ensure full and prompt supply of wagons. Free flow of traffic is maintained to the maximum extent and imposition of restrictions and quotas is limited to unavoidable cases and that too for minimum periods. Some of the the important goods sheds have been exempted from the purview of operational restrictions.

Aware of the adverse effect of loss of or damage to goods in transit on the efforts to attract traffic, the Railways are taking various steps to check these losses and damages and to arrange prompt settlement of claims. Increased covered accommodation and bigger and better designed sheds platforms for loading and unloading are being provided to the extent possible. Water-tight covered wagons are being supplied as far as possible for goods damageable by wet. A good deal of attention is paid to careful and correct handling of packages in goods sheds, parcel offices, transshipment and repacking sheds. Various measures like R.P.F. escort for important trains, deployment of plain-clothed R.P.F. staff for tracking down known pilferers, patrolling of affected sections/yards/sheds, etc. are also being taken. Regular detailed, casual and surprise inspections of the stations, goods sheds, transshipment sheds, repacking sheds etc. are carried out by officers and supervisory staff. Claims Prevention Organisations function on each railway and based on the cause-wise and commodity wise analysis of the claims arising on the Railways, the claims Prevention Staff conduct checks at the vulnerable points keeping special watch on the commodities which are suffering heavy claims.

[O.M. No. 70-B(C)/PAC/IV/116 dated 23-12-1970/Pausa 2, 1892.]

Recommendations

1.23. The Committee observe that the Budget estimates for 1967-68 placed the goods earnings of the Railways at Rs. 526 crores. These estimates were, however, revised later to Rs. 509 crores, but the actual earnings fell short of even these lower estimates, as they amounted to Rs. 503 crores only. Even though the goods earnings were Rs. 21.17 crores higher than in 1966-67, the originating revenue earning traffic was 1.8 million tonnes less compared to that year and as much as 8.5 million tonnes below what was anticipated in the budget. The inference, therefore, has to be that the increase in revenue was largely due to the increase in freight rates. With a view to ascertaining the actual impact of increases in fares and freights on the traffic earnings, it is imperative to maintain proper records showing actual increase in revenue accruing from increase in fares and freights and to explain variation of these actuals from the anticipations made at the time of the Budget.

1.24. The Committee observe that the bulk of the shortfall in goods earnings occurred under foodgrains, steel plants traffic and 'other general goods'. In the case of foodgrains, the shortfall of Rs. 4.4 crores was due primarily to reduced imports, while shortfall of earnings was Rs. 3.07 crores in respect of raw material traffic for steel plants. In regard to general goods, the traffic fell short of Budget anticipations by as much as 9.1 million tonnes, depressing the earnings by about Rs. 13.73 crores below anticipations.

[Recommendations Sl. Nos. 5 and 6, Appendix VII, Paras 1.23 and 1.24 of 116th Report of PAC (4th Lok Sabha)]

Action taken

1.23. The observations of the Committee are noted. The question of how best to ascertain the actual impact of increases in fares and freights on the traffic earnings has been examined. It is felt that maintenance of detailed records is likely to result in incurrence of expenditure disproportionate to the purpose to be achieved. *The feasibility of ascertaining these results by a suitable statistical method is under active examination.*

1.24. The observations of the Committee are noted.

[Ministry of Rlys' O.M. No. 70-BC-PAC/IV/116 dated 31-12-1970.]

Recommendation

The Committee would like this persistent tendency on the part of various Ministries and the Railways to inflate requirements of rail transport to be curbed. This vitiates all Railway Planning leading to needless over-capitalisation. The Committee would like this situation to be taken note of by the Planning Commission which should impress on all the Ministries and the Railways the need to ensure that estimation of traffic requirements is done on a more realistic basis.

[Sl. No. 7, Appendix VII, Para No. 1.25 of 116th Report, 1969-70.]

Action taken

The Public Accounts Committee have been impressing upon the Railways the need to frame more realistic estimates of goods traffic since their 22nd Report (Fourth Lok Sabha) presented in April, 1968. The present issue relates to the forecasts for the year 1967-68 which were framed earlier.

The techniques of estimation of traffic have since been further refined. The Railways keep a close watch on traffic trends and periodically modify their estimates in the light of actual development of traffic. For this purpose the frequency of co-ordination with the Planning Commission and other Ministries has been increased. Meetings are being held by the Planning Commission with the Ministry of Railways and other Ministries concerned every quarter when adjustments in annual plan targets are made in the light of the latest developments with corresponding modifications in the investment programme, wherever necessary.

For example, taking note of the trends of traffic during the first six months of the current year, the traffic anticipations for the year have been brought down to 205.90 million tonnes from the original estimate of 224.60 million tonnes and from the later estimates of 217.10 million tonnes (February 1970) and 211.50 million tonnes (July 1970). The traffic anticipations for the Fourth Plan have also been revised from 265 million tonnes to 240.5 million tonnes. The declining trend of traffic during the current year has however been kept in view and the provision for wagons has already been reduced by about 7900 wagons.

In this connection, it is submitted that the reduction in the traffic anticipations both for the year 1970-71 and for the last year of the Plan *i.e.*, 1973-74 is mainly in respect of traffic to and from steel plants, the reduction on this account in 1970-71 being 6.00 million tonnes and in 1973-74 being 16.20 million tonnes. The Railways had already developed capacity in this sector and except for the requirements of Bokaro Steel Plant, no major investment was proposed. However, on the basis of the revised Fourth Plan traffic anticipations of 240.5 million tonnes, a *review of the investment programme of the Railways for the Fourth Plan is being undertaken with a view to finding out the extent of reduction in capital outlay that can be effected.* It will be appreciated that since railway works have a long gestation period, reductions in investment programmes have necessarily to be related to a long term traffic forecast. With the reduction in the Fourth Plan traffic anticipation now, it is proposed to concentrate on works in progress that are considered essential and restrict new works to the minimum based on specific requirements.

This has been seen by Audit.

[O.M. No. 70B(C)-PAC/IV/116 dated 14-12-1970/Agrahayana 23, 1892.]

Recommendation

The Committee would like this persistent tendency on the part of various Ministries and the Railways to inflate requirements of rail transport to be curbed. This vitiates all railway planning leading to needless over-capitalisation. The Committee would like this situation to be taken note of by Planning Commission which should impress on all the Ministries and the Railways the need to ensure that estimation of traffic requirements is done on a more realistic basis.

[Sl. No. 7 Appendix VII of the 116th Report (4th)Lok Sabha.]

Action taken

The observations of the Committee are noted. As intimated earlier a small Working Group has been set up in the Planning Commission, with which the Ministry of Railways and other Ministries are associated, to review periodically the estimates of growth of railway traffic. The meetings of the Working Group are held periodically. The estimates are discussed in detail at the meeting and are reviewed from time to time in the light of actual trends in production and railway freight traffic.

In pursuance of the recommendation of the Public Accounts Committee, the Ministries concerned have been requested to ensure that estimation of traffic requirements is done on a more realistic basis.

Recommendation

1.26. The figures given in this section of the Report would show that the Railways are steadily losing ground to road transport. The percentage of rail movement to total production in 1967-68 as compared to 1960-61 shows that in respect of all the commodities, the Railways' share of the traffic has been coming down. This tendency is particularly noticeable in regard to iron and steel, oil seeds, sugarcane, sugar, raw cotton, tea and cotton manufactureres.

1.27. While the Committee note that the Railways have taken a number of steps to improve their services with a view to win back the high-rated traffic, it is obvious that much still remains to be done, the need for a vigorous and sustained drive in marketing and sales effort and a personalised service to the users cannot be over-emphasised. The Committee have made certain suggestions in this regard earlier in this Report.

[Sl. Nos. 8 and 9, Appendix VII, Paras 1.26 and 1.27 of 116th Report of the PAC—4th Lok Sabha.]

Action taken

1.26 and 1.27

The observations of the Committee are noted. A detailed reply is being furnished on the recommendation made under Para 1.9 (iii).

[O M. No. 70-B(C)/PAC/IV/116 dated 23-12-1970/Pausa 2, 1892

Recommendations

1.52. The Committee observe that, despite a short-fall of 8.5 million tonnes in goods traffic in 1967-68 in relation to the Budget anticipations, the expenditure on fuel amounted to Rs. 10.46 crores more than the budget provision. In regard to one major components of the fuel bill, namely coal, the data furnished to the Committee shows that the unit rate of coal consumption increased on all the three services viz. passenger, goods and shunting. This has been stated to be due to a reduction in supply of selected grades of coal and the extension of diesel and electric traction resulting in a drop in load and speed of goods trains hauled by steam engines. The Committee have already dealt with these arguments in para 1.65 of their Sixtieth Report (Fourth Lok Sabha) where they have pointed out that these factors cannot by themselves account for the increase in coal consumption that has taken place. A Study Team of the Administrative Reforms Commission have also arrived at this finding. They have stated that the increase in consumption is so substantial that we are driven to the conclusion that there is considerable loss on account of *theft*." The Study Team pointed out further that "the Railway Protection Force, which exists for controlling these thefts, has apparently failed in this respect" and stated that "the organisation of the Railways for watching coal consumption at present is rather weak."

1.53. The Committee observe a similar tendency for increase in unit consumption of diesel oil on passenger as well as goods services. There is a distinct increase in the case of Central, South, Eastern and North Frontier Railways. The increase has been attributed to a number of factors, amongst them the increase of diesel traction on graded sections and a drop in load and speed. It is no doubt true that operation in graded sections will increase fuel consumption, but such sections exist in all the Railways. Besides, as pointed out by Audit, in certain Railway like the North-east Frontier Railway dieselisation occurred prior to 1965-66 operation on graded sections cannot, in such cases, adequately explain the increase in unit consumption in 1967-68 in relation to the previous years. As regards increased consumption due to drop in loads, the Committee would like to point out that such a position, if true, would suggest that dieselisation was undertaken in certain sections without adequate justification therefor. Audit have in this connection pointed out that on certain Railways the traffic density has been well below the prescribed norm of 7,500 net tonne kilometres per route kilometre laid down for dieselisation of traction.

1.54. For the foregoing reasons, the Committee felt that the Railways have not been exercising adequate control over their fuel bill. To ensure such control, the Committee would like the Railways to take action on the the following lines :

- (i) The Mechanical Engineering Staff are at present far too busy in various operating and maintenance duties with the result that "no proper attention is paid", as pointed out by the Administrative Reforms Commission, to the question of controlling fuel consumption. This should be remedied.
- (ii) It should also be made the specific responsibility of the Financial Advisers of the Zonal Railways to get periodical data about fuel consumption in various sections of the Railways and to bring to the notice of the General Managers any tendency towards untoward increase in consumption.
- (iii) The Railway Protection Force will have to be stream-lined so that it could effectively check thefts and leakage, which quite obviously are on the increase.
- (iv) Dieselisation of sections will have to be undertaken after the most careful study of traffic trends, so that it is sanctioned only where adequate justification exists.

[S. No. 11-13, Appendix VII, Paras 1.52—1.54 of 116th Report of PAC-IV Lok Sabha.]

Action taken

The observations of the Committee are noted.

In regard to the increase in consumption rate on N.F. Railway during 1967-68, it may be stated that even though dieselisation occurred on N.F. Railway prior to 1965-66, the pattern of deployment of diesel locos had undergone a change in 1967-68 resulting in more trains running on graded

sections as compared to previous years. This is evident from the fact that the number of goods trains worked on graded section on N.F. Railway had increased from 2801 in 1966-67 to 3335 in 1967-68 (19%) and the goods train kms. increased from 521000 in 1966-67 to 597000 in 1967-68 (15%). Regarding the suggestion that dieselisation undertaken in certain sections without adequate justification, it may be pointed out that no level of traffic at which dieselisation becomes justified can be fixed as it is related to the actual density of traffic prevailing on a section in relationship to the capacity available, distance from collieries etc. The criteria for selecting the sections to be dieselised are as under :—

- (i) Sections which had reached saturation where otherwise the requirement of increased traffic could not have been met without heavy Capital investment on development of line capacity, and consequently recurring expenditure. The level of traffic has, therefore, to be linked with the line capacity and cannot be treated in isolation;
- (ii) Intensively used gradient sections, the objective being increased throughput in terms of wagons;
- (iii) Sections which have strategic importance where the movement has to be speeded up as on the N.F. Railway; and
- (iv) Sections suffering from extreme water scarcity.

The Ministry of Railways would like to assure the Committee that schemes for dieselisation are programmed only after the most careful consideration. Such schemes are oriented to traffic needs particularly on sections working to near saturation under steam or mixed traction. As a further safeguard, studies of typical sections which have been dieselised are conducted with a view to working out comparative economics.

The recommendation of the Committee on the need for mechanical Engineering Staff to pay proper attention to the question of controlling fuel consumption has been communicated to the Railways for information and necessary action.

The Financial Advisers and Chief Accounts Officers were asked by the Board to keep a tab on the fuel bill in pursuance of recommendation No. 9 Para. 1.68 of 60th Report of the P.A.C. vide Board letter No. 69/Fuel/1285/10 dt. 30-8-69. However, the Railways have been addressed once again on this subject as desired by the P.A.C. in the present report. Concerted efforts have been made to get the best out of the Railway Protection Force. These include :—

- (i) Intensifying Security measures at points where theft/pilferages are noticed and where concentration of coal traffic is heaviest.
- (ii) Crime Intelligence Wing of the Railway Protection Force is utilised to organise raids and collect intelligence.
- (iii) Escorting of coal trains by the Railway Protection Force and armed guards through routes where theft/pilferages are reported.
- (iv) Strengthening of R.P.F. guards at storage points.

Audit Comments

Seen. The criteria for dieselisation as brought out in the action taken note are not quantified. The Board will agree that density of traffic per route kilometre is the reliable index of extent of saturation justifying the extension of dieselisation/electrification. It is, therefore, necessary for the Railway Board to prescribe and spell out the norms for dieselisation in terms of density of traffic.

As regards the increase in the rate of consumption of diesel oil on Northeast Frontier Railway it is stated that both the net tonne kilometres and the gross tonne kilometres during 1966-67 and 1967-68 remained more or less constant. The loads of diesel goods trains however came down from 916 tonnes in 1966-67 to 905 tonnes in 1967-68. The unit rate of consumption per 1000 GTKM thus seems to have increased from 4.82 litres in 1966-67 to 5.81 litres in 1967-68 owing to under utilisation of diesel power in 1967-68. As the rate of consumption is based on the gross tonne kilometres actually carried, the number of trains run on graded sections cannot provide a direct explanation of the increase in diesel oil consumption.

The action taken note needs suitable modification in the light of above observations.

Railway Boards further comments

The level of traffic divorced from the line capacity cannot be the sole criterion for dieselisation. *The criterion has to be whether the section has reached saturation and whether the alternative to dieselisation would be heavy investment on development of additional capacity to meet the anticipated traffic and consequently additional recurring expenditure.* There have also necessarily to be other circumstances where the operating advantage of dieselisation have to be utilised e.g., (i) where there is acute scarcity of water and (ii) where there are graded sections. Sections where in view of strategic considerations movement has to be speeded up should also be covered by the dieselisation policy.

The fact that the number of goods trains worked on graded sections on the N.F. Railway has increased has already been mentioned above. As resistance to motion in gradients is higher than on level track, the rate of fuel consumption would be higher on graded section as compared to level section.

[Ministry of Railways, O.M. No. 70—BC—PAC/IV/116 dated 31st December, 1970.]

Recommendation

The Committee observe that there was a general deterioration in the operating ratio of all India Railways during 1967-68 as compared to the previous two years. The deterioration on Central, Northern, North-Eastern, Northeast-Frontier and Southern Railways was particularly marked. While the Committee realise that a number of factors beyond the control of the Railways viz. increase in D.A., rise in cost of coal, natural calamities etc. did affect the financial working of the Railways, they consider that there

are certain areas where improvement can be affected through better house-keeping and more intensive utilisation of assets. The Committee have, in para 1.70 of their 60th Report suggested that the Railway Board should carry out periodical reviews of the working of the various Railways from the point of view of overall financial results. They trust that such reviews will enable the Railway Board to identify promptly the areas where unwarranted increases in expenditure occur and to take effective steps to control them.

[S.No. 15, Appendix VII Para 1.65 of the 116th Report of the PAC-4th Lok Sabha].

Action taken

The observations of the Committee are noted and the suggestion to undertake periodical reviews of the working of the various Railways from the point of view of overall financial results is under consideration of the Ministry of Railways.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No.70—B(C)—PAC/IV/-116 dated 23.10.70/Kartika 1, 1892].

Recommendation

The Committee observe that the Railway Board had recourse to advances aggregating Rs.1.66 lakhs from the Contingency Fund of India on 31st March 1968 i.e. the last day of the financial year, to cover certain expenditure which had been incurred by the Zonal Railways 7 to 9 months earlier. Due to certain omissions that occurred, the necessity for obtaining a supplementary amount for these items of expenditure escaped notice. The Committee trust that omissions of this nature will not recur. It should also be impressed upon all the Railways that the Contingency Fund is meant to cover only unforeseen expenditure and not to meet known liabilities that arise in the course of a year which have to be provided for by re-appropriations or supplementary demands for grants.

[S.No. 16, Appendix VII, Para No. 1.70 of 116th Report 1969-70].

Action taken

All Indian Railways and Projects have since been advised to take suitable steps to avoid such cases in future, vide Board's letter No. 69ACI/7/1 dt. 30.6.70 (copy enclosed).

