P.A.C. No. 599

PUBLIC ACCOUNTS COMMITTEE (1977-78)

(SIXTH LOK SABHA)

SIXTIETH REPORT

DIESEL LOCOMOTIVE WORKS

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 225th Report (Fifth Lok Sabha) on Paragraph 9 of the Report of the Comptroller and Auditor-General of India for the year 1972-73, Union Government (Railways)]

Presented to Lok Sabha on 20-12-1977
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Corrigenda to 60th Report of Public Accounts Committee on Diesel Locomotive Works presented to Lok Sabha on 20.12.1977.

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3. Shri T. R. Ghai — *Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixtieth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Two hundred and Twenty-Fifth Report (5th Lok Sabha) on Diesel Locomotive Works commented upon in paragraph 9 of the Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Railways).

2. On 10 August, 1977 an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports :

1. Shri C. M. Stephen — *Chairman*
2. Shri Asoke Krishna Dutt — *Convener*

Members

3. Shri Gauri Shankar Rai
4. Shri Tulsidas Dasappa
5. Shri Kanwar Lal Gupta
6. Shri Zawar Hussain
7. Shri Vasant Sathe

3. The Action Taken Sub-Committee of the Public Accounts Committee (1977-78) considered and adopted the Report at their sitting held on 9 December, 1977 (AN). The Report was finally adopted by the Public Accounts Committee (1977-78) on 17 December, 1977.

4. For facility of reference the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/recommendations of the Committee have also been appended to the Report in a consolidated form.

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

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

NEW DELHI ;
December 19, 1977
Agrahayana 28, 1899 (S)

CHAPTER I

REPORT

1.1 This Report of the Committee deals with the action taken by Government on the recommendations/observations of the Committee contained in their 225th Report (Fifth Lok Sabha) on Diesel Locomotive Works which was presented to the Lok Sabha on 30·8·1976.

1.2 Action Taken Notes in respect of all the 27 recommendations contained in the Report have been received from Government* and these have been categorised as follows:--

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

Sl. Nos. 3, 7, 11, 12, 16, 19, 20, 22, 23, 24 and 27.

(ii) *Recommendations/observations which the committee do not desire to pursue in the light of the replies received from Government*

Sl. Nos. 2, 4, 5, 6, 8, 9, 13 and 15.

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

Sl. Nos. 10, 17, 21, 25 and 26.

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

Sl. Nos. 1, 14 and 18.

1.3 The Committee expect that final replies to those recommendations/observations in respect of which only interim replies have so far been furnished will be submitted to them, duly vetted by Audit, without delay.

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

Under-utilisation of the installed production capacity (*Paragraph* 3·35—*Sl. No.* 10).

1.5 Referring to the under-utilisation of the production capacity installed at huge cost at DLW, the Committee in paragraph 3·35 of their 225th Report (Fifth Lok Sabha), had observed :

"They are constrained to observe that there has been little, if any, justification for the under-utilisation of the production capacity installed at huge cost to the country. Occasional set-backs in

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*Action Taken Note on Sl. No. 11 has not been vetted in Audit.

production on account of factors beyond the control of the DLW administration are understandable. However, the continuous shortfall in production which in some years was of the order of about 50 per cent of the installed capacity can only lead the Committee to conclude that the project was not planned as well and carefully as it should have been. This is corroborated by the fact that when in 1965, i.e., about a year after the first locomotive rolled out from the DLW, the need was felt for diversifying production so that the manufacture of metre gauge locomotives could also be undertaken. It is significant also that the introduction of incentive working had to be deferred till 1969, because "with locomotive orders placed on DLW it could not be ensured that it would be possible to sustain the higher rates of production that would be generated through incentive working."

1·6 In their Action Taken Note dated the 7th March, 1977, the Ministry of Railways have stated :—

"While noting the observation of the Committee the Railway Board would submit that the original project Report submitted by the Collaborators envisaged the attainment of 150 BG locomotives out turn per annum. Their assessment of M & P items was based on their experience and conditions prevailing in the United States. A vide range of variations in the loads as worked out by them had been noticed by DLW while taking up the manufacture of components on various load centres. Mainly these variations were attributed to the use of superior quality of tungsten carbide tools, forgings and castings having much less stock removal, whereas Indian suppliers have not been able to achieve the matching standards. Moreover, the manufacture of maintenance spares such as cylinder heads, cylinder liners, valve-lever mechanism, turbo supercharger items, camshafts, capital spares and repairs to cylinder block, diversion of some machining capacity to loads originally planned for discharge by the indigenous vendors, etc., which were not anticipated earlier, had subsequently to be catered for within the installed capacity. It would thus be seen that DLW has been trying its best to make optimum use of the resources, in the form of capital assets and manpower, available at its disposal. These determined efforts enabled the D L W to comply with the production requirements and maintain supply of much needed spares to the Zonal Railways."

1·7 The Committee are distressed to note that the Ministry of Railways do not appear to share their grave concern at the under-utilisation of the production capacity installed at DLW at a huge cost. The Committee do not appreciate the Railway Board's attempt to explain away the under-utilisation of the production capacity in DLW in terms of Collaborators estimates having been based upon the conditions prevailing in the United States. The Committee feel that the Project was planned on unrealistic assumptions which could not be attained in the conditions prevailing in this country. The Ministry of Railways cannot exonerate itself from the esponsibilities cast upon them in examining the Project Reporting rreater details particularly in the context of indige-

nous capacities and capabilities. The Railway Ministry can draw some satisfaction from the fact that a part of the spare capactiy is being utilised for the manufacture of maintenance spare parts. But the fact remains that the production capacity installed at huge cost to the nation remained under-utilised. The Committee trust that at least for future lesson would be drawn from the D.L.W. experience.

Overtime Payments (Paragraph 4.16—Sl. No. 17)

1.8 Dealing with the rising trend of overtime payments from year to year, the Committee in paragraph 4.16 of their 225th Report had observed :

> "Another significant point to be noticed is that the payments on account of overtime in D.L.W. had been rising from year to year after the introduction of the incentive scheme in 1969-70. The overtime payments in 1969-70 were of the order of Rs. 8.75 lakhs. This figure went up to Rs. 9.43 lakhs in 1970-71 and touched the figure of Rs. 11.84 lakhs in 1971-72. The Committee feel that overtime payments should normally be resorted to in some shops only for completing jobs to feed other shops during the normal shift hours and therefore, the overtime payments in some shops should be counter balanced by their total absence in other shops. However, the trend of overtime payments in D.L.W. only indicates that the production time saved by the operation of incentive scheme had really been wasted away without being utilized for production purposes."

1.9 In their Action Taken Note dated 12 July, 1977, the Ministry of Railways have stated as follows :--

> "As already explained the necessity to book overtime arises out of several unavoidable factors such as time lost due to large number of holidays in a month, high incidence of absenteeism, power failures, bunching of work resulting from non-uniform flow of materials due to poor supply from vendors, etc. The suggestion of the Committee that overtime should normally be resorted to in some shops only for completing the jobs to feed other shops during the normal hours is noted, but purely on considerations of work it becomes sometimes necessary to book overtime in cases where for example imbalances of work for various reasons arise. The position regarding overtime payments for the years 1972-73 to 1976-77 is given below:—

Year	Amount of overtime
	(Rs. in lakhs)
1972-73	12.82
1973-74	10.18

Year	Amount of Overtime (Rs. in Lakhs)
1974-75	1.74
1975-76	7.63
1976-77	7.16

It may be noted that there has been considerable reduction in the quantum of overtime payments in spite of an increase in the number of men under incentive from 903 during 1971-72 to about 2134 during 1976-77 and an increase in the percentage of absenteeism from about 15.75% in 1971-72 to 19.33% during 1976-77".

1.10. **The Committee are happy to note that the incidence of overtime payments has come down from Rs. 12.82 lakhs in 1972-73 to Rs. 7.63 lakhs in 1975-76 and further to Rs. 7.16 lakhs in 1976-77. However, the Committee feel that incidence of overtime payments is still on the higher side particularly when compared to the figure of Rs. 1.74 lakhs in 1974-75. Thus, there is need to reduce it further by proper material planning and personnel management.**

Inventory Control (*Paragraph* 5.24—*Sl. No.* 21)

1.11. Regarding Inventory Control, the Committee had observed in aragraph 5.24 of their 225th Report as under:—

> "The Committee learnt that in order to avoid accumulation of surplus stores, an integrated production-cum-inventroy control system by computer had been introduced at D.L.W. for periodical check-up and adjustments to be made. However, the entire stores system has not been yet computerised, only three out of the five phases of inventory control by computerisation having so far been completed. The Committee urge that this process which seems desirable should be expedited, keeping also in view Government's over-all policy of ensuring that computerisation does not affect the provision of employment opportunities. The precise progress made in eradicating the evils of over-stocking may be intimated to the Committee."

1.12. In their Action Taken Note dated 7 March, 1977, the Ministry of Railways have stated:-

> "The Committee's observations regarding computerisation of stores system are noted.
>
> As regards action taken for eradication of overstocking, exception Reports showing position of over-stocks, surplus stocks etc. are being made out from computer regularly for review and action by departmental officers concerned. From the position of inventories given in annexure it would be noted that there has been considerable improvement in the last two years."

1.13. **The Committee wish that the Ministry of Railways had been somewhat more forthcoming than merely intimating that their "observations regarding computerisation of stores system are noted." The progress made to implement the remaining two phases (out of**

five) to bring the entire stores system under computerisation, should have been clearly brought to the notice of the Committee.

Costing Procedure at DLW (Paragraph 6.13—Sl. No. 24)

1.14. Commenting on the costing procedure at D.L.W., the Committee in Paragraphs 6.12 and 6.13 had observed :

> "The Committee find that the selling prices or the transfer prices at which D.L.W. locomotives are handed over to the various Zonal Railways are fixed by the Railway Board from time to time. These prices are determined in accordance with a formula under which the base price of a complete locomotives as given in the contract with ALCO is taken as the basis for the fixation of the selling price of a locomotive. From the base price of components given in the contract in dollars the present day landed cost of the imported portion is worked out by applying the current rate of exchange, and the value of indigenous components is also suitably escalated. The commercial practice of pricing of products which *inter alia* takes into account an element of profit etc, over and above the basic cost is not followed for determining the transfer price of diesel locomotive even though this practice is being followed in DLW in determining the price of works done for private parties.
>
> The Committee feel that in view of the fact that DLW is a captive plant, the prices of whose products are determined by the same agency which requires them, it is necessary that a more scientific system for evaluating costs is instituted. Such a system should enable the management to know whether the resources deployed are being properly utilised and also whether an adequate return is accuring on the capital invested. The Committee desire that the costing methods followed in the DLW may be re-examined with the requisite expert assistance and in co-operation with the Cost Accounts Branch of the Ministry of Finance."

1.15. In their Action Taken Note dated 21 September, 1977, the Ministry of Railways have stated :

> "The recommendations of the Committee have been examined and the following remarks are offered :
>
> Initially the transfer prices of locos produced at DLW were no doubt fixed as stated in recommendation No. 6.12, *i.e.* to say, with reference to the landed price of an imported loco. However, consequent upon increasing production of locos and progressively enlarging indigenisation, the import content in the locos reduced considerably and it was decided to fix the transfer price on the basis of the estimated cost of manufacture of the locos at DLW. This practice has been in vogue since 1-4-70.
>
> From the observation of the PAC it appears that even though DLW is a captive under taking, they wish it to charge the rail-

ways as an independent commercial undertaking. PAC have observed that

(a) DLW is not charging any profit on the locos produced and supplied to the Railways.

(b) DLW is not ensuring that adequate return is accruing on the capital invested.

In this connection, it is submitted that DLW is a purely departmental undertaking of the Ministry of Railways established basically for the purpose of manufacturing Diesel Locos required by the Indian Railways for their use. The question of DLW charging any profit on the locos supplied to the Railways and thereby improving the return on the capital invested should not therefore arise.

The output of the Rly. Production Units is supplied to the Railways on a 'no-profit, no-loss' basis. The outturn when transferred to the allottee Railways is not treated as a 'sale' in the commercial sense. The price charged to the Railways includes the prime cost and all the overhead charges incurred at DLW but does not include any element of profit or any interest charges on the capital invested. Any addition of interest (dividend) charges to the cost of the locos will inflate the capital- at- charge on the Railways leading to avoidable burden of dividend and consequently on the general public by way of increase in fares and freights. A proforma account is, however, maintained showing the cost of the locos inclusive of the interest charges.

It is a generally accepted principle that no profit is charged on the assets created by an Undertaking for its own use since otherwise it would mean "trading with themselves".

Inclusion of an element of profit in the transfer price to make it a 'sale' in the commercial sense may possibly lead to other complications also such as levy of Sales Tax and Income Tax etc.

There are a large number of Departmental Workshops on the Railways for the repair of the Railway's rolling stock, which also manufacture components for use on the Railways. In pricing the components manufactured in these workshops for use on the Railways no profit is charged for the same reason *viz.*, that these workshops are part and parcel of the same organisation.