This has been seen by Audit.

[Ministry of Railways, Railway Board's O.M. No. 70—B(C)—PAC—IV/116 dated 16.9.70/Bhadra 25, 1892].

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.69ACI/7/1. *New Delhi, dated 30th June, 1970/Baisakha, 1892.*

The General Managers,
All Indian Railways, etc.

SUB:-Advance from Contingency Fund.

Further to Board's letter of even number dated 25th March, 1969 on the subject indicated above, cases have come to notice of the Board where certain 'Charged' expenditure was incurred in the early part of the year for which no provision was asked for in the August Review Estimates/Revised Estimate/First Final Modification by the Railways so that additional provision could be brought to the notice of the Parliament through Supplementary Demands for Grants. The Railways came up with the demand only towards the end of March which necessitated withdrawal from Contingency Fund of India at the close of the financial year. This had led to adverse criticism from the Public Accounts Committee, as will be seen from the following extracts of the Public Accounts Committee's observations from 116th Report (IV Lok Sabha)—1969-70 on para 7 of Audit Report (Railways)—1969.

"The Committee observe that the Railway Board had recourse to advances aggregating Rs.1.66 lakhs from the Contingency Fund of India on 31st March, 1968 *i.e.* the last day of the financial year, to cover certain expenditure which had been incurred by the Zonal Railways 7 to 9 months earlier. Due to certain omissions that occurred, the necessity for obtaining a supplementary amount for these items of expenditure escaped notice. The Committee trust that omissions of this nature will not recur. It should also be impressed upon all the Railways that the Contingency Fund is meant to cover only unforeseen expenditure and not to meet known liabilities that arise in the course of a year which have to be provided for by re-appropriations or supplementary demands for grants."

2. The Board desire that suitable steps should be taken to avoid such cases in future.
3. Receipt of this letter may please be acknowledged.

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

No. 69 ACI/7/1. *New Delhi, dated 30th June, 1970 / Baisakha, 1892.*

Copy with 45 spares forwarded for information to A.D.A.I. (Railways), New Delhi.

9 L.S.S./72—4

Copy forwarded to Accounts-II, Accounts-I (App), Accounts-I (B.O.), Budget and B (C) (with 40 spares) branches.

*Dy. Director, Finance (A/cs),
Railway Board.*

Recommendation

The Committee note that the position regarding recovery of freight under-charges has improved since the Audit Report was presented. The undercharges for recovery as on 31st March, 1968 amounted to Rs.211.72 lakhs and out of this a sum of Rs.147.02 lakhs had been cleared as on 31st October, 1969. The position on the Esatern Railway, however, is not quite satisfactory in as much as the pending amount is still as high as Rs.19.82 lakhs. The Committee would like the Railway Board to take special steps for the expeditious clearance of the outstanding amounts.

[S.No.17, Appendix VII, Para 1.78 of the 116th Report of the PAC-4th Lok Sabha].

Action taken

The position regarding the outstandings referred to in Para 1.77 as on 31.3.70 is indicated below:-

Railways	Position of outstandings as on 31.3.70 (Rs. in thousands).
Central	145
Eastern	1708
Northern	90
North Eastern	375
Northeast Frontier	663
Southern	54*
South Eastern	936
South Central	69
Western	592
Total	4632 *as on 30.4.70.

Besides the instructions already issued to the Railways as mentioned in para 1.76, the observations of the Committee have also been brought to the notice of the Railways for taking special steps for expeditious clearance. The Eastern Railway have advised that the Commercial Deptt. have launched a special drive to effect expeditious clearance. The Accounts Deptt. have also taken special steps for prompt verification of the error sheets objected to by the stations on their receipt through the Commercial Deptt. The amount of outstandings on this Railway has since come down to Rs.16,22,000 on 30.6.70.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No.70-B(C)—PAC-IV/116 dated 23 October, 1970/1 Kartika, 1892]

Recommendations

2.24 One particular reason why holding of a large cushion of wagons should be discouraged is that it generates a sense of complacency which interferes with efforts to secure optimum utilisation of the stock. As pointed-out by the Administrative Reforms Commission these "excessive stocks lead to slackness in utilisation and poor outturn". Besides, as wagon procurement for future requirements is based on indices of current performance, the slackness in utilisation of wagons, by depressing the indices, leads to inflated estimates of future wagon requirements, with corresponding over-investment.

2.25 The Committee would like the Railways to take concerted measures to improve wagon utilisation. The following steps are particularly indicated:

- (i) Work studies should be periodically conducted to evaluate the time required for *handling* of wagons at various points, like marshalling yards, transhipment stations, coal washeries, steel plants and the scope for *minimising* loading and unloading *time* through adoption of improved practices. Based on such studies, *norms should be evolved*, with reference to which performance will have to be periodically evaluated. It should be made a specific responsibility of the higher management in Zonal Railways, particularly the Financial Advisers to undertake such periodical evaluations.
- (ii) Appropriate administrative measures should be taken as pointed out by the Administrative Reforms Commission to check *unreasonable detention* of wagons by customers.
- (iii) Frequent marshalling of trains results in their detention at several points en-route. Goods trains should, therefore, be marshalled for long distances, so that they could skip minor yards and interchange points, which do not constitute terminals for traffic. This is a matter which will need constant study by the Operational Department.
- (iv) Very careful operational research will have to be done so as to bring about a reduction in empty haulage.
- (v) *A drop in speed* would appear to have contributed to a deterioration in wagon utilisation. A Study Team of Administrative Reforms Commission pointed out that the average speed of diesel and electric trains, hauling goods traffic, has been in the range of 17 to 26 Kms. per hour and that such low speeds result "in wholly unnecessary waste of power". Through goods trains should, therefore, be scheduled at the maximum permissible speed to be worked out on the basis of trial-runs. Without this, it would not be possible for Railways to regain the traffic they have lost to road transport.

- (vi) Above all, it should be made obligatory for the higher formations in the Zonal Railways, particularly the Financial Adviser, to obtain at frequent intervals reliable data regarding stabling of wagons and examine them, with a view to seeing how the position could be improved.

[S. Nos. 22 & 23, Appendix VII, Paras 2.24 & 2.25 of 116th Report
(4th Lok Sabha)]

Action taken

2.24

The observations of the Committee are noted.

2.25

- (i) Work studies of marshalling yards, transshipment points and major industrial units receiving rail traffic in large quantum are frequently conducted, with a view to fix norms and to review the free time made admissible to these users. So far, studies in respect of 21 marshalling yards and transshipment points have been conducted by work Study Organisation of Zonal Railways. The Recommendations of the Public Accounts Committee in this regard has also been brought to the notice of the Zonal Railways Administrations for compliance.
- (ii) The Study team of ARC has recommended through investigation of marshalling yards and terminals problem of stabling trains, carrying out operation research on detention to coal and iron ore wagons at steel works, prompt withdrawal from and placement of wagons in sick lines and has also suggested provision of mechanical devices for unloading wagons at Power plants and other industrial units. These recommendations are under close study. As already stated Railway work study teams are carrying out studies on various aspects of operation including marshalling yards, sick lines and major industrial units. It is also submitted that the movement of goods trains are reviewed daily by the COPs and Dy. COPs (Goods) at Zonal Headquarters and also by the Director and Joint Director Transportation at Railway Board level and prompt remedial steps are taken including regulation of traffic wherever necessary. Railways continue to impress on the Power Plants and other major industries to install mechanical unloading equipments. In respect of new plants, this condition is being insisted upon.
- (iii) The marshalling instructions in force are regularly reviewed by Zonal Railways for intra-railway movements and by Railway Board for inter-railway movements to take into account changes pattern of movements, development of capacity at different yards/terminals sections *vis-a-vis* traffic required to be dealt with in yards so that increased number of wagons may by-pass intermediate yards. Inter-railway marshalling instructions were reviewed and revised by Railway Board in January 1970.

To achieve better marshalling and speedier movement of wagons a system has been introduced of loading of block rakes from the collieries/mines/refineries/oil terminals etc., to single point destinations in respect of such commodities as coal iron ore, petroleum products, cements etc. Movement of foodgrains on Food Corporation of India's account from surplus areas, such as Rabi crop from Punjab and Haryana, is programmed mostly in block rakes.

The improvement achieved in this regard over the last 3 years is given below:—

Percentage of wagons moved in block rakes to total number of wagons loaded:

Commodity	1967-68		1968-69		1969-70	
	BG	MG	BG	MG	BG	MG
Coal	65.0	—	64.0	—	67.0	1—
Export ores	95.0	66.0	95.5	68.2	97.1	72.1
Petroleum products in tank wagons	NA		NA		68.0	52.0
Other commodities	13.0	15.0	19.0	14.0	7.7*	4.3*

*Reduction in the percentage of "other commodities" moved in block rakes in 1969-70 on the BG and MG as compared to preceding years is on account of figures for "other commodities" in earlier years including block rakes of petroleum products in tank wagons also, which has now been taken separately).

In 1969-70, 30% of the total originating loading on the BG and 14% on the MG moved by such block rakes.

(iv) The position in this respect has already been explained to the Committee in the course of evidence. Use of special type of wagons for bulk or special commodities involve considerable empty haulage. The holding of special type of wagons on BG has increased from 11.2% on 31-3-60 to 38% on 31-3-70. The matter is however, under constant review by the Rly. Board.

(v) Through goods trains have a booked speed which is about 80 to 90% of the maximum permissible speed. However, with very heavy saturation on the principal trunk routes and very heavy frequency of passenger trains particularly on the Central, Northern, Western and Southern Railways, very heavy incidence of thefts of overhead electric traction wires, interruption to control communication due to theft of cables and increasing interference by un-social elements with railway operation, the actual average speed is inevitably very much less than the booked speed. In fact, even under ideal conditions of working the actual average speed is found to be much less than the booked speed and this has always been so. However, despite heavier saturation and very large increase in incidents like riots, strikes, gheraos, theft of wires,

interruption to control communication during the recent years, there has been an improvement in the average speed of through and all goods trains, as will be seen from the following figures:

Average speed in kmph of through and all goods trains tractionwise on broad gauge

Year	Through goods trains				All Goods trains			
	Electric	Diesel	Steam	All Traction	Electric	Diesel	Steam	All Traction
1960-61	20.1	22.5	18.9	19.2	19.5	22.2	13.6	16.1
1964-65	23.0	23.5	16.7	19.4	22.6	23.2	13.2	15.9
1965-66	23.7	24.0	16.6	20.1	23.4	23.7	13.0	16.4
1966-67	25.3	24.1	15.4	20.1	25.1	23.9	12.3	16.5
1967-68	24.8	23.5	15.4	20.0	24.5	23.4	12.2	16.8
1968-69	25.8	24.3	15.6	21.0	25.6	23.2	12.2	17.5
1969-70	25.8	23.0	15.5	21.1	25.5	22.9	12.1	17.7

Despite all endeavours it would be unrealistic to expect any appreciable improvement in this regard till additional capacity becomes available on saturated routes and the law and order conditions improve.

- (vi) Data on all important indices of operating efficiency circulated through domestic summaries, monthly appreciation reports and periodical D.Os. of General Managers to the Board are reviewed at all levels, viz. divisions, zonal headquarters and the Railway Board. At the Zonal Headquarters the entire operating position (including stabled wagons) is reviewed periodically by general Manager with Head of Department including FA & CAO. The position regarding stabling of wagons is also watched by the Board and this and other operating aspects are discussed at length in the operating meetings of the Board with the Chief Operating Suptds. of Railways. The position regarding stabling wagons is thus examined at appropriate levels with a view to taking immediate remedial action.

[(O.M. No. 70-B(C)/PAC/IV/116, dated 30-12-1970/Pausa 9. 1892)].

Recommendation

2.26 The Committee would also like to refer to a disturbing factor interfering with wagon utilisation arising out of the growing incidence of disturbances in the country. The Railways have unfortunately been the primary target of such disturbances. From the long list of disturbances during 1966-68 furnished to them, the Committee find that heavy losses are being suffered by the Railways due to bandhs, hartals, etc. The Committee note that a high-powered Committee on Security and Policing on the railways which went into this matter, came to the conclusion that "There is a case for amending the law so as to make destruction of railway property a special offence and to prescribe a minimum punishment for it" and that "likewise there is a case for making under the Railway Act, all obstructions to the Railways, a special offence". The Committee would like these suggestions to be immediately implemented.

[S.No. 24, Appendix VII, Para 2.26 of 116th Report (4th Lok Sabha)].

Action taken

In regard to the recommendation of the High Powered Committee on Security and Policing on the Railways to make destruction of railway property a special offence and to provide a minimum punishment for it, a bill to incorporate a new Section 126 A in the Indian Railways Act has been introduced in the Parliament on 24.3.70. It is anticipated that this bill will be taken up and passed during the November-December, 1970 Session. As regards the recommendation to make all obstructions to Railways a special offence, a new Section 100 B has been introduced in the Indian Railways Act with effect from 20-12-68.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC IV/116, dated 14-12-1970/Agrahayana 23, 1892].

Recommendation

2.45 The Committee are not convinced by the reasons given by the Railway Board for the delay of over one year that occurred in approving the proposal made by the South Eastern Railway for diverting spare electric locomotives from goods to passenger services.

2.46 The proposal, which was expected to save annually Rs. 15.5 lakhs on operational expenses, was made by that Railway in August 1965. It was formulated in the context of developing surpluses in electric loco holdings in that Railway. The proposal was, however, turned down by the Railway Board in September 1965. In April, 1966 the Railway Board themselves pointed out to the Zonal Railway that a number of their locomotives "were spare" and that steps should be taken for their utilisation on passenger services. The proposals in this regard, after some further correspondence were finally approved by the Railway Board in December 1966.

2.47 It was stated by the Railway Board that the South-Eastern Railway did not have a surplus of electric locos earlier than May 1966 and that, in any case, the utilisation of these (WAMI) locomotives for passenger services was under correspondence with the Commissioner of Railway Safety. If this was so, the Committee are not able to understand how the Railway Board took the initiative in April 1966 of asking the Zonal Railway to divert the 'spare' (WAMI) locos to passenger services. As regards the question of safety, the Committee find that what was under correspondence with the Commissioner of Railway Safety was the question of use of the WAMI locos at speeds of 100 Kmph and above and that an agreement on this point was not reached with the Commissioner of Railway Safety by Dec. 1966 when the South-Eastern Railway's proposal for use of these locos on passenger services was approved. In any case, the Railway Board had ultimately authorised the use of these locos at a maximum speed of only 65 Kmph and this could well have been done earlier.

2.48 Later in this Report, the Committee have drawn attention to certain unsatisfactory aspects of the performance of the WAMI locomotives. The Committee do not, therefore, wish to pursue this case further, as it might well be argued that considerations of safety involved in the use of these locos had over-riding importance over other considerations. The Committee however, trust that the Railway Board will ensure that in future proposals involving operational economies receive the priority they deserve.

[S. No. 25-28, Appendix VII, Para Nos. 2.45 to 2.48 of 116th Report, 1969-70].

Action taken

The observations of the Committee are noted. This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116, dated 30-12-1970/Pausa 9, 1892].

Recommendation

Para 2.64

The Committee find the position in regard to utilisation of diesel and electric locomotives unsatisfactory. A special team of engineers under the Efficiency Bureau of the Railway Board had, after comprehensively examining the question of utilisation of these locomotives, come to the conclusion that these locomotives should give an output of about 700 kilometres per day per engine on line. The Railway Board have taken this to be a goal to be achieved in the distant future. In the meanwhile, even the relatively modest targets that they have set have not been achieved. The data about engine utilisation available to the Committee shows that the highest kilometrage per engine day on the line has not exceeded 324 in respect of diesel and 277 in respect of electric locomotives upto 1968-69. In the Committee's opinion, this constitutes gross underutilisation of costly assets acquired by the Railways.

Para 2.65

A major factor affecting the utilisation of these locomotives seems to be the high incidence of engine failures. The data furnished to the Committee shows that both imported and indigenous locomotives developed major defects or caused difficulties in maintenance. The Railway Accidents Inquiry Committee (1968) which investigated the position comprehensively came to the conclusion that the performance is "obviously on the low side" and efforts for its improvement are "clearly indicated". The Committee would like the Railways to establish procedures for efficient maintenance through intensive supervision and better training of the operating and maintenance crew.

Para 2.66

The very low rate of utilisation of these locomotives also indicates that schemes for dieselisation and electrification of routes and services are not being examined with adequate care. As these schemes call

for heavy capital outlay, the Railway Board would do well to refine the procedures for their examination. The Railways have been in the red now for four years successively and, with their reserves almost depleted, the need for circumspection in embarking on schemes involving heavy capital outlay needs no emphasis.

[S.No. 32-34, Appendix—VII, Paras 2.64 to 2.66 of the 116th Report of the P.A.C. (Fourth Lok Sabha)].

Action taken

Para No. 2.64

The recommendation of the Team of Engineers referred to by the P.A.C. presumably refers to the Sahai Committee Report of 1963 in which, as per Appendix VI, a summary of operating performance *theoretically* possible under diesel and electric traction, has been tabulated section-wise. The objective of the Committee was to compare the performance of different systems of traction under exactly similar conditions, which were chosen to be ideal, rather than developing operating norms for achievement. The figures quoted in Appendix VI were merely derivatives computed on the basis of *assumptions made therein*.

Diesel traction has been introduced on Indian Railways so far on a limited scale over saturated and graded sections to increase the movement capacity on these sections in order to increase throughput without having to undertake large scale line capacity works. When diesels are put on saturated sections working above 80% of the charted capacity, their utilisation is low. This is often further aggravated by the chain reactions arising out of failure of telecommunications due to thefts of telegraph wires/cables and series of interferences with train running from anti-social elements which are a common occurrence these days. Moreover, due to the number of diesel locos available being limited, it has not been possible to dieselise the entire passenger and goods services on a section and mixed traction of steam and diesel/electric is continuing. In *mixed traction*, the average speed of even the high capacity diesel or electric locomotives is low due to *limiting factors such as precedence to passenger trains* which have to run as per time table, slow moving steam trains preceding which have in many cases to be run ahead of the diesel/electric loco operated train to cover the journey before the crew complete their duty hours. *On graded sections*, particularly on branches like Kiriburu and Kirandul with continuous falling gradients ranging from 1-in-60 to 1 in 50, diesels run *at restricted speeds* to permit the driver to always retain control over the train on these falling gradients due to limitations of brake power.

Though certain standard norms for diesel/electric engine usage have been laid down, actual performances of different Railways has to be judged taking into account the different circumstances prevailing on each section of the railway in the day to day operation such as density of traffic, state of telecommunications and other railway equipment like the overhead traction wires, signalling gear, etc., equipment which is subject to frequent pilferage.

Account has also to be taken of the proportion of graded sections, extent of mixed traction, limitations of terminal capacities, etc. Performance of individual Railway under these constraints is not only scrutinised by the Division and Zonal Headquarters of the Railway, but also by the Ministry of Railways.

Engine usage figures of individual railways are scrutinised every month by a Committee of Directors in the Railway Board and any unsatisfactory features which have not been explained to the satisfaction of the Directorates by the railway is taken up. At the same time, each Railway is called upon to improve their performance to the maximum extent to come as near the standard norms as possible.

Para No. 2.65

One of the principal factors leading to failures of diesel and electric locomotives, is the use of indigenously developed components, in spite of the fact that such components have been exhaustively tested before being adopted for general use. This is because quality has not been consistent from a large number of suppliers including those generally accepted to be reliable. In the context of the need to conserve foreign exchange, the need to indigenise locomotive components is unavoidable. These are development problems from which there is not escape if the country has to become self-sufficient in the matter of diesel and electric loco spares. RAIC's recommendations have been brought to the notice of railways.

Each diesel and electric loco failure is thoroughly investigated and the responsibility clearly fixed. Where defective design or bad workmanship is found to be responsible, remedial steps are taken by altering the design or changing the material specification or revising the periodicity of schedules. Disciplinary action is taken against staff responsible for bad workmanship.

Para No. 2.66

The Committee are assured that the schemes for dieselisation and electrification are programmed only after the most careful consideration. Such schemes are oriented to traffic needs particularly on sections working to near saturation under steam or mixed traction. As a further safeguard, studies of typical sections which have been dieselised are conducted with a view to working out comparative economics.

In respect of electification schemes which call for heavy capital investment, a comprehensive economic study is invariably undertaken before taking a decision to electrify a section.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116, dated 13-1-1971/Pausa 23, 1892].

Recommendation

Para 2.74 The Committee are not convinced by the explanation given by the Railway Board for the delay of one year that took place in commissioning 25 parcel vans (cost Rs.28 lakhs) on Southern Railway. These vans formed part of a lot of 47 vans supplied by the Integral Coach Factory. While 21 of the vans supplied were commissioned almost immediately, these 25 vans were held unused for a year on the ground that their commissioning was inter-linked with a proposal to increase the maximum permissible speed on the Madras-Villupuram section to 80 Kmph. This proposal has still not been approved, but in the meanwhile the vans have been put on the line and are being run at speeds of 75 Kmph. It is not clear why the Railway Administration could not have done this earlier, particularly as 21 such vans had been commissioned by them at this speed almost immediately after they were supplied.

Para 2.75 The Committee would like the Railway Board to take steps to ensure that costly rolling stock acquired by the Railways is put to the best possible use. Nonutilisation or inadequate utilisation of these assets deprives Railways of much needed earnings on the one hand, while creating a liability on the other for payment of dividend to the general revenues.

Para 2.76 Incidentally the Committee note from the information furnished by Audit in this case that 3 of the 47 vans infringe the prescribed dimensions in respect of height. They would like to be informed whether this factor would interfere with their use if the speed limit of trains on the electrified section is raised to 80 Kmph.

[S.Nos. 35-37, Appendix VII, Paras 2.74, 2.75 & 2.76 of the 116th Report of the PAC (4th Lok Sabha)].

Action taken

Para 2.74 Out of 47 parcel vans allotted to the Southern Railway 21 were allotted to the Northern M.G. sections. As the safety certificate permitted the use of the vans on the two main line sections, there was no difficulty in utilising the vans. In respect of the 25 vans ear-marked for the Southern M.G. sections, the initial safety certificate did not permit the use of these parcel vans on Virudunagar-Trivandrum Section of the main line. At that time the Research, Designs and Standards Organisation were conducting certain trials with AC electric locomotives on Madras-Villupuram Section at speed upto 80 Kmph and it was taken by the Operating branch of the Railway that the maximum speed of the passenger train on this section would be shortly raised from 75 to 80 Kmph. It was considered that utility of the vans even on these sections would be seriously affected if on the basis of the proposed trial the maximum speed of the section was increased to 80 Kmph as the vans were permitted to run upto 75 Kmph only. The Railway referred the matter to the Research, Designs and Standards Organisation who replied that the whole question was in the investigation stage only and the maximum permissible speed on MG section would continue to be 75 Kmph. This information was available to the Operating branch in June, 1966. As there was shifting of staff with the formation of the South Central Railway in October, 1966, the case remained unattended till January, 1967, when it was taken up again and after some internal correspondence it was decided in April, 67 to press the vans into service on the permitted sections.

Para 2.75 In order to keep a watch on the delay in putting the new rolling stock in service, the Board have asked the Railways to submit quarterly statements on new coaching stock received and those put in service and to explain in case there is delay in commissioning the new coaches within a reasonable time.

Para 2.76 The Research Designs and Standards Organisation, Lucknow have since confirmed that the infringement in respect of height in 3 parcel vans would not affect their use in case the speed limit on the electrified section is raised to 80 Km/h.

This has been seen by Audit.

[(O.M. No. 70-B(C)-PAC/IV/116 dated 14-12-70/23/Agrahayana 1892)].

Recommendation

Para 2.94 The Committee note that work was commenced in February, 1963 on an arterial siding at Uran as part of the Diva-Panvel-Uran Railway Project, for handling salt trade along the West Coast. The work was suspended in November, 1965 due to disagreement between the Railway and the Salt merchants as to the apportionment of cost of certain facilities to be provided at the siding. The line was opened to traffic in January, 1966 but work on the siding still remains to be completed for want of an agreement between the Salt Department and the Salt merchants on the question of apportionment of cost.

[S.No. 38. Appendix VII, Paras No.2.94 & 2.95 of 116th Report of the P.A.C. (Fourth Lok Sabha)].

Action taken

Para 2.94

The observations of the Committee are noted.

[(Ministry of Railways (Rly. Board) O.M.No.70-BC-PAC/IV 116 dated 22.10.70, 10 Kartika 1892)].

Recommendation

Para 2.103 The Committee regret that the N.F. Railway incurred an expenditure of Rs.17 lakhs on provision of certain facilities at New Coach Behar station without carrying out a proper traffic survey. The facilities created have remained unused as traffic has not materialised on the scale anticipated.

Para 2.104 The Committee have commented upon similar instances of avoidable expenditure incurred by N.F. Railway in paras 4.27 and 4.34 of their Sixtieth Report (Fourth Lok Sabha). The Committee note that instructions have since been issued by the Railway Board, in pursuance of the

observations of the Committee, reiterating the need for a thorough and realistic appraisal of traffic requirements before undertaking Capital works. The Committee would like these instructions to be strictly complied with.

[S.No.40 & 41 Appendix VII Para 2.103 & 2.104 of 116th Report of the PAC Fourth Lok Sabha].

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No.70-B(C)-PAC/IV/-116 dated 16.9.70/Bhadra 25, 1892].

Recommendation

Para 2.116 The Committee are not convinced by the reasons given by the Railway Board for provision of a crossing station at New Domohani on the Jalpaiguri-Maynaguri Section. The General Manager of the Railway had given instructions that crossing stations on this section should be located at distances of 12 Kms. but the construction of this crossing station, located at a distance of only 4 Kms. from Maynaguri, was nevertheless undertaken. After an inspection by the General Manager, this was converted into a flag station in September, 1968—after a delay of over a year—but the station has since been reconverted into a crossing station. The Committee would like the Zonal Railway to review this decision in the light of the trend of traffic which by and large, has been less than half the chartered capacity (of 11 trains) of this section.

[S. No. 42, Appendix VII, Para 2.116 of the 116th Report of the P.A.C. 4th Lok Sabha].

Action taken

The matter has been considered and instructions have been issued to the N.E. Railway on 28.12.70 to close down the crossing Station at New Domohani with immediate effect, as the same is not required for the present on line capacity considerations.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC-IV/116 dated 31.12.1970/Pausa 10, 1892].

Recommendation

The Committee observe that the proposal to introduce single line working on the Amritsar-Attari section of the Northern Railway was first mooted in 1949 and reviewed on a number of occasions thereafter but was shelved from time to time on political and strategic considerations. The proposal to dismantle the line was finally cleared by the Ministry of Defence in 1966 but it took more than 2 years for the concerned Railway Administration to dismantle the line because the file containing the plans was lost in

October, 1966 and "could not be traced despite best effects" necessitating preparation of plans and estimates all over again. The Committee would like action to be taken to fix responsibility for the loss of the file and the delay in executing the work.

[S. No. 43 Appendix Para No. 2.126 of 116th Report (1969-70)].

Action taken

The question of fixation of staff responsibility for the loss of the file and delay in preparation and submission of estimate which resulted in delay in execution of work has been considered and the position is explained below:-

(a) Responsibility for the Loss of the File

The loss of the file in Divisional Office, Ferozepur resulted in delay of 126 days spent in trying to trace the missing file, reconstruction of the records and preparation of the new tracing plans. The matter was investigated by the Railway Administration for fixing up the responsibility but no individual could be held responsible for the loss of the file.

(b) Responsibility for delay in preparation and submission of the estimate.

The matter regarding delay in preparation and submission of the estimate has been investigated by the Enquiry Committee consisting of two Deputy Heads of Department of the Northern Ry. The Enquiry Committee has held that although it is not possible to fix responsibility for any individual's delay at this stage the Drawing Office of Ferozepur Division was mainly concerned in this case and the Head Draftsman is, therefore, responsible for lack of vigilance. Accordingly, necessary action is being initiated against the concerned Head Draftsman.

This has been seen by Audit.

[Ministry of Railways (RLY.Board) O.M.No. 70-BC-PAC/IV/116
Dated 16.9.70/Bhadra 25, 1892].

Recommendation

Para 2.138 The Committee note that about 98 acres of land acquired by the S.E. Railway at Nagpur, four to eight years back, have not yet been put to use, as the question of payment of compensation for the land is sub-judice. The Committee would like these cases to be actively pursued and to be apprised of the outcome of the pending proceedings.

Para 2.139 The Committee note that these lands were acquired with the intention of providing accommodation for Railway staff. Due to the question of payment of compensation for the lands being sub-judice and lack of civic amenities in the area where these lands are situated, the requirements of staff have been met to some extent by constructing quarters at other places. It has been stated that the land will still be required, for the construction of some more quarters, a permanent way depot and ballast stacking ground. The Committee would like the Zonal Railways to ensure that there is real

need for the land and that proposals for new projects are not approved just out of an anxiety to put the land to some use, as that would entail needless capital investment.

[S. Nos. 44 & 45, Appendix VII, Para 2.138 & 2.139 of 116th Report of the P.A.C. (4th Lok Sabha)]

Action taken

Para 2.138 :

Out of the two cases pending in the court, one case is fixed for hearing on 10.11.70 in the court of District Judge, Nagpur and the other case will be taken up by the court after final disposal of the first case.

Para 2.139 :

The Committee's observation that proposals for new projects should not be approved in an anxiety to put the land to some use has been noted.

This has been seen by audit who have stated *that the facts stated in reply to para 2.138 is under verification and further communication would follow.

[O.M. No. 70-B(C)-PAC/IV/116 dated 23.11.70/Agrahayana 2, 1892]

Recommendations

3.39. The Committee cannot help feeling that the Railway Board did not adequately protect the interests of Government in this case.

3.40. In the first place, the Railway Board placed orders with wagon builders for 23,388 four-wheelers against the 1965-66 rolling stock programme though the estimated requirement against the programme was only 7,755 four-wheelers.

3.41. Secondly, though the stipulated date of delivery was 30th September, 1966, the wagon builders were allowed to complete supplies on various dates between November, 1966 and June, 1969, without being asked to reduce their prices to the (lower) rates negotiated with them in the meanwhile (November 1966) for supplies against the programme for 1967-68. Similar extension of delivery periods was also given in respect of some of the wagons ordered against 1967-68 programme, though by the time the extension was given it was clear that supplies against the subsequent years programme were going to be made at lower rates. It was only belatedly in January, 1968 that the question of negotiating for reduced prices was considered the actual negotiations took place five months later, when 780 four-wheelers, the delivery of which was pending were re-ordered at the reduced rates. The avoidable expenditure incurred due to failure to negotiate for reduction of prices well in time was Rs. 62 lakhs.

*Above replies vetted by Audit without any Comments.

3.42. In the third place, the benefit of price escalation, provided for in the contracts, though admissible under normal circumstances only upto the stipulated period of delivery (i.e., 30th September 1966) was given to the firms for periods ranging from 2 months to 30 months beyond the stipulated date of delivery. The extra expenditure on this account has not been assessed.

3.43. Lastly, one of the 13 firms covered by the orders against 1965-66 programme got an order for 750 wagons in terms of four-wheelers, though at that time they had to supply as many as 2595 (four wheelers) wagons against previous orders. Extension of delivery dates, with benefit of price escalation, was given in this case upto June, 1969, when the pending supply of 191 wagons (478 four-wheelers) was cancelled and re-ordered at lower rates.

3.44. It has been stated by the Railway Board that orders, against 1965-66 programme covered by more than that year's requirements, as it was considered "prudent and economical" to maintain an even flow of production. These orders involved the production of a new type of wagon (BCX) for which the wagon builders had to be paid 'developmental charges' as they had set up new jigs and fixtures for producing the wagons. The prices negotiated covered these charges and were therefore higher than the prices for supplies against subsequent years' programmes. (It would not have been reasonable to have expected the manufacturers to bring down the prices for pending deliveries against the 1965-66 orders to the level of prices settled against subsequent orders, as that would have involved their foregoing 'developmental charges'. The cancellation of pending deliveries and their re-ordering would have also entailed "several complications." Besides, the deliveries were delayed because the Railway Board, for its own convenience, restricted the production of the wagon builders and regulated the off-take. The regulation naturally made it impossible for the wagon builders to adhere to the date of delivery stipulated in the contract and created a sustainable claim for price escalation beyond that date for an extended period justified by the regulation of off-take.

3.45. The Committee are not able to accept the foregoing arguments for the following reasons :

- (i) The Railway Board was aware at the time the orders for 1965-66 were placed in April, 1965 that estimates traffic were not being realised. In fact, between March, 1964 and February, 1965, the Fourth Plan traffic estimates had been revised as many as three times, bringing them down from 374 million, to 325 million tonnes. Even the estimate of 325 million tonnes, which formed the basis of the orders for 1965-66, was unrealistic, as it was a far cry from the estimate of 208 million tonnes that had been framed (in January, 1965) for 1965-66. The argument that the orders for 1965-66 were intended to maintain an even flow of production does not appear valid in the face of the fact that as many as 17,410 four-wheelers were already pending delivery against previous orders at the time the orders (for 1965-66) were placed.

3.46. The backlog together with the orders, in fact, placed a load on the wagon builders which was well beyond their capacity. One firm alone, which received orders for 750 wagons had a heavy backlog of 2,595 wagons against previous orders. It is also significant that, shortly after the orders were placed, the Railway Board resorted to "regulation" of off-take of wagons. The Committee, therefore, have no doubt that the Railway Board resorted to heavy-ordering while placing orders against the 1965-66 programme.

- (ii) The Committee do not see much force in the argument that the wagon builders were not asked to reduce their prices for pending deliveries, because it would have deprived them of developmental charges that they incurred. As pointed out by Audit, there is no record of any systematic assessment having been made by the Railway Board of the developmental charges incurred by the wagon builders. There is also nothing on record to show that the Railway Board did not undertake negotiations for a lower price, because a lower price would have deprived the wagon builders of developmental charges. Besides, the fact remains that the Railway Board did negotiate, though very belatedly, for reduction of prices. Moreover, the Board do not appear to have allowed developmental charges to atleast three firms which were asked to produce BCX wagons for the first time in 1967-68. Taking all these factors into account, the Committee cannot but conclude that the Railway Board clearly failed to protect Government's interests by not negotiating in time for reduction in prices.
- (iii) The argument that cancellation of pending deliveries and their re-ordering would have created "several complications" seems to the Committee to be hypothetical. The view is based on a legal opinion which was expressed in a different context. Moreover, the Railway Board did not seek specific opinion from the Ministry of Law in this particular case to ascertain whether it was possible to cancel the supply of wagons not delivered by the wagon builders and re-order them at the lower rate agreed to for subsequent year's supplies.
- (iv) As regards the point that price escalations had to be allowed beyond the stipulated delivery date (i.e., 30th September, 1966) because the off-take of wagons was regulated by the Railway Board, the Committee have already pointed out earlier that 'regulation' became necessary as the Railway Board had heavily over-ordered against the 1965-66 programme. In the circumstances, the Board will have to assume responsibility for the extra expenditure that developed on Government due to escalations beyond the stipulated date.