In all these circumstances the Board feel that there should be no need to change the existing procedure of pricing the products manufactured by DLW for use on the Indian Railways. It may be mentioned however that for the products manufactured in these workshops for sale to outside parties, the normal commercial system of costing including some profit is invariably followed.

As regards PAC's observation that "a more scientific system for evaluating costs is instituted" it may be mentioned that a

detailed and scientific cost accounting system has been introduced at DLW. Based on a detailed work order structure, the system provides for the collection of prime cost and overheads (distributed according to commercially accepted principles). The source documents for labour and stores have been computerised. The system provides for sufficient details for the purpose of cost collection, comparison and control. In order to evaluate efficiency the following rigid procedures are followed and it is, therefore, considered that for a departmental captive undertaking the usual concept of judging efficiency merely by profit may not be very apt.

(i) Materials required for each job are pre-planned by the Production Control Section.

(ii) The times required to complete the various jobs and operations have been standardised after conducting time and motion studies in a scientific manner. Based on those studies an incentive scheme for labour is also in force in that unit. The scheme provides for an element of financial motivation for the workers to complete the jobs within the standard time fixed so that both the labour and administration are benefited by way of increased production. Workers at DLW are in fact earning an incentive bonus.

(iii) Use of computers in production planning and control is being gradually extended for better and selective control over the various facets of operation.

(iv) Scientific methods of inventory management are gradually being introduced for ensuring efficiency and economy in purchase, custody and issue of stores.

(v) Cost reports showing the details of various elements of cost for each batch of rolling stock manufactured are compiled at unit level regularly and are scrutinized by the Accounts and Mechanical Deptts. to identify these areas of possible economy. These reports are submitted to the Railway Board, where they are examined by the Cost Accounts Cell and the Mechanical Directorate.

(vi) In addition, reports in respect of man-power utilisation inventory balances, machine utilisation, working of the incentive scheme etc. are regularly prepared for drawing the attention of the higher management for proper managerial control at various levels, including the Railway Board.

In the light of the above, it may be stated that the costing methods an management techniques at DLW are scientific and rational and suited to the requirements of a large departmental undertaking like the Railways. However, keeping in view the observations of the Public Accounts Committee the costing procedures in DLW are being reviewed in consultation

with the Cost Accounts Brarch of the Ministry of Finance with a view to introducing further refinements in the procedures to make them conform to the modern developments in the costing techniques.

1.16. The Committee note from the revised reply received on 21-9-1977 that the costing procedures in DLW are being reviewed by the Ministry of Railways in consultation with the Cost Accounts Branch of the Ministry of Finance.

Calculation of indigenous contents

(Paragraphs 7.6 and 7.7—Sl. Nos. 25 and 26)

1·17. On the question of calculating the percentage of the indigenous contents in Diesel Locomotive, the Committee in Paragraphs 7.6 and 7.7 of their 225th Report had observed :

"The Committee find that the percentage of indigenous content in a Diesel Locomotive as determined by the D.L.W. Administration works out to 86 in 1971-72 in the case of a B.G. locomotive and almost 86 in the same year in the case of a M.G. locomotive. If this were so, it does not explain why the value of the stores imported is of the order of 32 to 50 per cent of the total purchases during 1970-71 to 1972-73. It is also presumed that the import contents of the bought out items such as the electricals supplied by the HEIL/BHEL and which account for 44 per cent of the cost of a locomotive, have not been taken into account while arriving at the percentage of achieved indigenisation.

The Committee desire that the figures worked out by Audit and by the Administration be reconciled and a more scientific method which truly reports our progress in indigenisation be worked out. The Committee would very much like to know clearly the latest position in regard to the indigenisation in D.L.W."

1·18. In their Action Taken Note dated the 18-5-77, Ministry of Railways have replied:

"The percentage of indigenisation as expressed by the D.L.W. is with reference to the basic price of imported items required for manufacture of locos at D.L.W. as compared to the total cost of the locomotive at ex-factory USA rate in 1962. As and when the various items are available from indigenous sources, the value of these components are deleted from the import list. The percentage of indigenisation achieved represents the value of components so deleted from the import list expressed as a percentage of the total cost of the locomotive as obtaining in 1962. By this method when all the components are indigenised, the position of indigenisation would indicate 100 per cent progress. In this method, the price variation factors of the components from time to time do not enter into the calculation.

In regard to the value of stores imported which is of the order of 32 to 50 per cent of the total purchases during 1970-71 to 1971-72, it is submitted these figures merely represent the escalated price of imported items such as balancing imports, import of tools and machine parts, initial spares etc. and importation charges such as customs duty. In the method adopted by the DLW the basic price of imported items remains the same and the price variation factor does not enter into the calculation at all. The foreign exchange content of items supplied by indigenous manufacturers including BHEL is not taken into account in working out the progress of indigenisation as it is not possible for D.L.W. to maintain accurate figures in that respect.

Audit is of the view that it would be more appropriate to take the import content in a locomotive as imported through each batch cost and the extent of indigenisation attained. It is, however, submitted that this method is not practicable as the cost factor is a varying phenomenon considering the long time required for procuring the various imported items including import of initial spares, price escalation etc. The total cost of production as reflected in batch cost does not reflect the correct status of indigenisation. It is likely that such a comparison would give a distorted picture all the more for the reason that the reduction in cost achieved consequent upon the indigenous purchase/manufacture of a predominantly large number of items would not be properly reflected in such comparison but would also result in the import content being reflected at an artificially higher level because of comparatively higher trend of price escalation in the source country.

Further if the present day import cost is taken into account, the comparison should be made with the estimated present day cost at ex-factory USA rate as also landed cost of the locomotive and this would be a very complicated procedure to follow. The percentage of indigenisation in 1975-76 in case of B.G. locomotive is 90.5 and M.G. locomotive 90.6."

1.19. The Committee are surprised to note that the foreign exchange content of items supplied by indigenous manufacturers including BHEL are not taken into account in working out the progress of indigenisation. They are unable to appreciate Government's contention that it is not possible for DLW to maintain accurate figures of imported contents in this respect. As pointed out by the Committee earlier the bought out items such as electricals supplied by the HEIL/BHEL account for about 44 per cent of the cost of a locomotive and the import contents of these items have not been taken into account while calculating the percentage of indigenisation achieved. The Committee thus conclude that the figures of "Indigenisation achieved" as calculated by the DLW with reference to the total cost of the locomotive at ex-factory U.S.A. rate in 1962 does not correctly reflect the import content in terms of value. They would, therefore, urge the Ministry to explore some scientific method of calculating the indigenous content in a Diesel Locomotive.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1.15 It appears to the Committee that no design modifications have been specifically made for better performance by the diesel locomotives produced at DLW in the context of the recent steep increase in the price of petroleum products. At the same time it is learnt that there is scope for further improvement in this regard but a major development task of this sort can be carried out only with the aid of a strong Research and Development team backed by a properly equipped diesel engine testing laboratory, which the Railways lack. The Committee would have thought that during the last 15 years or so of its existence the DLW had developed sufficient expertise to undertake vital R & D activities. After all, the DLW cannot afford to look for all time to come towards their foreign collaborators for technical services and advice. The Committee feel that the difficult ways and means position of our Railways should not come in the way of developing a strong research and development team.

[Sl. No. 3 Para 1·15 of 225th Report of PAC (1976-77)].

Action taken

The observations of the Committee have been noted and necessary action for development of diesel loco research and design facilities has been initiated.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225(3) dated 7-3-77/16, Phalguna, 1898]

Recommendation

2·12 The Committee find that about Rs. 84·69 lakhs comprising, Rs. 41·38 lakhs of imported equipment and Rs 43·31 lakhs indigenous machines have been laid out on facilities for manufacture of spares at DLW. The explanation offered for the establishment of this capacity for spares is that the spares for diesel locomotives were sophisticated items, with accurate finish and close tolerances and such items were not available as finished products from the trade. It has been further stated that depending upon suitable offers, some finished items were also purchased directly by Railways from sources developed in trade. While the Committee agree that the requirements of specialised equipment have to be met without failure and delay they feel that efforts should have been directed towards encouragement of more ancillary industries by placing orders on them for the manufacture and supply of sophisticated spare parts. This would not

only have subserved the national interest by giving a fillip to the growth of industry but at the same time could have enabled the DLW to concentrate more on important activities. For example, the outlay of about a crore of rupees on the facilities for spares could have perhaps been more profitably utilised for Research and Development had the industry been encouraged to meet the requirements of spares for DLW. This aspect of the matter may be born in mind for future planning.

[Recommendation Sl. No. 7 Para 2.12 of 225th Report of PAC (1976-77)]

Action taken

There are over 300 indigenous sources in the Private and Public Sector supplying over 1800 components (finished and semi-finished). These large number of suppliers and the high percentage of indigenisation has been secured as a result of continuous effort since the establishment of DLW. For establishing capacity for supply of spares to the Railways efforts had been continuously made to obtain as many components from the trade as could be obtained conforming to the required specifications. Forgings and castings are being supplied by the trade and also finished components as already pointed out by about 300 indigenous sources. The machining and further processing of some of the raw material, forgings and castings could not be undertaken by trade either due to fine machining, tolerances involved, low off-take etc. and, therefore, facilities were required to be set up at DLW. These components require special machines and technology. To give one or two examples, cylinder liners and cylinder heads could not be obtained from the trade in finished condition inspite of all the vigorous efforts made in the past 2 years. The only success achieved for these 2 items was that castings could be developed for cylinder liners whereas the machining and further process had to be developed at DLW. The Committee's recommendations have been noted and the efforts to develop the components for diesel locos with indigenous firms are continuing. The recommendations to set up R&D facilities have also been noted for implementation and action has also been initiated in this direction.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225(7) dated 31-3-77/10, Chaitra, 1899]

Recommendation

3.36 As the Audit Paragraph points out, the initial Fourth Plan target of 648 locomotives was in 1971 scaled down to 550 locomotives. This target appears to have been further lowered in February, 1973 when the Railway Minister stated in his budget speech that against the earlier target of 160 locomotives planned for 1973-74, only 140 locomotives would be produced in that year. Against the targeted production of 530 locomotives, that is to say, only 445 locomotives were actually produced at DLW during the fourth plan period. According to the Railway Board the short-fall in production in the last 2 years i.e. 1972-73 and 1973-74 of the Fourth Plan had been mainly due to labour troubles and to power supply problems. Pending final determination of the issue, the Committee would like to know whether the production target in the subsequent years had been

achieved and all the orders placed on DLW by the Railway Board were now being cleared according to schedule.

[Sl. No. 11, Para 3.36 of 225th Report of PAC (1976-77)]

Action taken

Railway Board would submit the following position for the information of the Committee:—

1974-75:—The funds provided in the budget papers as indicated in the Pink Book were for manufacture of 86 BG and 30 MG Locos. However, in view of the escalations in the cost of material, the cost of locomotives were also higher than those envisaged and budget estimate stage for 1974-75. Keeping in view the resources position, GM/DLW was advised *Vide* Railway Board's letter No. 74/F.Ex/4.1/4 dated 22-2-75 a target of 80 BG and 15 MG locomotives for 1974-75 and 63 BG and 4 MG locomotives for 1975-76. Against the target of 80 BG and 15 MG locomotives for Railways and 5 WDS6 for Steel Plants during 1974-75, DLW produced 72 BG, 15 MG and 5 WDS6 (for Steel Plants). There was a shortfall of 8 locomotives during 1974-75. The shortfall is attributable to the production loss due to May 1974 strike.

1975-76:—Owing to constraint of funds the production for 1975-76 for Railways was fixed at 63 BG and 4 MG locos. The production of 110 BG and 30 MG during 1975-76 was assumed about 2 years in advance for planning purposes, but the actual production had to be restricted to conform to the availability of funds. *Vide* Board's letter No. 74 F. Ex/4.1 4 dated 22-2-75, DLW were accordingly advised to programme for manufacture of 63 BG and 4 MG locomotives only for Railways. Besides the above, DLW also had an order for 27 diesel shunters from Steel Plants out of which 5 had been delivered in 1974-75.

Against the production target of 63 BG and 4 MG locos for Railways DLW delivered 67 BG locos, thereby the target for the Railways was met. DLW also produced 6 MG locos for export to Taz., 2 WDM1 Power Packs and 11 WDS6 shunters for Steel Plants. Therefore, against the original target of 63 BG+4 MG (for Railways) and 22 WDS6 for Steel Plants totalling 89, DLW produced 86. DLW could have produced more WDS6 locomotives but BHEL could not supply the required electrical equipment for the same. The matter had been taken up with BHEL at the highest level but the required number of electrical sets could not be supplied by BHEL.

1976-77:—It is confirmed that during 1976-77 DLW achieved the production targets and all the orders placed at DLW by the Railway Board were being cleared according to Schedule.