3.47. For the foregoing reasons the Committee, feel that the Railway Board failed to safeguard Government's interests while placing orders with wagon builders and progressing the contracts. The failure at several stages led to a loss of Rs. 62 lakhs. The loss would be much higher if the monetary effect of the escalations allowed beyond the stipulated delivery date is taken

into account. The Committee would like a thorough and comprehensive investigation to be made into the entire deal with a view to fixing responsibility. The investigation should be to ascertain *inter alia*.

- (i) To what extent there was over ordering of wagons and what its repercussions were.
- (ii) To what extent the orders placed with the various firms disregarded their past performance.
- (iii) Why there was delay in negotiating for reduction in price for performing deliveries and whether there were any legal impediment in the way.

3.48. The Committee would like the investigation to be completed in six months and to be apprised of the results thereof.

[S. Nos. 46 to 55, Appendix VII, Paras 3.39 to 3.48 of 116th Report (4th Lok Sabha)].

Action Taken

3.39 to 3.48 : As desired by the Committee, a Committee has been constituted consisting of additional Member, Mechanical, Director, Finance of the Railway Board and the Additional Dy. Comptroller & Auditor General (Railways) to undertake a comprehensive investigation regarding the issues raised by the Public Accounts Committee and the Committee are examining the several issues. As regards the stipulation that this investigation should be completed within a period of 6 months, it is submitted that due to heavy rush of work in connection with the consideration of the Audit Report (Railways) 1970 by the Public Accounts Committee and the finalisation of the Audit Paras framed for the 1971 Audit Report, the committee are not in a position to finalise their report within the 6 months period.

The Committee have requested that they may be allowed time upto the middle of February, 1971 for finalising the report. The Public Accounts Committee are requested to approve of the extension of time limit asked for by the Committee.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 3-12-1970/Agrahayana 12,1892]

Further action taken by Government

The Committee constituted to undertake a comprehensive investigation submitted the report to the Railway Board on 19-2-1971. A copy of the report is enclosed. The Committee have gone into the three specific aspects referred to in the Public Accounts Committee's recommendations under three separate chapters. The Ministry of Railways have accepted the conclusions of the Committee. While indicating the action taken on the conclusions, they would, however, like to submit some observations by way of explaining the background to the conclusions of the Committee dealt with under the three Chapters. These are contained in Annexure I enclosed.

2. On account of the pressure of work, connected with the presentation of the interim budget in March, 1971, and the detailed Railway budget in May, 1971, and the discussions in the Parliament connected therewith, it is regretted that a detailed reply to the recommendations could not be submitted earlier.

3. This has been seen by audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 4-12-1971.]

ANNEXURE I

CHAPTER I

Comparison of quantum of orders with reference to requirements.

Action taken by the Rly. Board.

Our endeavour was to ascertain from the records whether there was any assessment of requirements of wagons with reference to traffic prospects prior to placement of wagon orders in 1965-66. We are of the view that though a sort of review was done in Sept. 1964 on the basis of which the wagon production was trimmed, no systematic attempt was made to relate, in concrete terms, the actual number of wagons required with reference to traffic prospects as assessed. The need to order the balance of 7755 four-wheelers out of the third Plan target of 157,227 four-wheelers for wagon procurements was assumed without further examination though this target was related to a traffic target of 245 million tonnes. The annual traffic targets for 1964-65 and 1965-66 were fixed in December 1963 and January 1965 on 212 and 208 million tonnes respectively. The tentative traffic targets for the Fourth Plan were also being formulated then and were assumed at 350 million tonnes by 1970-71 when the Rolling Stock Programme for 1966-67 was being drawn up at this time. Even on this basis and taking the assessments of current traffic prospects into account, the ordering of the 7755 four-wheelers would have created capacity for at least 239 million tonnes (which was the independent assessment by the Planning Directorate of the likely wagon capacity by the end of the Third Plan though

It is noted that the Committee have held that no one in the Ministry of Railways could be held responsible for the optimistic assessment of the traffic prospects for the Fourth Plan. This conclusion is accepted.

this was not referred to in placing wagon orders in 1965-66) which was likely to be reached by the end of 1966-67. The downward trends of traffic were also noted by the Member (Transport). In Sept. 64 and this led to the issue in December 1964 letter to the Wagon Builders to restrict wagon production during 1964-65 to 1963-64 level. We are, therefore, of the view that the orders placed, by borrowing 15633 four-wheelers from the R.S.P. of 1966-67 were in excess of requirements and an order for 8000 four-wheelers would have sufficed to provide for traffic expected to be reached by the end of 1966-67 and also to maintain a level of production during 1964-65 and 1965-66 at 25000 four-wheelers each. We note, however, that the Fourth plan targets which were then under formulation influenced wagon ordering and the attitude was not to be restrictive in wagon ordering. The targets for the Fourth Plan were being maintained at high level ranging between 360 to 325 million tonnes based upon the assessments of other Economic Ministries. While caution was being displayed by the Ministry of Railways in accepting these targets and in formulating R.S.P. for 1966-67, the need for ordering in 1965-66 itself a portion of the wagon requirements of the next plan period could also have been examined. No one in the Ministry of Railways can be held responsible for the optimistic assessments of traffic prospects for the Fourth Plan (1966-67 to 1970-71)

CHAPTER II

Assessment of Wagon Orders with reference to Wagon Builders capacity.

There is considerable variation between the figures of licensed capacity, installed capacity and actual wagon production during 1963-64,

The Committee has concluded that no records from which the basis of assessments by the Wagon Production Directorate could be

1964-65 and 1965-66 and the assessments of wagon building capacity made by the Wagon Production Directorate in November 1963, May 1964 and September 1964 (Paras 2.2 and 2.3). No records from which the basis of assessment by the Wagon Production Directorate could be properly deduced were, however, available. It appears that the assessment was made, based upon the knowledge processed by D.W.P. and A.M.M. of the firms' facilities based upon inspections, expansion schemes etc. (Para 2.4).

properly deduced were available. The Committee have also concluded that the level of production assumed for 1964-65 and 1965-66 was somewhat excessive and in the case of one firm in particular it was not prudent to have assumed that the production capacity would increase from 730 to 1300 four-wheelers.

The data regarding the capacity and actual production for individual firms are also furnished (2.5). In the case of M/s. K.T. Steel in particular, it was not prudent to have assumed that the production capacity would increase from 730 four-wheelers to 1300 and 1400 four-wheelers in the two subsequent years (para 2.6). The level of production assumed for 1964-65 and 1965-66 at 30175 and 31390 four-wheelers for 1964-65 and 1965-66 was somewhat excessive (Para 2.7). The over-assessment of level of production was due to optimistic assumptions of capacity (para 2.8).

It is not likely to lead to any worthwhile results if the Railway Board were to pursue now regarding the non-maintenance of proper records and higher assumption of wagon production capacity that happened including the case of one firm. The Director Railway Stores who deals with the subject at present has, however, noted the observations of the Committee for future guidance.

CHAPTER III.

Delay in Negotiating for reduction in prices.

We have decided not to go into the aspect of development charges and we have considered the circumstances which led to regulation and the manner in which the extensions, negotiations etc., were dealt with (Para 3.2). In December 1965, F.C. (Railways) had minuted that curtailment of investment on wagon production was being made due to curtailment of funds. In March 1966, it was decided to regulate wagon deliveries to 21000 four-

The subsequent events have clearly established that there was no legal impediment to cancel the outstanding quantities against earlier orders and reordering them on the basis of more favourable prices negotiated for a subsequent order. The Committee have pointed out that there was failure on the part of particular officers, concerned to make a fresh reference to the Ministry of Law and to examine the

wheelers during 1966-67 and on this basis only 2200 four-wheelers were ordered in 1966-67. The preoccupation at this stage was only to ensure that Railways were not called upon to pay for more than 21,000 four-wheelers during 1966-67. The other aspects regarding the extension of dates of delivery prices that may be negotiated for 1967-68 etc. were not considered (para 3.3). In June 1966 while considering the question of extension of delivery dates for 1964-65 it was also decided by D.W. P. and J.D.F. (S) that extensions for 1965-66 orders should also be based upon the regulated rate of production and each case should be considered on merits. Extensions were initially given upto 31-3-1967 without any restriction in the matter of escalation claims (Para 3.7). Though the Railway Board did not take any view regarding the extensions in March, 1966, automatic extension was presumed without reference to the Railway Board based upon March 1966 decision (Para 3.8). It has been argued that regulation automatically implied extension of dates of delivery and that the Board approved in respect of 1963-64 orders the practice of extending dates of delivery by pegging escalations only (Para 3.9). The circumstances of the 1963-64 orders were somewhat different. The advice given by the Ministry of Law in that case was related to the two alternatives presented to them namely, cancellation of orders or unilateral imposition of conditions regarding prices of wagons whose date of delivery was provisionally extended and which had already been inspected (Para 3.10). The advice of the Ministry of Law should have been sought afresh. The failure to do this or to obtain the orders of the Railway Board was the principal lapse (Para 3.11).

financial implications involved in grant of extensions in respect of the earlier wagon orders when it was noted that the prices negotiated for a subsequent offer were more favourable. The decision in this case to grant extension was taken by the Director Wagon Production and the Joint Director Finance (Stores). The former has retired and the later has resigned from railway service. However, to avoid a repetition of a similar lapse, an Office order has been issued, a copy of which is enclosed as Annexure II.

In March/April 1967, when the lower prices negotiated for 1967-68 order was noted, the decision of March 1966 was not reconsidered but merely reiterated (Para 3.12). The policy of automatic extension was also not considered at the time of negotiating for the subsequent year's orders (1967-68 and 1968-69 orders) when lower prices were obtained (Para 3.15).

After the policy of automatic extension came up for reconsideration in January 1968, wagons continued to be inspected and accepted (Para 3.16). It has been explained that as this policy was a departure from the past practice, it took some time before it could be introduced (Para 3.17).

We have also been asked to inquire into why this could not have been done earlier. We have already explained how the policy of extension came to be determined. Because of extensions granted, when the correct course of cancelling the outstanding orders and reordering at lower prices was decided, actually this decision could be applied only prospectively (Para 3.18).

ANNEXURE II
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)
OFFICE ORDER NO. 38 OF 1971

Attention is invited to Office Order No. 19 of Copy enclosed 1965 in which it was laid down that in respect of supply contracts while agreeing to extension of delivery dates or other modifications of contract or concessions in similar circumstances, the trend of the market at the time of considering such an extension etc. should be kept in view and, if there has been any significant fall in prices, the possibilities, taking all the circumstances of the case into account, of obtaining a reduction in price should be given due consideration. It was further laid down that the factors taken into account and the reasons for whatever decision is taken in such cases should be recorded.

2. In a recent case dealt with in para 12 of Audit Report (Railways), 1969, on which the Public Accounts Committee asked for a detailed investigation by a Committee of Senior Officers, the investigation revealed that action as laid down in the Office Order No. 19 of 1965 was not taken. When the prices negotiated for a subsequent contract for wagons was found to be lower than the prices under the existing contract, the supplies in respect of which had not yet been completed, there was failure to work out the financial implications involved in the grant of extension of delivery dates under the existing contract and to examine *de novo* the legal aspects of the case in consultation with the Ministry of Law and submit the case to the Board for the final course of action to be adopted.

3. The matter is being brought to the notice of all concerned with a view to avoid repetition of a similar lapse in future.

V.P. SAWHNEY
Secretary Railway Board.

(Case No. 70-B(C)PAC/IV/116/46-55) Dated 2-8-1971.

To All Officers and Branches with 100 spares to B(C) and with 10 spares to G (Acc).

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

OFFICE ORDER NO. 19 of 1965.

Arising out of para 17 of the Audit Report (Railway), 1964 about a contract for the supply of Mild Steel Plates, the Public Accounts Committee in paras 33 and 34 of their 32nd Report have criticised the Railway Board for failure to negotiate when granting an extension of time, for a reduction in cost of keeping with the latest offers for M.S. Plates apart from the question of penalising the supplier for defaults in regard to specifications and delivery periods. Before agreeing to extension of delivery dates or other modifications of contract or concessions in similar circumstances, the trend of the market at the time of considering such an extension, etc. should be kept in view, and if there has been any significant fall in prices, the possibilities, taking all the circumstances of the case into account, of obtaining, a reduction in price should be given due consideration. The factors taken into account and the reasons for whatever decisions is taken in such cases should be currently recorded.

P.C. MATHEW

Secretary, Railway Board

Case No. 65-B/(C)-PAC/III/32(31-32) New Delhi, dated 29-4-1964.

To

All Officers and Branches, with 100 spares to B(C).

Recommendation

Para 3.69. The Committee feel that the decision to import roller bearings for wagons was taken without a realistic appraisal of the wagon-building programme. The decision to import the roller bearing was based on the calculation that 5,367 wagons (requiring roller bearing axle boxes) would be produced in 1966-67 and that the requirements of buffer stock roller bearings for production on this scale could not be met by the existing level of indigenous production. However, at the time the decision to import the roller bearings was taken (*i.e.* in October, 1966) only 1,838 of Box, BCX and BRH wagons had been produced. It should have been, therefore, apparent that, in the remaining period of six months in 1966-67, the shortfall in production of wagon was not likely to be made up. With the prospects of production not coming up to targets, the indigenous producer could, therefore, well have met any requirements for buffer stock.

Para 3.70. The result of these imports was that no orders were placed on the indigenous firm between January, 1967 and March, 1968, and due firm's capacity was inadequately utilised during this period and even thereafter. In fact the firm was asked to slow down the pace of supplies. The Committee consider that the Railways should have carefully reviewed the progress of production before placing the orders for imports. Had that been done, the need for importing roller bearings (for buffer stock) at a cost of Rs. 41.32 lakhs would not have arisen.

Para 3.71. The settled procedure for making imports is to obtain clearance for them from the DGTD. The Committee note that approval for import of bearing in this case was not asked for from the DGTD and that this was given by an official in the Railway Board himself in his capacity as ex-officio Industrial Adviser (Railway Equipment) in the DGTD. It has since been clarified that all future imports would have to be specifically cleared by the DGTD. The Committee trust that the Railways will ensure that all proposals for imports get such prior clearance from the DGTD.

Para 3.72. The Committee note that the Ministry of Railways at present dependent only on one source of supply in the count for their requirements of roller bearing axle boxes. Proposal to interest other firms in the manufacture of this item are yet to fructify. The Committee would like the Railway Board to pursue the matter with the DGTD so that additional capacity to the extent required is built up in the country for meeting the requirements of the Railways and imports could be avoided in future. This would also encourage competition and provide alternative source of supply.

[S. Nos. 56, 57, 58 & 59, Appendix Paras 3.69 to 3.72 of 116th Report of P.A.C. (4th Lok Sabha)]

Action Taken

Paras 3.69 to 3.71.

The observations of the Committee are noted.

Para 3.72.

As desired by the Committee, the question regarding exploring of alternative source of supply of roller bearing axle boxes in the country has been examined in consultation with the Ministry of Industrial Development. In pursuance of this, the Ministry of Industrial Development have invited applications from existing licensed manufacturers of ball and roller bearings for grant of licences under the Industrial (Development & Regulation) Act, 1951 for establishment of such a capacity by substantial expansion of existing undertakings or inclusion of 'New Articles', for the manufacture of Axle Boxes, complete with the various types of roller bearings. Two applications have been received, one from M's. National Engineering Industries Ltd., Jaipur and the other from M's. Association Bearing Co. Ltd., Bombay for the manufacture of spherical roller bearings. Director General Technical Development has furnished his comments/recommendations on the applications of these two firms to the Department of Industrial Development and these are under their consideration for the preparation of summary for the licensing committee.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 70-B(C)-PAC/IV/116 dated 31-10-70. Kartika, 9, 1892.]

Recommendation

The settled procedure for making imports is to obtain clearance for them from the DGTD. The Committee note that approval for import of bearing in this case was not asked for from the DGTD and that this was given by an official in the Railway Board himself in his capacity as ex-officio Industrial Adviser (Railway Equipment) in the DGTD. It has since been clarified that all future imports would have to be specifically cleared by the DGTD. The Committee trust that the Railways will ensure that all proposals for imports get such prior clearance from the DGTD.

[Sl. No. 58 (para 3.71) of Appendix VII to 116th Report 4th L.S.]]

Action Taken

This recommendation is primarily for implementation by the Ministry of Railways. This Ministry has also noted the recommendation. As far as this Ministry is concerned, the Ministry of Railways were already informed in March, 1970 *Vide* DGTD's (SIA(Engg) D.O. letter No. 1(8)/68-I O &M dated 31-3-70 (Annexure) that all indigenous clearances should be given with the approval of the Director General, Technical Development, in strict accordance with the prescribed procedure.