The production *vis-a-vis* the target during 1976-77 was as under:—

	Target	Actual	
WDM 2	74	74	
YDM4	10	10	
YDM4 for export to Taz. .	4	3	*Shortfall of one loco was owing to nonsupply of Traction Motors by BHEL. The loco was ready in all respects in March. This loco was completed in the Ist week of April on receipt of Traction Motors from BHEL.
WDS-6 for Steel Plants . .	11	11	
WDM-1 power packs	15	15	
WDM-2 power packs . . .	1	1	
Gen. sets . . .	6	6	
TOTAL :	121	120	

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC V/225 (8-14) dated 2-8-1977 13 Sravana, 1899].

Recommendation

3.37. The Railway Board have sought further to emphasize that the shortfall in the attainment of overall targets of DLW was mainly attributable to restricted availability of foreign exchange as also serious constraints on resources. The Committee feel that had the targets been realistically laid down and the requirements of diesel locomotives assessed on a more careful basis, the production at DLW would have proceeded more smoothly. With adequate advance planning, the problems now pleaded for failure in performance could have been better tackled.

[Recommendation Sl. No. 12, Para 3.37 of 225th Report of PAC (1976-77)].

Action Taken

The observations of the Committee have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 76-BC-PAC V 225(8-14) dated 7-3-77 16 Phalguna, 1898].

Recommendation

4.15. It is further seen that the idle time as percentage of directs man hours in the whole factory was 3 per cent in 1970-71 and 2.7 per cent in 1971-72 against 1.1 per cent in 1969-70. Further during the twelve months of 1972-73, idle time ranged between 4.3 to 10 per cent of the direct man hours. The Financial Commissioner for Railways stated during evidence that the incentive scheme had been introduced in late 1969-70 and that the figures of idle time and overtime payments of 1971-72 as given in the Audit Paragraph were not representative as they related to the

early stage of implementation of the incentive scheme. The Committee trust that by now the scheme had been well established and they would like to know the impact of the incentive scheme on the overall production in the D.L.W. during the last three years.

[Sl. No. 16, Para, 4.15 of 225th Report of PAC (1976-77)].

Action Taken

From the details given below it would be seen that the incidence of idle time booking at these Works, where the manufacturing cycle (of the locomotives) is spread over a period of about 10 to 12 months and the manufacture involves the use of special purpose machines, is well under control.

Year	Total idle time hours	Total direct hours	Idle time as a percentage of direct hours
1973-74 . . .	157456·55	1984730	7·93
1974-75 . . .	113320·25	1664581	6·81
1975-76 . . .	71111·00	2003766	3·55

Position in regard to out-turn during the past three years is explained below:

(i) During 1973-74, Incentive Scheme was still in the process of introduction and therefore its full impact could not be felt. D.L.W. were able to manufacture 87 locomotives against initial target of 120 during the year.

(ii) During 1974-75, 100 locos were manufactured.

(iii) During 1975-76, 88 locomotives were manufactured against the target of 73. A large number of spares like Engine Blocks, Cylinder Liners and other spares for maintenance of locos were supplied to the Railways as a result of increase productivity. D.L.W. manufactured 4650 cylinder liners in 1975-76 compared to 2277 in 1974-75. 57 engine blocks were repaired in 1975-76 compared to only 35 in 1974-75 and 20 in 1973-74. Similarly 120 new engine blocks were manufactured in 1975-76 compared to 96 in 1974-75 and 82 in 1973-74.

The details of other items of production over and above the production of locomotives has been brought about in the reply against para 4.14. There has been progressive reduction in the trend of idle time percentage and this has been continued in 1976-77 during which the percentage is about 2.18.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225 (15—18) dated 12-7-77/21 Asadha, 1899].

Recommendation

5.22. The Committee note that the inventories held by DLW have constantly gone up from year to year. The inventory holdings at the close of the years (1970-71, 1971-72 and 1972-73) were respectively worth Rs. 5.40 crores, Rs. 5.94 crores and Rs. 7.54 crores. The inventory holdings further went up to Rs. 8.70 crores in 1973-74 and at the close of 1974-75 touched the all time record of Rs. 9.74 crores. A significant point to be noticed in this connection is that as much as 32 to 50 per cent of the total stores purchased by DLW each year consisted of imported stores.

5.23. According to the Railway Board the increase in stores balances had been primarily due to lesser production of locomotives in the years 1972-73 and 1973-74 as compared to the anticipation of production based on which the procurement of material was made as also due to sharp increase in prices of electrical traction equipment supplied by HEL Bhopal. This only underscores the fact that production targets had not been realistically laid down and with the cutbacks in the projected production the availability of stores far exceeded the requirement. The Financial Commissioner for Railways in fact deposed before the Committee that the inventories were rather heavy and that the position was not satisfactory. He also informed the Committee that the only way to regulate the inventories was that further orders should not be placed till the stock balances had come down to a reasonable level.

5.25. The Committee further note that one of the results of the increased inventory holdings has been that because of the storage capacity being insufficient, considerable quantities of such stores were even lying in the open. It was learnt that at one time stores worth Rs. 3 crores in foreign exchange had been lying in such precarious condition. Though it was pleaded in extenuation that the goods lying in the open had somehow not suffered any damage, the Committee cannot be persuaded to accept the plea and would reprobate what is clearly a kind of laxity on the part of the Railway administration. The Chairman, Railway Board, was himself good enough to concede that there was no reason for the stores to have been kept in the open. The Committee would like to be reassured on this point and to be informed about the action, if any, taken to obviate recurrence of such unfortunate happenings.

[Sl. Nos. 19, 20 & 22, Paras 5.22, 5.23 & 5.25 of 225th Report of PAC (1976-77)].

Action Taken

The observations of the Committee have been noted. By regulating further ordering, the overall inventory position has not been brought down to a reasonable level. A statement showing the position of stores balances and inventories at DLW is enclosed as annexure.

Corrective action has been taken to keep the materials under covered storage, where necessary.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V225 (19—22) dated 7-3-77/16, Phalguna, 1898].