Department of Industrial Development

ANNEXURE
(COPY)

M.M. Vadi,
Sr. Industrial
Adviser (Engg.)

1(8)/68-O&M
31-3-1970

My dear Amarjit Singh,

Please refer to your D.O. letter No. 67/RS(D)/II-MI/5 dated 7-11-1969 the nomination of officers under the de-centralised Scheme for according clearance of reference about indigenous availability of stores needed by public/departmental undertakings. Under this Scheme, the nominated officer is the co-ordinating officer for getting clearance from Directorate concerned with various items referred to by public undertakings etc. He does not clear such references all by himself, but only after the concerned Directorate have advised him about the indigenous angle of stores dealt with by them. In the end he coordinates the position and advises the party accordingly.

2. Likewise I.A. (Rly. Equipment) is the nominated authority in this Scheme for units mentioned at S. No. 49-54 (Annexure I) Ministry of I.D. Memorandum No. TD-43(3)/68 dated 28-3-68. All references emanating from these units would come to you for coordination; for items which fall within the purview of the various Directorates in the D.G.T.D. they should be consulted as is done by other nominated officers. After all the items in a reference have been covered, a reply is to issue from you telling the party about the indigenous availability of the various items.

3. Therefore, my statement to the P.A.C. is correct to the extent that all cases of indigenous clearance have to be processed in consultation with various Directorates dealing with the items concerned. It is only when this process is complete a reply is to issue from you having the authority of clearance by D.G.T.D. Apropos this, your attention is also invited to item 4 of the minutes of the Senior Staff Meeting held in D.G.'s room on 20-9-68 which was attended by you it will be observed from the minutes (copy sent to you) that D.G. had then emphasised the need for I.A. (Railway Equipment's, ensuring prior consultation with D.G.T.D. before indigenous clearance was given by him in respect of items concerning various Directorates of this Organisation.

4. It is, however, open to the nominated officer to consult his colleagues informally but all informal consultations should be duly recorded. I hope this clarifies the positions, but if you wish the matter can be further discussed in D.G.'s Staff meeting.

Yours sincerely,
Sd-
M.M. VADI.

Shri Amarjit Singh,
 Industrial Adviser (Rly. Equipment),
 Ministry of Railways,
 (Railway Board),
 Rail Bhavan,
 New Delhi.

Copy to:

Shri K.L. Tuli,
 Under Secretary,
 Deptt. of Industrial Development.

Recommendation

The Committee note that the Ministry of Railways are at present dependent only on one source of supply in the country for their requirements of roller bearing axle boxes. Proposals to interest other firms in the manufacture of this item are yet to fructify. The Committee would like the Railway Board to pursue the matter with the D.G.T.D., so that additional capacity to the extent required is built up in the country for meeting the requirements of the Railways and imports could be avoided in future. This would also encourage competition and provide alternative source of supply.

[Sl. No. 59 (Para 3.72) of Appendix VII to 116th Report (4th Lok Sabha)]

Action Taken

A Press Note inviting applications from existing licensed ball and roller bearing manufacturers for grant of industrial licence under the Industries (Development and Regulation,) Act, 1951 for the manufacture of Railway Axle Boxes complete with the various types of roller bearings was issued on 6-2-1970. In response to this Press Note, two applications only were received, one from Messrs. Associated Bearing Company Limited, Bombay, and the other from Messrs. National Engineering Industries Limited, Jaipur for effecting substantial expansion of their existing industrial undertakings at Chinchwad (Maharashtra) and Jaipur (Rajasthan) respectively for the manufacture of Spherical Roller Bearings for Axle Boxes. These applications are being processed and are shortly being placed before the Licensing Committee.

Dated January 20, 1971. Deptt. of Industrial Development.

Recommendation

3.89 The Committee are of the view that the import of 'Z' made at a cost of Rs. 26.13 lakhs was avoidable. The decision to import this section was taken in September, 1964, with a view to building up a buffer stock of this item. At about that time it had been reported to the Railway Board

that one of the indigenous steel manufacturers "had achieved a substantial amount of success" in producing this item. This firm also in fact succeeded in making supplies regularly from January 1965 onwards. The Railway Board should have therefore reviewed their decision before they proceeded to place orders for the import of this item in March 1965. Subsequent developments also demonstrated that this import was unnecessary as the indigenous manufacturer supplied both during 1965 and 1966 more than the quantity 'planned' on him.

3.90 Other instances of this kind of unnecessary import have been mentioned by the Committee in this Report. Such avoidable imports dissipate scarce foreign exchange resources of the country. The Committee would like the Railway Board to study all these cases in detail and to evolve an appropriate procedure to ensure that proposals for import are not cleared except after a searching scrutiny to meet compelling needs.

[S. Nos. 60 & 61 of Appendix VII—Paras 3.89 & 3.90 of 116th Report of PAC (4th Lok Sabha)]

Action Taken

3.89 The observations of the Committee are noted.

3.90 The Committee have commented on two other similar instances under paras 3.69—3.72 and paras 3.187—3.190. The matter has been examined and an Office Order has been issued for the guidance of the officers and staff in the Board's office (vide copy of office order No. 45 dt. 20-8-70 enclosed)

This has been seen by audit.

[Ministry of Railways (Railway Board) O.M. No. 70-B(C)-PAC/IV/116 of 16-9-70/Bhadra 25/1892].

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

OFFICE ORDER NO. 45 OF 1970.

In connection with some cases of imports of items of steel and roller bearing axle boxes, reported in the Audit Report (Rlys) 1969, the Public Accounts Committee have adversely commented that the imports were avoidable and dissipated scarce foreign exchange resources of the country. They have desired that an appropriate procedure should be down to ensure that proposals for import are not cleared except after adequate scrutiny to meet compelling needs.

Under the existing procedure, every case of import involving foreign exchange is scrutinised by the associated finance branch and also foreign exchange branch before invitation of tenders. Inescapability of the import is also cleared from the indigenous angle by the JPC in respect of steel items and the DGTD in respect of manufactured items. While it may not

be practicable to undertake a review of indigenous availability position of quantity required to be imported, after tenders are opened and when offers are under consideration, it may be advisable to undertake a review of the requirement when there is sufficient time-lag between the date of clearance from indigenous angle and the date of opening of the tender. It has been decided that where such time-lag is more than six months, a review should be undertaken soon after the tender is issued so that any information regarding significant changes in the indigenous availability or actual requirement is available by the time the tenders are opened and given necessary consideration.

Sd/-

C. S. PARAMESWARAM,
Secretary, Railway Board.

[File No. 70-B(C)-PAC/IV/116 (60-61) dated 20-8-70/ Sravana 29, 1892].

To

All Officers and Branches of Board's office. 'G Branch with ten spare copies.

Recommendation

3.96 The Committee observe that stores worth Rs. 6.06 lakhs acquired for manufacture of wagons are lying surplus with Lallaguda workshops, due to the transfer of part of the wagon-building work to another workshop. Of these, stores worth Rs. 1.64 lakhs have become unsuitable for use in the manufacture of wagons due to modifications in design and switchover to the metric system. The Committee trust that immediate action will be taken to transfer all such material for utilisation in repairs of old coaches and goods stock.

3.97 The Committee note that a detailed assessment has been undertaken to ascertain the quantum of materials that have become obsolete consequent upon metricisation. They would like to be informed about the results of such study and action taken to transfer the surplus stock.

[S. Nos. 62 and 63, Appendix VII Paras 3.96 & 3.97 of 116th Report Report of the PAC-4th Lok Sabha]

Action Taken

3.96 The observations of the Committee are noted. The South Central Railway have since advised that except for the balance of material worth Rs. 22.50, the stores worth Rs. 1.64 lakhs have been worked off.

3.97 The matter was investigated and it was advised under this Office Memorandum No. 68-B/C-SC/9 dated 17-4-70 that no railway material, stock or non-stock items, were rendered surplus on the Railways/Production Units except for 2 items on South Central Railway and one item in

the Integral Coach Factory. The South Central Railway have stated that the two items have since been worked off. In regard to the ICF, some items of measuring gauges and instruments have been found to be surplus amounting to Rs. 1.69 lakhs. Necessary action is being taken to expedite their disposal.

This has been seen by audit, who have observed as under:

"The position stated in the action taken note is under *verification by local audit office and further communication would follow."

[O.M. No. 70-B(C)-PAC-IV/116 dated 9-12-1970/Agrahayana 18, 1892.]

Recommendation

3.106. The Committee note that the Railways incurred an expenditure of Rs. 3.57 lakhs on an experiment for procuring special types of fittings (designed by RDSO) to provide cover to open BOX wagons utilised for movement of foodgrains. In addition, an expenditure of Rs. 1.11 lakhs was incurred by the Southern Railway on certain equipment designed by it for the same purpose. While the latter was used for a limited period, the utilisation of fittings designed by the RDSO was very poor on all Railways to whom these were provided, excepting the Eastern Railway, where 55 out of 100 fittings were used. The poor utilisation was due to the fact that the fittings interfered with loading and involved use of a large number of components which it proved difficult to keep track of.

3.107. The Committee are surprised that an organisation like the RDSO should have overlooked practical difficulties involved in the use of equipment designed by them. Apparently, the organisation did not conduct adequate field trials before suggesting the use of the equipment. The Committee hope that instances of this kind will not recur.

[S. No. 64 and 65 of Appendix VII, Paras 3.106 and 3.107 of 116th Report of P.A.C. (Fourth Lok Sabha.)]

Action taken

Paras 3.106 and 3.107

The observations of the Committee are noted for future guidance. It is, however, submitted by way of explanation that having to deal with an unanticipated situation in which the Railways had to carry substantial quantities of foodgrains in open wagons, some sort of fixed cover that would be more effective than by mere covering by ordinary tarpaulins had to be devised urgently. A few demonstrations and trials were held with the equipment devised by the R.D.S.O. and it was accepted by the Board that this was the most convenient and quick way of solving the problem.

*According to Audit the value of the surplus store in the I. C. F. is Rs. 1.69 lakhs.

[O. M. No. 70-B(C)-PAC IV 116 (62-63) dt. 15-2-71]

It is, however, regretted that more intensive trials could not be held at that time on account of the necessity to bring the equipment in use as quickly as possible.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 3-12-1970/Agrahayana 12, 1892].

Recommendation

3.119. The Committee observe that the manufacture of flanging blocks for certain locomotives undertaken in the Jamalpur Workshop, as early as in July, 1961, was still incomplete in 1966. By that time the requirement for these items ceased to exist as it was decided to condemn the locomotives concerned. The Railway Board have stated that with the very heavy increase in traffic in the S.E. Railway, that necessitated the retention of over-aged locomotives, it could not have been anticipated that the locomotives would be condemned. The Committee do not find this explanation very convincing. Besides it would appear that there was no pressing need for these spares as adequate numbers were already in stock. The Committee therefore consider that the placing of order for the flanging blocks was not based on a realistic assessment of requirements and the Railway Administration should have cancelled the order at least on a subsequent review of the position.

3.120. The Committee further observe that the Railway Administration has a stock of spares worth Rs. 15 lakhs not likely to be needed in view of the condemnation of these locomotives. The Committee would like the Railway Board to issue necessary instructions to the Railway Administrations for disposing of such spares as are not needed.

[S. Nos. 66 and 67 Appendix VII Paras 3.119 & 3.120 of the 116th Report of the PAC Fourth Lok Sabha.]

Action taken

Para 3.119:

The observations of the Committee are noted.

Para 3.120:

As regards the stock of spares worth Rs. 15.00 lakhs, it is submitted that the spares could not be considered as surplus as the number of G & H class types of locomotives still on line as on 1-4-70 was as follows:—

Type of Locomotives	No. of line	
H Class	G.S.	21
	H.S.	100
	HSM	62
	HX	17
● Total		200

It will be appreciated that to keep such a large number of locomotives in service, a considerable amount of spares would require to be maintained. The South Eastern Railway has advised the value of spares consumed from April to June 1970 against the two types as Rs. 3.4 lakhs. The number of the two types of locomotives proposed for condemnation during the years 1971-72 and 1972-73 are 34 & 21 respectively. It is estimated that the spares worth Rs. 15 lakhs would represent approximately 9 months normal consumption. As the number of G & H Class locomotives which will be in service for the next 3/4 years time is expected to be considerable, not only the existing stock of spares valued at Rs. 15 lakhs will be consumed but the Railway will have to manufacture additional spares for their normal maintenance. However, general instructions have been issued to all Railways examine the utilisation/disposal of spares in stock simultaneously with the reduction of holding of steam locos due to condemnation of some of the steam locomotives of different classes and to regulate future recoupment in consultation with other Railways where similar types of locomotives may be in use. A detailed procedure has also been prescribed arising out of para 19 of the Audit Report (Railways) 1969, for regularisation of stock and recoupment of spares in respect of rolling stock being replaced and to dispose of the obsolete stock expeditiously.

This has been seen by Audit who have observed as under:—

The position stated against para 3.120 is under *verification by local audit office and further communication would follow.

[Ministry of Railways (Railway Board) O.M. No. 70-B(C)-PAC/IV/116 dated 31-10-70/Kartika 9, 1892].

Recommendation

3.132. The Committee trust that procurement of these and other items will in future be based on a more realistic assessment of requirements based on past consumption data, and the stocks available in stores.

[S. No. 69, Appendix VII, Paras 3.131 and 3.132 of 116th Report of the PAC(4th Lok Sabha).]

Action taken

3.132. The observations of the Committee have been noted by the Southern Rly. Administration for necessary action.

This has been seen by audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 9-12-1970/Agrahayana 18, 1892.]

Recommendation

3.138. The Committee observe that spare parts valued at Rs. 4.82 lakhs have been lying in stock with the North-Eastern Railway for a number of years, in some cases for over twenty years. Of these spare worth

*Above replies vetted by Audit without any comment.

Rs. 1.97 lakhs relate to locomotives most of which were condemned. These 'non-standard' parts are stated to have been inherited by the Railway from the erstwhile company managed railways. It is obvious that adequate and timely steps were not taken by the Mechanical Department of the Railway to prepare an inventory of these spare parts to facilitate their use in other Railways where apparently some of them at least could have been used. It is unfortunate that when old engines for which some of the spares were acquired were transferred to the N.F. Railway, the spares were not transferred along with the engines.

3.139. The Committee would like steps to be taken for the disposal of such of the spares as are not likely to be required. The Committee would also like the Railway Board to issue necessary instructions in the light of their experience in this case with a view to avoiding repetition of such wasteful stocking in future.

[S.No. 70 and 71, Appendix VII, Paras 3.138 and 3.139 of the 116th Report of the PAC (Fourth Lok Sabha).]

Action Taken

Para 3.138:

The observations of the Committee are noted.

Para 3.139:

The N.E. Railway have advised that the value of spares has since come down to Rs. 1.06 lakhs at present. These remaining items have been surveyed and action is being taken to dispose them of without delay. A copy of the circular issued to Railways to ensure expeditious disposal of spare parts relating to obsolete rolling stock is enclosed (Board's letter No. 69-M (L) 467/64 dated 22-7-70).

This has been seen by audit who have observed that "the position indicated in reply to the P.A.C.'s observation contained in para 3.139 of their Report is under verification by local Audit Office and further communication would follow."

[O.M.No. 70-B(C)-PAC/IV/116 dated 23-11-1970/Agrahayana 2, 1892.]

Copy of Railway Board's letter No. 69-M(L) 467,64 dated 22-7-1970 addressed to GMs. all Indians Railways and copy to ADAI (Rlys.) and DRS, DF, M (L), RS (G), RS S), F, S) I, II & III in Board's office.

SUB. : *Expeditious utilisation/disposal of stocks of spare parts relating to obsolete Rolling Stock.*

In respect of para 19 of Audit Report (Railways) 1969, relating to the loss due to accumulation of heavy stocks of spare parts for engines on the N.E. Railway, the PAC have made certain observations, an extract of which is enclosed.

In this connection attention is invited to Board's letter No. 69-M(L) 467/64 dated 13-3-70 (Copy enclosed) regarding scrapping of spares of condemned locos. Instructions already exist with regard to utilisation and disposal of spares of Rolling Stock condemned and withdrawn from service and the same are reiterated below for strict compliance :

- (i) The provisions of 2208-S relating to surplus spares due to replacements of Rolling Stock, Plant and Machinery should be adhered to. The Mechanical Department should submit to the Stores Department lists of Rolling Stock, Plant & Machinery to be replaced. The Stores Department should prepare a statement of the spare parts in stock for the equipment involved, in consultation with the Mechanical Department, if necessary and refer to the Mechanical Department to decide which of the items will become obsolete with due regard to items which can be used on other similar equipment with or without minor modifications.
- (ii) The Mechanical Department will take into account circumstances whereby a certain number of the same equipment may continue in service on the same Railway or other Railways, necessitating retention of some quantities for use or for transfer to other Railways. In consultation with the Mechanical Department the Stores Department will regulate stocks and recoupmnt of such spares.
- (iii) Where the equipment is transferred entirely to some other Railway, it should also be ensured that the spares exclusively used on such equipment are also transferred to that Railway at the time of transfer of the main equipment.
- (iv) The items which are finally declared by the Mechanical Deptt. as obsolete, not being required by the owning Railway or other Railways, should be put up before a Survey Committee in terms of paras 2221-S to 2224-S to decide action regarding classification of the items as scrap and their disposal. It should be possible to finalise such a list between the time a decision is taken to condemn a particular class of equipment and the expected date of withdrawal of the last of such equipment from service, for placing the items before a Survey Committee so that disposal of spares, not at all required, is expedited.