I. *Statement showing position of Stores Balances.*

(In lakhs of Rupees)

Stores Balances	As on 31-3-74	As on 31-3-75	As on 31-3-76	As on 31-3-77 (Estimated)
Cap : 9310 Purchases	12,48	[10,35	[7,47	
Cap. 9400 Sales	(—) 19	17	3	
Cap : 9500 Stock	9,32	11,30	[11,03	
Cap : 510 Stores in Transit	7	9	30	
Cap : 9520 Stock Adjustment A/C.	(—)70	(—) 1,65	(—)50	
TOTAL	20,98	21,26	18,33	19,01
Value of Issues	24,92	[23,85	30,81	[38,00
Percentage of Stores balance to value of Issues	84·20%	84·95%	[59·49%	50%

II. *Position of value of Inventory to value of Production*

(In lakhs of Rupees)

Inventory Heads	Balance as on 31-3-74	31-3-75	31-3-76	31-3-77 (Estimated)
Stores Suspense	20,98	20,26	18,33	19,01
Manufacture Suspense	17,82	16,16	14,75	15,06
Miscellaneous Advance	1,66	1,51	1,29	89
TOTAL	40,46	37,93	34,37	34,96
Value of Production	21,23	28,12	35,55	42,39
Ratio of value of Inventory to Value of Production	191%	135%	97%	82%

(Excluding transactions for imported maintenance spares for Railways).

Recommendation

6.12. The Committee find that the selling prices or the transfer prices at which DLW locomotives are handed over to the various Zonal Railways are fixed by the Railway Board from time to time. These prices are determined in accordance with a formula under which the base price of a complete loco as given in the contract with ALCO is taken as the basis for the fixation of the selling price of locomotives. From the base price of components given in the contract in dollars the present day landed cost of the imported portion is worked out by applying the current rate of exchange, and the value of indigenous components is also suitably escalated. The commercial practice of pricing of products which *inter alia* takes into account an element of profit etc. over and above the basic cost is not followed for determining the transfer price of diesel locomotives even though this practice is being followed in DLW in determining the price of works done for private parties.

6.13. The Committee feel that in view of the fact that DLW is a captive plant, the prices of whose products are determined by the same agency which requires them, it is necessary that a more scientific system for evaluating costs is instituted. Such a system should enable the management to know whether the resources deployed are being properly utilised and also whether an adequate return is accruing on the capital invested. The Committee desire that the costing methods followed in the DLW may be re-examined with the requisite expert assistance and in co-operation with the Cost Accounts Branch of the Ministry of Finance.

[Sl. No. 23 & 24, paras 6.12 & 6.13 of 225th Report of P.A.C. (76-77) on DLW, Varanasi—5th Lok Sabha].

Action taken

The Recommendations of the Committee have been examined and the following remarks are offered.

Initially the transfer prices of locos produced at DLW were no doubt fixed as stated in recommendation No. 6.12 *i.e.* to say, with refernce to the landed price of an imported loco. However, consequent upon increasing production of locos and progressively enlarging indigenisation, the import content in the locos reduced considerably and it was decided to fix the transfer price on the basis of the estimated cost of manufacture of the locos at DLW. This practice has been in vogue since 1-4-70.

2. From the observation of the PAC it appears that even though DLW is a captive understanding, they wish it to charge the railways as an independented commercial undertaking. PAC have observed that :

(a) DLW is not charging any profit on the locos produced and supplied to the Railways.

(b) DLW is not ensuring that adequate return is accruing on the capital invested.

In this connection, it is submitted that DLW is a purely departmental undertaking of the Ministry of Railways established basically for the purpose of manufacturing Diesel Locos required by the Indian Rlys. for the use. The question of DLW charging any profit on the locos supplied their the Railways and thereby improving the return on the capital invested should not, therefore, arise.

3.1 The output of the Rly. production Units is supplied to the Railways on a 'No-profit, no-loss' basis. The outturn when transferred to the allottee Railways is not treated as a 'sale' in the commercial sense. The price charged to the Rlys. includes the prime cost and all the overhead charges incurred at DLW but does not include any element of profit or any interest charges on the capital invested. Any addition of interest (dividend) charges to the cost of the locos will inflate the capital-at-charge on the Railways leading to avoidable burden of dividend and consequently on the general public by way of increase in fares and freights. A proforma account is, however, maintained showing the cost of the locos inclusive of the interest charges.

3.2 It is generally accepted principle that no profit is charged on the assets created by an Undertaking for its own use since otherwise it would mean "trading with themselves."

3.3 Inclusion of an element of profit in the transfer price to make it a 'sale' in the commercial sense may possibly lead to other complications also such as levy of Sales Tax and Income Tax etc.

3.4 There are a large number of Departmental Workshops on the Railways for the repair of the Railway's rolling stock, which also manufacture components for use on the Railways. In pricing the components manufactured in these workshops for use on the Rlys. no profit is charged for the same reason *viz.*, that these workshops are part and parcel of the same organisation.

3.5 In all these circumstances the Board feel that there should be noneed to change the existing procedure of pricing the products manufactured by DLW for use on the Indian Rlys. It may be mentioned, however, that for the products manufactured in these workshops for sale to outside parties, the normal commercial system of costing including some profit is invariably followed.

4. As regards PAC's observation that "a more scientific system for evaluating costs is instituted" it may be mentioned that a detailed and scientific cost accounting system has been introduced at DLW. Based on a detailed work order structure, the system provides for the collection

of prime cost and overheads (distributed according to commercially accepted principles). The source documents for labour and stores have been computerised. The system provides for sufficient details for the purpose of cost collection, comparison and control. In order to evaluate efficiency, the following rigid procedures are followed and it is, therefore, considered that for a departmental captive undertaking the usual concept of judging efficiency merely by profit may not be very apt:

(i) Materials required for each job are pre-planned by the Production Control Section.

(ii) The times required to complete the various jobs and operation have been standardised after conducting time and motion studies in a scientific manner. Based on those studies, an incentive scheme for labour is also in force in that unit. The scheme provides for an element of financial motivation for the workers to complete the jobs within the standard time fixed so that both the labour and administration are benefited by way of increased production. Workers at DLW are in fact earning an incentive bonus.

(iii) Use of computers in production planning and control is being gradually extended for better and selective control over the various facets of operation.

(iv) Scientific methods of inventory management are gradually being introduced for ensuring efficiency and economy in purchase, custody and issue of stores.

(v) Cost reports showing the details of various elements of cost for each batch of rolling stock manufactured are compiled at unit level regularly and are scrutinised by the Accounts and Mechanical Deptts. to identify these areas of possible economy. These reports are submitted to the Railway Board, where they are examined by the Cost Accounts Cell and the Mechanical Directorate.

(vi) In addition, reports in respect of man-power utilisation inventory balances, machine utilisation, working of the incentive scheme etc. are regularly prepared for drawing the attention of the higher management for proper managerial control at various levels, including the Railway Board.

5. In the light of the above, it may be stated that the costing methods and management techniques at DLW are scientific and rational and suited to the requirements of a large departmental undertaking like the Railways. However, keeping in view the observations of the Public Accounts Committee the costing procedures in DLW are being reviewed in consultation

with the Cost Accounts Branch of the Ministry of Finance with a view to introducing further refinements in the procedures to make them conform to the modern developments in the costing techniques.

[Ministry of Railways, Railway Board's O.M. No. 76-BC-PAC/V/225 (23-24) dated 21-9-1977/30 Bhadra, 1899].

Recommendation

Para 7.8. During the year 1971-72 to 1973-74, DLW is reported to have imported components and spares worth about 16.95 millions. These components etc. it is learnt, had to be imported for entirely unavoidable reasons since they were not indigenously available. The major items which comprise over 90 per cent of the import cost are crank shafts, turbo super-charger items, cylinder heads, cylinder liners, pistons and piston rings etc. The Committee were informed that necessary steps had since been taken for the development of these items indigenously. A study of the status of indigenous development of these items, however, reveals that the development efforts have been tardy and the rates of rejections too heavy. The Committee would like the reviewing committee set up by the Railway Board in this behalf continuously to monitor the progress achieved in this field. They would also emphasise that sustained efforts must be made to help indigenous manufacturers develop a technical base for the manufacture of these hard-core items.

[Sl. No. 27, para 7.8 of 225th Report of PAC (1976-77)].

Action taken

The foreign exchange content of the locomotive is now confined only to few sophisticated hard core items. The development of these items is likely to take some time because their manufacture required specialised production techniques of proprietary nature involving foreign collaboration and a large capital outlay. The development of these components is under way with the leading manufacturers in the respective fields in India. The latest position against some of the important components is summarised in Annexure 'A'.

In the last year and half alone D.L.W. has been able to indigenise 52 loco components saving valuable foreign exchange worth 4.55 crores for DLW and Railways. In the case of some sophisticated components indigenous capacity is not adequate to meet the increased demand of maintenance spares on account of increase in the diesel fleet operating on the Railways. Rigorous efforts are in hand for search of new source in the country and also plans are afoot in augmenting the capacity in DLW itself as these components require specialised equipment and production techniques.

[Ministry of Railways, (Railway Board's) O.M. No. 76-BC-PAC/V/225 (25-27) dated 18-5-77,/28 Vaisakha, 1899)].

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF GOVERNMENT

Recommendation

1.14 The Committee observe that the choice of a collaborator for the manufacture of diesel locomotives was limited to the U.S.A. as funds for payment of technical fees and royalities in foreign exchange were reported to have been available only from the U.S.A. *i.e.* loan from the Development Loan Fund (later known as AID) and the loans from the U.S. Export Import Bank. The choice was further restricted as no tenders were invited from the then available established manufacturers of diesel locomotives and the collaborator was selected on the basis of discussion held in USA in 1961 with American parties by the Chairman and the Financial Commissioner of the Railway Board. This appears to be an unusual and unbusiness like practice which, in the absence of special justification which has not been forthcoming, the Committee cannot but deprecate, even though final decision in the matter appears to have been taken at the highest level. Curiously, when the collaboration agreements were renewed after 10 years, the same parties *viz.*, Montreal Locomotive Works, Alco White and Overseas Diesel Corporation, were again, almost automatically, selected. The Committee would like to know if better terms could not be had from elsewhere, and an elucidation of the entire position.

[Sl. No. 2 para 1.14 of 225th Report of PAC (1976-77)]

Action taken

The observations of the Committee regarding the procedure followed in selecting a collaborator for manufacture of Diesel Locomotives are noted. In so far as the procedure for finalising such agreements in future is concerned, the guidelines laid down by the Department of Industrial Development in the Ministry of Industry are being followed strictly.

2. As regards Committee's observations relating to renewal of agreements with the U.S.A. firms, the Railway Board would submit that the collaboration agreements of 1962 with M/s ALCO Products, Inc, were not renewed after initial 10 year period as observed by the Committee. However, Technical Association Agreements for engines and Locos were entered into with M/s ALCO White and M/s Montreal Locomotive Works for a five year period effective from 12-2-72 on annual payment of USA $1000.00 for the former and C$ 1000.00 for the latter.

2.1 D.L.W. is engaged in the manufacture of diesel engines of a particular type, the design and drawings of which were obtained in terms of the collaboration agreements of 1962. Technical consultancy services and advice regarding engineering changes for product improvements etc. on

this type of diesel locomotives and engines can thus be made available fruitfully only by those to whose designs these locos and engines are being made at DLW. Accordingly, an approach to some other manufacturers with different design parameters would have been of no avail, even for the limited purpose of a Technical Association Agreement. These Technical Association Agreements only envisage furnishing of such designs and specification on payment of charges and on terms and conditions to be mutually discussed and agreed upon.

2.2 There was no collaboration agreement with M/s Overseas Diesel Corporation but only an agreement for purchase and inspection of material. This agreement does not restrict DLW from making purchases from other sources and through other agencies. In fact, there is already a system of purchasing materials through global tenders and indents on ISM/Washington. It, however, becomes necessary to have a standing arrangement with a foreign supplier for getting materials of requisite quality in time for ensuring uninterrupted production of locomotives at DLW, and for meeting the maintenance spares requirement of the Railways. Since the diesel electric locomotives being manufactured by DLW are of ALCO design, M/s Overseas Diesel Corporation being the subsidiary of ALCO is better/suited to perform that role.

2.3 It will, therefore, be observed that earlier collaborators were not automatically selected while entering into the Technical Association Agreements of 1972 without any consideration as to where the overall advantage lay.

[Ministry of Railways (Railways Board) O.M. No.76-B(C)-PAC/V/225(2) dated 18-4-77/28 Chaitra, 1899].

Recommendation

2.9 The Committee note that the DLW Project Abstract Estimate sanctioned in 1963 had been only notionally closed with effect from 31-3-74 and as on January, 1975, out of a total of 484 sub-detailed estimates constituting the Project Abstract Estimates, 13 sub-detailed estimates were yet to be closed. It is further seen that although the abstract estimate for Rs. 19,57,33,000 sanctioned in 1963 underwent two revisions, first in 1968 and subsequently in 1969, the overall cost of the project remained the same. That the overall figures of Rs. 19.57 crores sanctioned for the project in 1963 remained unaltered even after twelve years during which there was a phenomenal rise in the general price structure, gives the impression that *ab initio* there must have been over-estimation of high magnitude. No tangible reason for this lack of variation between the abstract estimates and the revised estimates of the project as a whole appears to have been forthcoming. It is difficult to credit the proposition that in the conditions that have prevailed in India, an estimate could be resilient enough to absorb the shock of changes in the price structure over a period of more than a decade.