Action should be taken on the lines indicated above promptly at all stages so that there is no avoidable holdings of spares no longer required.

Please acknowledge receipt.

Extracts taken from the observations of the PAC's 116th Report on para 19 of Audit Report (Railways), 1969 relating to N.E. Railway.

The Committee observe that spare parts valued at Rs. 4.82 lakhs have been lying in stock with the North Eastern Railway for a number of years, in some cases for over twenty years. Of these, spares worth Rs. 1.97 lakhs relate to locomotives most of which were condemned long ago. These non-standard parts are stated to have been inherited by the Railway from the

erstwhile company managed Railways. It is obvious that adequate and timely steps were not taken by the Mechanical Department of the Railway to prepare an inventory of these spare parts to facilitate their use in other Railways where apparently some of them atleast could have been used. It is unfortunate that when the old engines for which some of the spares were acquired were transferred to the N.F. Railway, the spares were not transferred along with the engines.

The Committee would like steps to be taken for the disposal of such of the spares as are not likely to be required. The Committee would also like the Railway Board to issue necessary instructions in the light of their experience in this case with a view to avoiding repetition of such wasteful stocking in future.

Copy of Railway Board's letter No. 69-M (L) 467/64 dated 13-3-70 to the General Managers, All Indian Railways and copy to FA&CAOs, Controller of Stores etc. etc.

SUB : Condemnation of Steam Locomotives.

I am directed to invite your attention to

- (i) Item 6 of the Minutes of the 29th periodical meeting of the Controllers of Stores with the Railway Board held in August, 1969, circulated under Board's letter No. 169/RS(G)/509/6 dated 12-9-1969.
- (ii) Item 6.1.3 of the minutes of the Joint Meeting of Chief Mechanical Engineers and Controller of Stores with the Railway Board in January 1970 circulated under Board's letter No. 69/M(W)/509/33 dated 9-2-1970.

The policy regarding condemnation of overaged steam locomotives has been advised to the Railways under Board's letters No. 67-M(L) 467/47 dated 6-11-1969 and 26-12-1969. Regarding spares, it is clarified that when a class of steam locomotives is planned for condemnation, the utilisation/disposal of spares in stock exclusively used on that class of locos should also be considered simultaneously along with suitable regulation of recoupment of available spares. In doing so it is necessary to check up whether such spare parts will become obsolete or can be used on other similar equipments after minor modifications as may be required. Scrapping of the entire quantity of spares exclusively used on a particular class of locos will arise only when all locomotives of that class are being condemned for scrapping and when they cannot be connected for use on other classes, as otherwise there may be a situation where only a certain number of overaged locos of a particular class are being condemned and there may be locos of the same class on that Railway or other Railways to continue in service for some time more in which case some quantity of spares may have to be retained for use. These aspects will as usual be considered by the Survey Committee as per paras 2221-S and 2224-S.

Please acknowledge receipts.

Recommendation

3.164. The Committee observe that there was over-provisioning of CST-9 sleepers both in 1964-65 and 1965-66. The over-provisioning led to a substantial accumulation of stocks which led to stoppage of further orders for these sleepers in 1966-67, when the Railways could have purchased them at much lower rates.

3.165. It has been stated that the accumulation of stocks arose out of track laying or renewal works getting slowed down due to inadequate receipt of matching materials like rails. The short-receipt of rails had persistently occurred since 1964-65 and, therefore, should have been taken into account while placing the orders. Besides, the Railways have themselves been over the years showing a preference for wooden and steel sleepers over SCT-9 sleepers. This consideration should have weighed with the Railways to reduce the orders for CST-9 sleepers.

3.166 The Committee recognise that it is primarily the function of the Zonal Railways to keep a check on stocks of sleepers which are held by numerous permanent way inspectors. The Railway Board should issue instructions to ensure that control over these inventories is tightened up all along the line so that a case of over-provisioning of this nature does not recur.

[S.Nos. 72—74 of Appendix VII Paras 3.164 to 3.166 of the 116th Report of the P.A.C. (Fourth Lok Sabha)].

Action taken

Paras 3.164 & 3.165 :

The observations of the Committee are noted.

Para 3.166 :

The Railway Board have taken steps to improve the methods of working out the requirements of P. way materials to avoid over-procurement. The post of track supply officer on the Railways has been upgraded to that of Engineer-in-Chief Track so that there is better control over the permanent way materials. The assessment of the requirements of P. way materials is also done in a meeting held with the ENCs Track. In that meeting the ENCs Track are asked to bring the stock position of the various types of P. way materials and to forecast the requirements based on the sanctioned works programmed after taking into account the stocks already available with them. The procurement action is initiated after these requirements are subsequently advised as 'firm' after the budget has been presented and are also got vetted by the Railway's Finance with a view to see that the requirements assessed by the Engineers are in accordance with the budget allotments for the various works programmes.

Besides, a Committee of 3 Jt. Directors has been appointed to check up the reasons leading to the over procurement and suggest ways and means to tighten up the assessment of track material required each year. Suitable instructions will be issued to the Railway administrations after the Committee has finalised its findings.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 31-10-70/Kartika 9, 1892].

Recommendation

3.210. The Committee observe that an overpayment of Rs. 1.08 lakh was made by the Eastern Railway to a supplier of imported pig iron. Similar overpayments to this firm occurred on Southern, South Railway, North Eastern, Western and Central Railways. The amount of such over-payment in the Southern Railway is stated to be Rs. 1.57 lakhs and on the NE and SE Railways Rs. 53,569 in all. No information is available with the Railway Board in regard to the amount of over-payment that occurred in Western and Central Railways.

3.211. The over-payment in these cases occurred because the supplier was paid provisionally at a certain price fixed by the Iron & Steel Controller in 1957 which turned out subsequently to be higher than the prices actually admissible. The over-payment on the Eastern Railway was noticed when final prices were intimated by the Iron & Steel Controller in 1962 and confirmed in 1965. On the N.E. Railway, it was noticed in 1965, while on Southern, Western and South Eastern Railways it came to light in 1968 (information regarding Central Railways is still awaited) when final prices were intimated by the Iron & Steel Controller.

3.215. The Committee note that the Railway administrations which have not yet instituted legal proceedings against the supplier, have been asked by the Railway Board to do so before the expiry of the limitation period viz., 31st December 1970. The Committee regret that it took a long time for the Railway Board to issue this instruction. The Committee would like to be informed of the outcome of these cases in due course.

3.216. The Committee have not been informed whether the payment of Rs. 14019.11 due to the firm from the Northern Railway has been stopped pending refund of over-payments made to the firm. If it has not been done so far necessary orders should be issued and result intimated to the Committee.

[S. No. 79-80, 84, 85 Appendix VII, Para Nos. 3.210 to 3.211, 3.215 & 3.216 of 116th Report. 1969-70].

Action taken

Paras 3.210 & 3.211.

The observations of the Committee are noted. The following position regarding similar over-payments on the Central and Western Railways, as also exact amount of over-payments made by the South Eastern and North

Eastern Railways, was furnished to the Lok Sabha Sectt. under Ministry of Railways O.M. No. 68-BC-E/5 dated 18-4-70 :—

“Central

After further investigation, it has been possible to trace only a few cases in which overpayment to the firm M/s. Surrendra Overseas Private Limited have been detected and the amount involved is Rs. 3953.18 towards the cost and Rs. 13040.38 towards sales tax. Necessary action is being taken to check the records further and to initiate measures for recovery of the amount from the firm.

Western.

After further investigation, the Railway has advised that no case of over-payment has been detected.

2. The amount of overpayments made by the South Eastern and North Eastern Railways are as follows :—

- (i) South Eastern Railway have paid an excess of Rs. 46,462.28 towards cost and Rs. 97,446.41 towards sales tax.

The Railway has filed a suit in the High Court of Calcutta on 12-12-1969 for the recovery of the amount.

- (ii) North Eastern Railway have paid an excess of Rs. 8390.46 towards the cost of pig iron and Rs. 393.29 towards the sales tax.”

NOTE : The position stated above has been vetted by Audit in respect of all the Railways except Western Railway. In respect of Western Railway, audit have stated that the report to the Railway Board is not susceptible of independent verification due to the records relating to the year 1956 having already been destroyed.

The Central Railway have since advised that Rs. 58,852.75 are recoverable from M/s. Surrendra Overseas Pvt. Ltd. being the over-payment for supply of pig iron to that Railway.

Further Information

North Eastern Railway

Over-payment made on account of sales tax has increased from Rs. 393.29 to Rs. 14,817.99 in view of the Supreme Court's judgement and subsequent Railway Board's orders that sales tax is not payable on imported stores. The total over-payment thus comes to Rs. 23,208.45 (Rs. 8,350.46 cost of Pig Iron and Rs. 14,817.99 Central Sales Tax).

[Ministry of Railways O.M. No. F 70-B(1) IV 118(79-85) dt. 23-2-71].
Para 3.215 :

The position in regard to filing of suits and the outcome is as under :

- (i) *Eastern, Southern and South-Eastern Rlys.*

The Eastern & Southern Railways filed a suit on 2-1-69 and the S.E. Railway filed a suit on 12-12-69. The cases are pending in court.

(ii) *Northern & Western Railway.*

There is no overpayment and hence the question of filing a suit does not arise.

(iii) *North Eastern Railway.*

A suit has not yet been filed. The matter is under consideration in consultation with their Law Officer and necessary suit will be filed well before the expiry of the limitation period, i.e., 31-12-70.

Further Information

Further remarks of Railway Board.

The North-Eastern Railway have since filed a civil suit in the court of Civil Judge at Gorakhpur, (as advised in this Ministry's O.M. of even number dated 16-1-71), for the recovery of Central Sales Tax amounting to Rs. 14,817.99 and Rs. 8390.46 towards overpayment made to the firm.

[Ministry of Railways O.M.No. F 70(B) (C)-PAC/IV/116(79-85) dated 23-2-71].

(iv) *Central Railway.*

Instructions have been issued to the Railway to file a suit against the firm before the limitation period expires on 31-12-70.

In this connection it is also submitted that excepting Eastern and North Eastern Railway who were advised of the final price 1965, other Railways viz. Southern, South-Eastern, Central, Western & Northern—were advised of the final prices only in Dec. '68 in which the Iron & Steel Controller instructed the Railways to examine and work out the over-payment, if any, and to take steps for recovery of the same. On receipt of this letter these Railways have in fact examined their records to work out overpayment, if any, and thereafter to approach the firm for refund of the over-payment and in case of failure on the part of the firm to refund the over-payment, for initiating necessary legal proceedings for recovery of the over-payment. Instructions issued by the Railway Board to the Railways were merely as a measure of abundant caution to ensure that Railways are taking action as necessary to effect the refund.

Further Information

Central Railway

The amount of Rs. 58,852.75 has been verified with reference to records on the basis on which the administration has worked out this amount. Apart from this the recovery in respect of two more items is yet to be worked out by the Railway Administration.

As regards the filing of suits (para 3.215 of the action taken notes) it is seen that "the suit was not filed upto 31-12-70. The Railway Administration has, however, consulted the Law Ministry at Bombay who have expressed the view that suit against the firm can be filed even after 31st December, 1970 and that the suit should be filed after authorisation by the Iron & Steel Controller who had placed the supply orders on the firm."

[Ministry of Railways O.M. No. F 70-B(C)-PAC/IV/116(79-85) dt. 23-2-71].

Para 3.216.

The Northern Railway have advised that the amount of Rs. 14019.11 due to the firm has been withheld.

"This has been seen by the Audit who have stated that the portion of the reply under Para 3.214 relating to North Eastern Railway and the portion of the reply relating to Central Railway under Para 3.215 are being verified by the local audit and further communication will follow."

[O.M. No. 70-B(C)-PAC/IV/116 dated 16-12-1970/Agrahayana 25, 1892].

Recommendation

3.228 The Committee observe that the Railways have spent time and money on adapting the Diado-block line instrument for their requirements. 316 of these instruments have been purchased at a cost of Rs. 12.16 lakhs after extensive modifications carried out over a period of two years to make them suitable for well conditions. The firm which supplied the instruments was also given an inducement to assemble part of the supply indigenously. These instruments which are reported to be in use in Japan, are also stated to be functioning satisfactorily in Northern and Central Railways where they have been installed. They also apparently have certain operational advantages over the types now in use, though they involve some extra initial investment. In the light of these factors the Committee would like the Railway Board to examine whether it would not be worthwhile to develop these instruments for more extensive use.

3.229 The Committee observe that 56 of the instruments installed in Northern Railway are yet to be commissioned. As these instruments were received as far back as in 1965 the Committee feel the delay in commissioning them has been inordinate. The delay has been attributed to short supply of certain other materials and paucity of trained technical and operative staff. The Committee regret this failure of the Railways and consider that both these difficulties could have been overcome with a little advance planning.

[(S.Nos. 86 & 87 of Appendix VII), Paras 3.228 and 3.229 of 116th Report (4th Lok Sabha)].

Action Taken

3.228 The question of standardising the Daido Block instruments for extensive use has been referred to the Research, Designs and Standardisation Organisation, Lucknow for examination and to consider the possibility of under-taking manufacture of the instruments in a railway workshop.

3.229 The observations of the Committee in regard to the delay in commissioning the instruments on Northern Railway are noted. The instruments allotted to the Northern Railway were commissioned in September, 1969 in Ambala-Ludhiana Section and early in 1970 in Ludhiana-Jullundur Section.

This has been seen by audit who have observed as under :

“The position regarding the commissioning of the instrument on the Northern Railway is under verification by local audit office and further communications would follow.”

[O.M. No. 70-B(C)-PAC/IV/116 date 7-12-70/16 Agrahayana. 1892].

Recommendation

3.233 The Committee note that a sum of Rs. 24,000 is awaiting recovery from a firm due to deficiencies in supplies of certain signal posts made by it under one of the contracts to the Railways. The matter is stated to have been referred to arbitration in respect of this as well as other two similar contracts. The Committee would like the matter to be settled expeditiously.

3.234 The Committee also observe that the deficiencies in supplies by the firm were made good by the Railways by utilising released material from other works. This indicates the need for proper forecasting of second-hand usable material likely to be released for further use, in the interests of economising on fresh purchases.

[S. No. 88-89, Appendix VII, Para Nos. 3.233 and 3.234 of 116th Report, 1969-70].

*Action Taken

The Ministry of Railways understand from the Department of Supply that the cases are still under arbitration. However, the Committee's observations in this regard have been noted.

As regards the Committee's recommendation regarding proper forecasting of second-hand usable material in the interests of economising on fresh purchases, the Ministry of Railways submit that the quantity of released material which is or can be made serviceable can be

*Above reply vetted by Audit without any Comments.

determined with some exactitude only after dismantling the material, as it is only after releasing and inspecting the material that it can be ascertained which of the material can be reused either straight-away or after renovation. In actual practice, it is, therefore, very difficult to have a clear-cut systematic forecast of serviceable released material in all cases. As per the extant practice, serviceable material not required by the Signal Inspector for any other work in his charge is returned to the Stores Depot for re-issue against pending demand of that material and fresh purchase are made only after taking into account such released material available in stock. However, Railways have been advised that where reasonable forecasts of released serviceable materials can be made, this should be taken into account while placing indents for new materials.

This has been seen by Audit who have observed that the position stated in the action taken note that the cases are still under arbitration is under verification by the Accountant General, Commerce, Works & Miscellaneous and further communication will follow on hearing from him.

[O.M.No. 70-BC-PAC/IV/116 Dated 31-10-70/Kartika 9, 1892]

Recommendation

3.244 The Committee note that instructions have since been issued asking the Railway Administrations to inform the Railway Board and the DGS&D about all cases where direct purchases are made at rates lower than those of the DGS&D. They hope that the extant rules will be strictly complied with in future.

[S.No. 91, Appendix VII, Para Nos. 3.243 of 116th Report, IV
Lok Sabha.]

Action Taken

Para 3.244

The observations of the Committee are noted. It may be mentioned that the instructions issued to the Railways are that the DGS&D (and not the Railway Board) should be informed about cases where direct purchases are made at rates lower than those of the DGS&D.

This has been seen by Audit.

[O.M. No. 70-BC-PAC/IV/116 Dated 23-11-1970/2 Agrahayana,
1892]

Recommendation

3.255 The Committee notice that shortages detected in kerosene oil supplies made to the Railways by the Indian Oil Corporation have been higher than in the case of supplies made by the other oil companies. The Railway Board have stated that the Corporation are newcomers in the field,

*Above replies vetted by Audit without any Comments.

lacking adequate experience in regard to packing and loading of this commodity. However, the information furnished to the Committee shows that while on other Railways the losses are within reasonable limits, the losses on N.E. Railway are rather high. Figures of losses for Central Railway and Northern Railway (which is the subject matter of the audit paragraph) have also not yet been furnished.

3.256 The Committee suggest that the causes for these losses, particularly on the North Eastern and Northern Rlys may be further investigated with a view to ascertaining how far these could be due to short supply, rough shunting and handling and pilferage, particularly at transhipment points, and necessary steps taken to minimise such losses. The Indian Oil Corporation on its part should be asked to improve the quality of packing in consultation with the D.G. S&D.

[Recommendation Sl. Nos. 92 and 93, Appendix VII paras 3.255 and 3.256 of 116th Report (Fourth Lok Sabha).

Action Taken

Para 3.255

The observations of the Committee are noted. The figures of losses on Central and Northern Railways are as follows :—

Central Railway			
Year	Total Purchase (litres)	Loss (litres)	Value (Rs.)
1965-66	25,32,851	387.5	151.13
1966-67	26,29,042.5	—	—
1967-68	30,26,400	67,131	32,409.06
1968-69	25,54,342	40,248.8	17,303.36

Out of the two main receiving depots at Bombay and Jhansi, no loss occurs in supply at Bombay as it is delivered locally. In respect of Jhansi, some consignments are delivered locally and some from Bombay. In respect of consignments sent from Bombay to Jhansi, the percentage loss is given below :—

1965-66	2.3%
1967-68	7.7%
1968-69	5.6%

Northern Railway				
Year	Total purchases (litres)	Loss (litres)	%age	Quantity for which claim has been accepted.
1965-66	23,49,243	52,644	2.2	500 litres
1966-67	30,70,704	61,797	2.0	5707 ..
1967-68	25,92,086	33,829	1.3	4439 ..
1968-69	32,62,787	23,786	0.7	6287 ..

NOTE: Out of 3 depots at Jodhpur Alambagh and Shakurbasti, the supply at Shakurbasti during 1966-67, 1967-68 and 1968-69 was through local delivery.

Para 3.256.

The matter was referred to the North Eastern and Northern Railways who have stated that it is not feasible at this stage to find out if these losses are due to short supplies, rough shunting and handling or pilferages. As far as Railways carriers are concerned, the kerosene oil consignments booked to railway stores depots could not be treated differently from similar other consignments.

The recommendation of the Committee has been brought to the notice of the Ministry of Supply and the Ministry of Petroleum and Chemicals. The former have, however, given the following comments :—

“Indian Oil Corporation submitted two sample-tins for the second time. These tins were examined and commented upon by the Inspection Wing of the DG S & D. The observations were referred to the Indian Oil Corporation on 21-4-70 with the request to confirm that the defects pointed out therein should be rectified, by them. After several reminders, Indian Oil Corporation intimated on 21-7-70 that since they are unable to supply kerosene oil in 18.5 litre tins, they would furnish their reply in the matter as and when supply of kerosene oil in such tins is commenced.

Efforts will, however, be made to persuade Indian Oil Corporation to undertake supply in these tins and confirm removal of defects pointed out to them by the D.G.S.&D.”

[O.M. No. 70-B(C)-PAC/IV/116 dated 23-12-70]

Recommendation

“The Committee suggest that the causes for these losses, particularly on the North Eastern and Northern Railways may be further investigated with a view to ascertaining how far these could be due to short supply, rough shunting and handling and pilferage, particularly at transshipment points, and necessary steps taken to minimise such losses. The Indian Oil Corporation on its part should be asked to improve the quality of packing in consultation with the D.G.S.&D.

[Sl. No. 93 (para 3.256) of Appendix VII to 116th Report (4th Lok Sabha)]

Action Taken

The subject matter relating to the excessive transit loss experienced by the Railways on supplies of kerosene oil in 18.5 litre tins was discussed in a meeting of the representatives of Indian Oil Corporation and the Director General, Supplies and Disposals held in Bombay on 16-9-1969. The following decisions were taken in the matter :—

- (i) 18.5 litre tins for filling kerosene shall be manufactured according to the Indian Standard Institute specifications.

- (ii) Two tins from each of the manufacturers from whom the Indian Oil Corporation is at present obtaining its requirements of tins should be sent to Dy. Director General (Inspection), New Delhi.
- (iii) DDG(I) will have these tins examined in regard to their suitability for filling kerosene in consultation with the Railway Board and send his report to the Indian Oil Corporation.
- (iv) If any further improvement is required in the tins, the Indian Oil Corporation will examine the feasibility in this regard and intimate its views to DDG(I).
- (v) A final decision will then be taken regarding the quality of the tins to be produced for the supply of kerosene.
- (vi) In order to establish a norm for loading of box wagons and dunnage to be used, etc. a few wagons shall be loaded in the presence of the Railway officials from supply source. After the norm has been established, it should be followed for the future loading of box wagons.

2. Accordingly, two samples of tins were sent by the Indian Oil Corporation to the DGS&D. The DGS&D's comments furnished to the Corporation in the matter are separately under examination by the Indian Oil Corporation in consultation with the DGS&D. The Corporation has been manufacturing 18.5 litre tins in its can plant at Ernakulam and has been obtaining tins from fabricators at Delhi, Calcutta and Bombay. The tins manufactured by its fabricators at Delhi, Calcutta and Bombay have also been as per ISI specifications. At present there are restrictions on the release of tin plate for packing kerosene oil. When this restriction is withdrawn and the supply of kerosene oil in 18.5 litre tins is resumed to the Railways, the Corporation will forward two fresh samples from each of the manufacturers who supply its requirements of 18.5 litre tins to substantiate that the tins supplied by it to the Railways conform to ISI specifications. As regards the actual method of loading and providing dunnage, although it has not been possible to load wagons in the presence of the Railway officials, the Corporation has set out the following norms in this regard and all concerned have been asked by the Corporation to follow strictly the procedure laid down :—

“Tins which are stagger-stacked normally for 24 hours, but at least 4 hours in emergency, will alone be loaded in the box wagons. At the time of loading if any leaks are noticed such tins shall be replaced by good tins.

Prior to actual loading of the tins into box wagons, sufficient straw will be spread on the floor of the wagon. In between the layer of tins sufficient straw dunnage will be provided. Where it is necessary sufficient wooden dunnage will be provided on all sides. After the loading, the empty spaces, if any are left, will be filled with adequate straw.

Though it can be taken that 250 to 300 gms. of straw will be required per tin, if additional quantity is required the same will be used to give adequate protection. In short the loading of the tins will be done in such a way as to prevent loose movement of tins in transit and avoid damage under normal shunting conditions.

The entire operation will be done to the satisfaction of the location In-charge or his authorised representatives”.

The note was also shown to the Ministry of Supply and they have no comments to offer in so far as the last sentence of the recommendation is concerned in respect of which the Ministry of Supply had already submitted a note to the Lok Sabha Secretariat.

[Ministry of Petroleum and Chemicals and Mines & Metals (Deptt. of Petroleum & Chemicals) U.O.No. 13/12/70-IOC. dated 21st April, 1971.]

Recommendation

4.19 The Committee feel that the cost of the work was needlessly inflated by Rs. 1.04 lakhs by casting R.C.C. slabs required for the work departmentally, when the contractor could have been asked to cast them. The costs of the slabs departmentally cast, was Rs. 21 per cft. against Rs. 8 per cft. at which the contractor cast them at the site of work. The slabs were meant for a work at Ambazari and the Railways cast them at Lonavala and carried them all the way to Ambazari incurring transportation costs which alone amounted to Rs. 9 per cft. The Railway Board have stated that the disparity between the costs was due to departmental specifications having been richer, but there was no reason to have gone in for richer specifications when the slabs cast by the contractor were of acceptable quality.

4.20 The case shows in the Committee's opinion that the authorities who executed the work lacked cost consciousness. It did not even occur to them that departmentally cast slabs had to be transported over a very long distance (962 Kms.) and that this consideration alone should have precluded their use in the work.

4.21 The Committee would also like the Railway Board to examine the reason for the higher cost of casting slabs at Lonavala and take steps to bring it down.

[S. No. 97-99, Appendix VII, Para Nos. 4.19 to 4.21 of 116th Report, 1969-70].

Action Taken

Paras 4.19 & 4.20

The observations of the Committee are noted.

9LSS/72—7

Para 4.21.

With a view to reduce the cost of concrete works cast at Lonavala Depot, some reduction in the permanent skilled, semi-skilled and unskilled staff has been effected. The working of the Depot is further being examined in detail so as to arrive at a decision for further possible reduction.

This has been seen by audit who have observed that the position stated in the action taken note in reply to the P.A.C.'s observations contained in para 4.21 is under verification* by local audit office and further communication would follow.

[O.M. No. 70-B(C)/PAC/IV/116 dated 23-11-1970/Agrahayana 2,
1892]

Recommendations

5.27 While the Committee recognize that mechanical methods of maintenance of track may become inevitable on trunk routes using concrete and CST/9 sleepers, they would like to point out that the results achieved so far in this regard have not been comparable with those obtained elsewhere in the world. The track tampers used in the country have over the last four years been able to cover on an average at best 100 kilometres of track per machine, as against 170 kms to 200 kms covered in countries like Austria and Belgium where density of traffic is not less than it is in India. As the Railways are stated to be new to this experiment, the Committee hope that progressively better results would be obtained from these machines.

5.28 A first pre-requisite for obtaining maximum service from these machines is adequate line blocks which should be ensured by careful operational planning. Further the tamping performance would have to be improved by carrying it out through single insertion instead of double insertion as done hitherto. No less essential is the need to keep adequate spares handy as difficulties in getting spares have stood in the way of optimum utilization of the machines in the past. The Committee note that some of these spares are now being imported. It may not be beyond the resources of the Railway Workshops to fabricate these items. It appears that this aspect of the matter has engaged the attention of the Ministry rather belatedly. They trust that with the steps now contemplated, the performance of the machines would improve and come up to European standards.

5.29 The Committee would also like to point out that in other countries where mechanical maintenance has been resorted to, considerable economies are reported to have been achieved apart from improved track conditions. The Committee would, therefore, like the concerned Zonal Railways to work out norms for each machine under their charge in accordance with local conditions prevailing to ensure that once the requisite line-blocks are available, these norms are strictly adhered to.

*Above replies votted by Audit without any Comments.

5.30 One aspect of the matter which needs careful consideration is the likely effect of the switch-over to mechanized maintenance of track on the employment of track maintenance staff. The Committee would like the Railways to ensure that such of the gangmen as become surplus are absorbed by being trained as machanics maintainers etc. The Committee have been assured that this will be fully borne in mind and what there will be no retrenchment of gangmen.

[S. No. 100-103 Appendix VII Para 5.27 to 5.30 of 116th Report of the PAC 4th Lok Sabha]

Action Taken

5.27 The question of improving the utilization of tampers has been under constant review of the Board. Instructions have already been issued to the Railways to ensure adequate line blocks under letters No. 67/WSC/TK/1 dated 23-12-67 and 68/PL/4/31(I) dated 3-12-68 and 7-2-70 and the position is being watched regularly.

5.28 On the Indian Railways, single insertion cannot be adopted generally as the machines have been introduced recently for the first time and the track structure is not of the same standard as is obtaining in European countries. Northern and South Eastern Railways have already been asked to try out single insertion methods and this will be extended to other Railways, if found satisfactory.

The need for stock of adequate spares have been impressed on the Railways. Efforts for obtaining spare parts from indigenous sources as well as from Railway workshops have already yielded some results and these are being intensified.

5.29 Railways are being instructed to work out norms for each of the machines as suggested by the Public Accounts Committee, and to ensure that these norms are strictly adhered to, once the requisite line blocks are available *vide* Board's letter No. 70/WSC/TK/40 dated 14-10-70 (copy enclosed for reference).

5.30 Railways have already been advised that there will be no retrenchment on account of introduction of the mechanized maintenance and garmen if rendered surplus should be absorbed in other vacancies including those arising out of operation and maintenance of machinca.

This has been seen by Audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 31-10-70 (Kartika 9, 1892.)]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 70/WSC/TK/40. New Delhi, dt. 14-10-70, Asvina 22, 1892.

The General Managers,
Central, Eastern, Northern & South-Eastern Railways.

Sub:—*Para 33 of Audit Report (Railways) 1969—Under utilization of imported 'On-track' tie tampers and ballast cleaner.*

The Public Accounts Committee, in their 116th Report, have made the following observations on the above noted audit para:—

- (a) While the Committee recognize that mechanical methods of maintenance of track may become inevitable on trunk routes using concrete and CST/9 sleepers, they would like to point out that the results achieved so far in this regard have not been comparable with those obtained elsewhere in the world. The track tampers used in the country have over the last four years been able to cover on an average at best 100 kilometres of track per machine as against 170 Kms. to 200 kms covered in countries like Austria and Belgium where density of traffic is no less than it is in India. As the Railways are stated to be new to this experiment, the Committee hope that progressively better results would be obtained from these machines.
- (b) A first pre-requisite for obtaining maximum service from these machines is adequate line blocks which should be ensured by careful operational planning. Further the tamping performance would have to be improved by carrying it out through single insertion instead of double insertion as done hitherto. No less essential is the need to keep adequate spares handy, as difficulties in getting spares have stood in the way of optimum utilization of the machines in the past. The Committee note that some of these spares are now being imported. It may not be beyond the resources of the Railway Workshops to fabricate these items. It appears that this aspect of the matter has engaged the attention of the Ministry rather belatedly. They trust that with the steps now contemplated, the performance of the machines would improve and come up to European standards.
- (c) The Committee would also like to point out that in other countries where mechanical maintenance has been resorted to, considerable economies are reported to have been achieved apart from improved track conditions. The Committee would, therefore, like the concerned Zonal Railways to work out norms for each machine under their charge in accordance with local conditions prevailing and ensure that once the requisite line-block are available, these norms are strictly adhered to.
- (d) One aspect of the matter which needs careful consideration is the likely effect of the switchover to mechanized maintenance of track on the employment of track maintenance staff. The Committee would like the Railways to ensure that such of the

gangmen as become surplus are absorbed by being trained as mechanics, maintainers etc. The Committee have been assured that this will be fully borne in mind and that there will be no retrenchment of gangmen.

2. The Board have carefully considered the above observations and decided that the Railways should take immediate steps, for proving the utilisation of the machines. Norms for each machine may also be fixed by the Railways taking into account local conditions and Board advised early. There will be no retrenchment on account of introduction of machines and the instructions contained in Board's letter No. 66/WSC/TK/40 dated 26-11-67 may be followed. The possibility of utilising surplus gangmen against other vacancies in the Railways including those created for the maintenance and operation of machines may be considered.

Sd/

R. PARTHASARATHY,
Jt. Director, Civil Engineering (TM)
Railway Board.

No. 70/WSC/TK/40.

New Delhi, dt. 14-10-70. Asvina, 22, 1892.

Copy forwarded for information to A.D.A.I. (Railways) New Delhi (with 45 spares).

Sd/-

R. PARTHASARATHY,
Jt. Director, Civil Engineering (TM),
Railway Board.

Recommendation

Para 5.44 The Committee regret that there was delay on the part of Northern and South Eastern Railways in commissioning certain lathes purchased from a firm. The delay was due to the inordinate time spent (1½ to 2 years) in preparing foundations for the installation of the lathes. The explanation that the foundation work was complicated does not appear very valid, as an other Railway which also purchased this type of lathe, was able to prepare the foundation within about seven months after it received the foundation drawings from the supplier.

Para 5.45 The Committee would like the Railway Board to impress on the Zonal Railways the need to ensure that expensive equipment purchased by them are commissioned without delay. In this case the electronic device of one of the lathes is stated to be out of order. This should be speedily put right.

Para 5.46 The Committee would also like to be informed about the recovery of extra expenditure incurred in sending loco wheels to other workshops owing to defects in the electric circuit of the lathe installed at Mughalsarai.

[S. No. 104, 105 & 106, Appendix VI Paras 5.44, 5.45 and 5.46 of the 116th Report of the PAC 4th Lok Sabha].

Action Taken

Para 5.44 The observations of the Committee are noted.

Para 5.45 Necessary instructions have been issued to the Railways (Board's letter No. 70/M (M&P)/1063/44 dated 15-7-70 — copy enclosed with the reply to recommendation No. 115). In regard to the defective electronic device, the Railway is pursuing the matter with the firm. The firm could not rectify the defect for want of some electronic components which they are trying to obtain. In the meantime, the Railway is with-holding payment of a sum of Rs. 48,323.64.

Para 5.46 The Railway has advised the D.G.S. & D. of their claim of Rs. 71,638.55 arising out of delay in commissioning of the wheel lathe at Moghal-sarai and the D.G.S. & D. have advised their Pay & Accounts Office, Calcutta to with-hold the amount from the firm's bills and to confirm the recovery.

■ This has been seen by Audit, who have commented that the position stated in reply to paras 5.45 and 5.46 is under verification by the local audit office and further communications would follow.

[O.M. No. 70-B(C)-PAC/IV/116 dated 23-10-1970/Kartika 1, 1892]

Further Information

DGS&D with the approval of Ministry of Law etc. have since advised their Pay & Accounts Officer, Calcutta that a sum of Rs. 61,528.24 only has to be recovered from the firm and credit to be given to the Railways as under:—

Northern Railway	Rs. 37476.55
South Eastern Rly.	Rs. 24051.69
	Rs. 61,528.24.

[Ministry of Railways O.M. No. F 70(b)(1)-PAC/IV/116(104-106) dt. 1-2-71].

Recommendation

The committee note that two welding machines costing Rs. 4.43 lakhs and a milling machine costing Rs. 11.8 lakhs purchased by the Chittaranjan Locomotive Works five to six years ago are still not giving satisfactory service. Replacement of necessary parts should be obtained if the suppliers are not able to rectify the defects immediately. Legal opinion should be obtained for claiming compensation from the firm.

[S. No. 107, Appendix VII, Para No. 5.52 of 116th Report, 1969-70].

Action Taken

In regard to the milling machine, the microflood arrangement has been rectified by the firm and is now working satisfactorily. As this machine has been in use right from the time it was installed, there has been no loss to the administration.

As regards the two welding machines, there has been no response from the firm in spite of repeated references to them to put the machines in order. Action to be taken against the firm is being processed in consultation with the Legal Adviser.

This has been seen by audit, who have observed as under:—

The position stated in the action taken note is under verification by local audit office and further communication would follow.

[O.M. No. 70-B(C)-PAC/IV/116 dated 23-11-1970/2 Agrahayana, 1892].

Re-~~vision~~ tion

5.63 The Committee observe that a Timber Impregnation Plant installed in 1960 at a cost of Rs 94,000 has remained either idle or under-utilised, as a wood preservative solution needed for operating the plant is not available indigenously. The efforts of the Railways to find an indigenous substitute for one of the ingredients of this solution have not been successful so far and the Railways have therefore had to import it.

Failure to put a plant to full use in 9 years shows lack of proper efforts on the part of officers concerned. The Committee hope there will be no repetition of this.

5.64 The Committee would like the Railway Board to pursue, if necessary, in collaboration with the CSIR, their efforts to find an indigenous substitute for this and allied products like creosote (used for treatment of wooden sleepers) which are at present not available in the country.

[Recommendations Sl. Nos. 110 & 111, paras 5.63 and 5.64 Appendix VII to the 116th Report (Fourth Lok Sabha 1969-70)]

Action Taken

The observations of the Committee are noted. The question of finding an effective indigenous substitute is under consideration in consultation with the Forest Research Institute, Dehra Dun. As regards creosote, it is understood that it is indigenously manufactured and it is not being imported by the Railways at present.

This has been seen by audit.

[O.M. No. 70-B(C)-PAC/IV/116 dated 9-12-1970/Agrahayana 18, 1892].

Recommendation

Para 5.72. The Committee feel that air compressors were purchased in this case without adequate performance data. Apparently even enquiries about the anticipated life of these compressors were not made before the decision was taken to purchase them. The Committee consider that, since the Railways had no previous experience of the compressors, they should have insisted on proper performance tests being carried out by the manufacturer. One or two compressors should have been initially purchased and further purchases deferred pending evaluation of the performance of the initial lot in the field.

Para 5.73 The Committee would like the Railway Board to issue instructions to ensure that purchases of costly equipment are made only after adequate use of prototype or performance tests, particularly when the equipment proposed to be purchased is of a new kind.

[S. Nos. 112 & 113, Appendix VII, Para No. 5.72-73 of 116th Report of the Public Accounts Committee, IVth Lok Sabha].

Action taken

The observations of the Committee have been noted and suitable instructions issued to the Railways in this Ministry's letter No. 70-B(C)-PAC/IV/116 (Para 36) dated 24-7-70 (copy attached).

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 70-B(C)-PAC/IV/116 dated 16-9-70/Bhadra 25, 1892]

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 70-B(C)-PAC/IV/116(Para 36)

New Delhi, dated 24-7-70.

Sravana 2, 1892

The General Managers,
All Indian Railways,
CLW, DLW & ICF.

D.G./R,D.S.O., Lucknow.

Sub : *Para 36 of the Audit Report Rlys. 1969—Northern and S.E. Railways—Premature condemnation of Air Compressors—PAC's recommendation thereon.*

In the above noted para, audit have commented on the defects noticed relating to batteries, engines and electrical system on the imported mobile air compressors purchased by a Railway Construction Project, within one year of purchase. An amount equal to 5 per cent of the contract price was

held as guarantee for satisfactory performance during this period. The supplier, however, failed to render after sales-service. The Railway had also difficulties in getting spare parts in India for proper maintenance of the machines. The P.A.C. have made the following observations on this case in their 116th Report (1969-70) :—

“The Committee feel that air compressors were purchased in this case without adequate performance data. Apparently even enquiries about the anticipated life of these compressors were not made before the decision was taken to purchase them. The Committee consider that, since the Railways has no previous experience of the compressors, they should have insisted on proper performance tests being carried out by the manufacturer. One or two compressors should have been initially purchased and further purchases deferred pending evaluation of the performance of the initial lot in the field.

The Committee would like the Railway Board to issue instructions to ensure that purchases of costly equipment are made only after adequate use of prototype or performance tests, particularly when the equipment proposed to be purchased is of a new kind.”

The Board desire that the observations made by the Committee in regard to purchases of a new type of costly equipment being made only after ensuring that the performance of prototype are satisfactory or after demonstration of satisfactory performance tests by the suppliers, may be noted for guidance.

Please acknowledge receipt of this letter.

DA/Nil.

*Jt. Director, Civil Engg.,
Railway Board.*

Copy to :—

- (i) CAO(R), Metropolitan Transport Project, C/o. General Manager, Central Rly. Bombay.
- (ii) CAO(R), Metropolitan Transport Project, 14, Strand Road (5th Floor), Calcutta.

DA/Nil.

*Jt. Director, Civil Engg.,
Railway Board.*

No. 70-B(C)-PAC/IV/116/(Para 36) New Delhi dated 24-7-70.
Sravana 2, 1892.

Copy with 45 spares forwarded for information to ADAI (Railways), New Delhi.

*Jt. Director, Civil Engg.,
Railway Board.*

Copy to Sig., Stores, Electrical, T.M., W-4, W-5, W-6, Sections of Works Dte., F (X) II and F (S) Branches of Railway Board.

Recommendation

Para 5.87 The Committee deprecate the unconscionable delay of over four years that occurred in the Northern Railway in installing a power hammer that was purchased at a cost of Rs. 2.19 lakhs. The Railway Board have stated that this delay was "Unavoidable" in view of certain difficulties that arose in the reorganisation of the workshop, where the hammer had to be installed, but it is evident that the authorities concerned showed no sense of urgency or of priorities in programming the work. For the sake of effecting a saving of Rs. 51,786, which was also apparently not realised, the reorganisation of the workshop was delayed and the equipment remain uninstalled. The result of this delay was that the Railways lost their hold on the supplier to whom residual payment normally due after installation, had to be made even before such installation, as it could not be indefinitely delayed. When defects in the equipment came to notice after it was installed, the Railways were obliged to rectify them at their cost.

Para 5.88 As the equipment is now stated to be working satisfactorily, the Committee do not wish to pursue this case further. The Committee however trust that the Railway Board would take adequate steps to ensure that cases of disjointed and uncoordinated planning of this type will not recur. The question whether adverse notice should not be taken of the suppliers' performance in this case should also be examined in consultation with the DGS&D.

[S. Nos. 114 & 115, Appendix VII, Paras 5.87 & 5.88 of 116th Report of the P.A.C. Fourth Lok Sabha].

Action taken

Paras 5.87 and 5.88

The observations of the Committee are noted and necessary instructions have been issued to the Railways in Ministry of Railways' letter No. 70/M(M&P)/1063/44 dated 15-7-70 (copy enclosed).

In regard to the question whether adverse notice should not be taken of the suppliers' performance in this case, the matter was referred to the Ministry of Supply whose view in the matter are reproduced below:—

".....the business dealings with the firm M/s. Eastern Machinery and Trading Co. Bombay, who supplied the imported power hammer, in this case were suspended by DGS&D in another connection on the 22.8.61 while the suspension orders were still in force the firm was blacklisted by the Ministry of Irrigation and Power with effect from the 28-10-65. This blacklisting order was revoked on the 24-10-68 which was implemented by DGS&D on the 7-12-68. In view of the above, no further action against the firm would seem to be called for in this case."

It has been further clarified by the Ministry of Supply that the order for the removal of the firm from the list of approved suppliers was issued on 7-12-68. This would mean that it is treated as an unregistered firm and is, therefore, not entitled to certain advantages available to a registered firm.

This has been seen by Audit.

DA/One.

[Ministry of Railways (Rly. Board) O.M. No. 70-BC-PAC/IV/116 dated 14-12-1970. Agrahayana, 23,1892].

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 70/M(M&P)/1063/44.

New Delhi, dated 17-7-1970.

All Indian Railways
C.L.W./D.L.W. & I.C.F.

SUB : *Action taken on PAC recommendation contained in their 116th Report (Fourth Lok Sabha) Delay in commissioning plant and machinery [Para 34 (a)]*

From time to time, the Board have impressed upon the Railways the imperative need of taking prompt action in ringing into commission new plant and machinery and utilising the stores that have been procured. In this connection attention is invited to the marginally noted instructions issued by the Board on the subject.

1. Letter No. 61-B (C)-W/23 dt. 28-9-61.
2. Letter No. 69-B (C) - PAC/IV/60 (42) dt. 15-7-69.

2. Cases of plant and machinery lying uninstalled on railways for prolonged periods are, however, still coming to notice of the Board. Arising out of one such case reported in para 34(a) of the Audit Report (Railways) 1969, the Public Accounts Committee in their 116th Report (Fourth Lok Sabha) have again desired that the need to ensure that expensive equipments purchased by the Railways are commissioned without delay should be impressed on the zonal Railways.

3. The P.A.C. have also commented on the disjointed and uncoordinated planning in another case mentioned in para 37 of the Audit Report (Railways) 1969. A 3 ton pneumatic hammer was imported through DGS&D in Feb. 1957 and was installed in July 1961. The delay in erection was due to reorganisation of millwright shop involving the shifting of crane repair shop to a new site. During the trial runs the electric circuit tripped frequently but the firm did not agree to rectify the defect. The hammer was commissioned by Railway in February 1962 but in July 1964, the cylinder and the stuffing box cracked. This was got repaired by the Railway and the hammer was recommissioned only in January 1969. On account of the railway's delay in commissioning the hammer, the DGS&D released the last instalment of 10% to the firm in October 1960 and the firm could not be forced to rectify the defects under the warranty clause.

4. The Board, therefore, once again stress that in order to eliminate such cases in future, the Railways should ensure that necessary preliminary arrangements for installation and operation of plant and machinery on order are completed well in time and the machinery in commissioned without undue delay. For this purpose, a detailed procedure indicating the responsibility for each department should be laid down; a copy of the procedure orders issued may kindly be sent for the information of the Board.

5. Please acknowledge receipt.

D.A. Nil

*Jt. Director Mech : Engineering (W),
Railway Board.*

No. 70-M(M&P)/1063/44.

New Delhi, dated 15-7-1970.

Copy with (40 spares) forwarded for information to the ADAI (Railways) New Delhi.

D.A. Nil.

*Jt. Director. Mech : Engineering (W),
Railway Board.*

Recommendation

5.96 The Committee note that a press-brake machine (cost Rs.68,000) was purchased for installation in the Matunga Workshop on the calculation that the Workshop would turn out 5 wagons per day. After the machine was installed (August, 1965), wagon production in the Workshop has almost progressively declined. The number of wagons produced, which was 592 in 1965-66, came down to 292 in 1968-69. The machine, which at one stage was declared surplus, is, however stated to be utilised for certain items of work which was expected to be done by ICF and BEML.

5.97 The Committee would like an assessment to be made to ascertain whether the machine is being at present put to the best possible use. Steps should be taken for its transfer to any other workshop, if the machine is capable of being better used there.

[Recommendation S.Nos. 116 & 117, Paras 5.96 and 5.97, Appendix VII of the 116th Report, 1969-70].

Action taken

5.96 & 5.97.

The observations of the Committee are noted.

2. Best possible use is being made of the machine under the prevailing load conditions at Matunga Shops of Central Railway. Possibility of transfer of this machine with existing load to other railway work-shops such as I.C.F. is under consideration. In the meantime the Central Railway is making efforts to obtain load for this machine from other Railways for improving the utilisation.

3. The present actual out-turn of the press-brake machines is as follows :-

Jany. 70	292hours
Feb. 70	280 "
March 70	555 "
April 70	380. "
May 70	404 "
June 70	384 "

This has been seen by audit who have observed as under :-

"The position stated in the action taken note is under verification* by local audit office and further communication would follow."

[O.M. No. 70-B (C)- PAC/IV/116 dated 7-12-1970/ 16 Agrahayana, 1892]

Recommendation

5.107 The Committee observe that there was a delay of more than 3 years on the part of a firm in completing supply of two diamond core drilling machines (cost Rs.1.02 lakhs) ordered for a project. By the time the supply was completed, the work for which the machines were intended was over and it became necessary to divert the machines elsewhere.

[S. No. 118, Appendix VII, para 5. 107 of the 116th Report of the PAC (4th Lok Sabha)]

Action taken

Para 5.107 The observation of the Committee are noted.

[O.M. No. 70-B(C)- PAC IV/116 dated 23-11-70 Agrahayana 2, 1892]

*Above replies have been vetted by Audit without any comments.

Recommendation

6.10 The Committee regret to observe that wagons loaded by a company with clinker and sent from Sika without weighment were being marked "erroneously" by the Railway staff for weighment at the destination, viz. Sabarmati, where actually there was no weighbridge. Even test weighments at any of the weighbridge stations en-route were not done "due to neglect on the part of the staff". The Committee would like suitable disciplinary action to be taken against the staff found negligent.

6.11 The Committee note that wagons containing loose sand stone sent to the same company have been found in very many cases to have been overloaded, when test weighment was conducted en-route. The Railway concerned should exercise vigilance at the loading point to ensure that there is no repetition of such instances of overloading.

[S. Nos.120 &121,Appendix VII Paras 6.10 & 6.11 of 116th Report of the P.A.C. Fourth Lok Sabha]

Action Taken

6.10 Disciplinary action has been initiated against a Station Master, three Goods Clerks and one Asstt. Goods Clerk of Sika Station for erroneously marking the wagons, loaded with cement clinker, for weighment at Sabarmati. Necessary instructions have been issued to the Divisional Supdt. Rajkot to finalise the disciplinary action expeditiously.

In regard to failure of the staff to carry out test weighments at en-route stations, the Divisional Superintendent, Rajkot has been instructed to fix responsibility and initiate disciplinary action.

6.11 In regard to weighment of wagons loaded with loose sand stone from Makansar to Sika, a weighbridge has been installed at Makansar and brought into use from 24-5-69 and another weighbridge has been installed at Sika on 11-1-70. Instructions have also been issued to the Divisional Superintendent Rajkot to see that vigilance is exercised at the loading point so that the incidence of overloading is eliminated.

This has been seen by audit who have stated that the position regarding the installation of the weighbridge at Makansar and Sika is under verification* by the local audit and a further communication would follow.

[O.M. No.70-B PAC/IV/116 dated 23-11-70*Agribavana 2, 1892.]

Recommendation

6.26 The Committee regret to observe that the Railway Administration failed to secure adequate deposit or a readily enforceable guarantee from the Assam Co-operative Sugar Mill to cover the cost of additional works on a Railway siding which they were asked to carry out on top priority basis. It took more than 2 years for the Railway Board to finalise the estimates of cost of the additional works.

*Renlies vette 1 by A udit without any comment.

6.27 The Committee note that a sum of Rs. 2,19,636 is outstanding against the mill as on 31st March, 1969 and that notice for closure of the siding has been served for non-payment of the charges. It is strange that the Railway Administration took no action over a period of 11 years to realise the amount due. The Committee would like the question of recovery of the outstanding dues to be pursued with the Mill. The good offices of the State Government who are reported to own 60 per cent of its shares may also be sought at a high level. It should also be investigated why there was a failure to take prior deposit from the party and to follow up the question of recovery. Adequate action against the officials found negligent or lax should thereafter be taken.

6.28. The Committee further suggest that instructions may be issued by the Railway Board to ensure that in all such cases suitable advance is obtained as deposit to cover the estimated cost so that Railways' interests are not jeopardised.

[S. Nos. 123, 124 and 125, Appendix VII, Paras 6.26, 6.27 and 6.28 of the P.A.C.'s 116th Report- 4th Lok Sabha]

Action taken

6.26 The observations of the Committee are noted.

6.27 The Mill siding has been closed with effect from 20-1-70 in accordance with the notice issued to the mill authorities. In regard to the efforts made to recover the additional amount on account of the construction of the siding, it is submitted that efforts were being made continuously since 27-10-60 to persuade the mill to pay the amount. In January, 1962, the company shifted the responsibility for payment to the Registrar of Co-operative societies and the Railway started pressing him also for the payment. When these efforts were not fruitful, a notice of closure of the siding was issued on 10-4-67 and another on 12-7-67 the latter to take effect from 15-8-67. The matter was further pursued with mill authorities. On 2-12-68, the Dy. Chief Engineer and Dy. Financial Adviser and Chief Accounts officer met the Secretary, Deptt. of Co-operation, Government of Assam. At this meeting, the Registrar, and Dy. Registrar of Co-operative Societies, the Under Secretary, Co-operation and the Managing Director, Appex. Bank, Assam were also present. After considerable negotiations, it was agreed that Rs.75,000 would be paid as a first instalment by March,69 and the balance would be cleared in the next 3 to 4 months time. This decision was also conveyed to the Railway in writing by the Secretary Government of Assam, Deptt. of Co-operation. But the payment was not forthcoming. The General Manager of the Railway has since written to the Chief Secretary to use his good offices and arrange for the payment early. A chronological statement showing the action taken to recover the amount due from the sugar mill is enclosed as annexure I.

As regards the responsibility for omission to obtain adequate security deposit before undertaking the additional work and also delay in finalisation of the estimates, the N.F. Railway have been asked to investigate the matter further with a view to fix responsibility and also take disciplinary action against staff found at fault.