[Sl. No. 4 Para 2.9 of 225th Report of PAC (1976-77)]

Action taken

Against the estimated cost of Rs. 19,57,33 thousand the expenditure booked in Accounts by 1967-68 was Rs. 18,21,22 thousand. Thus in about 5 years of the sanction of the Project Estimate 93% of the estimated cost was spent and booked in Accounts. Of the balance of Rs. 1,36,11 thousand, the expenditure incurred during the period 1968-69 to 1975-76 has been Rs. 1,18,51 thousand, leaving Rs. 17,60 thousand yet to be spent mainly on account of one machine yet to be supplied and some land acquisition cases. Consequent on the increase in the cost of this machine yet to be supplied, as also increase arising out of land acquisition cases, the Project Estimate was further revised to Rs. 19,87,33 thousand and thus the balance of the estimated cost yet to be booked by 1975-76 was Rs. 47.60 thousand (Rs. 17,60 thousand plus Rs. 30,00 thousand). It will thus be seen that bulk of the expenditure was incurred before the phenomenal price increase in the past few years and accordingly, such price increase did not affect the project's estimated cost.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225(4) dated 7-3-77/16, Phalguna, 1898].

Recommendation

2.10 The D.L.W. Project Abstract Estimate comprised of provisions under 3 heads *viz.* Civil Engineering, Mechanical Engineering and Electrical Engineering. The Railway Board have explained that as the construction progressed it become evident that the Mechanical Department would require extra funds. With a view to avoiding such extra expenditure, the requirements for the Civil and Electrical Engineering Departments were then reviewed and certain savings effected. Such savings were facilitated by appropriate changes in the design and also on account of more competitive rates obtained in tenders.

2.11 The Committee fail to see why the savings effected in the provision for Civil Engineering and Electrical Engineering Departments in subsequent years to make additional provisions for Mechanical Engineering Department could not be visualised at the time of formulation of estimates. This only reinforces the Committee's impression that the estimates were not critically examined with reference to the Plans and programmes and that there was, for some apparently unfathomable reason, over-estimation of the provisions particularly in respect of Civil Engineering and Electrical Engineering Departments. The Committee regret to have to reach this unpalatable conclusion and can only ask that there should be a more careful and realistic estimation so that the limited resources of the nation are laid out in such a manner that the maximum benefit accrues.

[Recommendation Sl. No. 5-6 paras 2-10—2.11 of 225th Report of PAC (1976-77)]

Action taken

The observations of the Committee are noted. The Ministry of Railways would however submit that savings in the provision for Civil Engineer-

ing and Electrical Engineering Departments could be effected by obtaining more competitive rates in tenders which could be known only after such tenders were floated progressively from time to time and contracts let out. Additional funds requirements for the Mechanical Engineering portion of estimates could similarly be known only when the machines etc. were actually procured and the need for additional machines became known on gaining actual experience after a few years of working.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225th (5-6) dated 7-3-77/16, Phalguna, 1898].

Recommendation

3.33 The Committee note that the first locomotive, wholly assembled at DLW came out in 1964. The original project report of DLW had envisaged the attainment of an outturn rate of 150 BG diesel locomotives per annum by 1967-68. This was based on the expectation of full incentive working on double shift, adequate installation of machinery and plant as well as the availability of the required jigs and fixtures. However full production targets have not yet been attained though some twelve years have elapsed since the commencement of production at D LW. During the period 1963-64 to 1968-69, against a target of 491 BG locomotives, only 242 BG locomotives and 10 MG locomotives were produced. The shortfall during this period involved nearly 50 per cent of the installed capacity. Further, during the Fourth Plan period (1969-70 to 1973-74) the initial target of 648 locomotives (430 BG and 218 MG) was scaled down to 550 locomotives (370 BG and 180 MG), and against the revised target of 550 locomotives the actual production was only 445 locomotives (307 BG and 138 MG).

3.34 According to the Railway Board the principal factors responsible for original production programme not materialising, were stated to have been as follows:—

(i) Production targets incorporated in the Collaboration's project Report were intended for purpose of long range resources provisioning but actual production had to be regulated in accordance with the orders for diesel locomotives placed by the Board on DLW and the quantum and timing of foreign exchange released for the purpose of importation of components and raw material etc. Placement of orders for diesel locomotives by the Board was done annually with due regard to anticipated increase in traffic and replacement programme for steam locomotives. As regards foreign exchange, its scale and period of availability depend to a large extent upon the availability of foreign loans credits and its distribution by the Central Government to different departments sectors.

(ii) In the production of diesel-electric locomotives, DLW's own contribution is only about one-third in value. Another 44 per cent has to be contributed by BHEL HEIL. The remaining, about half is from a large number of indigenous vendors and the balances by imports. Thus, locomotive production at DLW is heavily dependent on regular supplies of purchased material.

(iii) The programme for introduction of incentive working had to be deferred till 1969 because with locomotive orders placed on DLW, it could not be ensured that it would be possible to sustain the higher rates of production in different production centres that would be generated through incentive working. However, with formulation of the Fourth Plan locomotive production targets, the picture became clear and work connected with introduction of incentive working was intensified.

It has also been claimed that "locomotive production at DLW was conditioned by several factors outside DLW's control and a judicious compromise had also to be made between the interest of locomotive production and indigenous development. In the circumstances the practical course of action was to maintain a close watch on developments arising from the various factors and continuously make adjustments to yield the optimum overall results. Till such time as the maximum rated level of production at DLW is achieved and indigenous supplies planned regularly are materialised, both DLW and its vendors would remain on a rising curve of production. This makes future planning difficult and in such an environment set-backs become unavoidable."

[Recommendation Sl. Nos. 8, 9 Paras 3.33 and 3.34 of 225th Report of PAC (1976-77).]

Action taken

While noting the observation of the Committee, the Railway Board would submit that the original project Report submitted by the Collaborators envisaged the attainment of 150 BG locomotives outturn per annum. Their assessment of M & P items was based on their experience and conditions prevailing in the United States. A wide range of variations in the loads as worked out by them had been noticed by DLW while taking up the manufacture of components on various load centres. Mainly these variations were attributed to the use of superior quality of tungsten carbide tools, forgings and castings having much less stock removal, whereas Indian suppliers have not been able to achieve the matching standards. Moreover, the manufacture of maintenance spares such as cylinder heads, cylinder liners, valve—lever mechanism, turbo supercharger item, camshafts, capital spares and repairs to cylinder block, diversion of some machining capacity to loads originally planned for discharge by the indigenous vendors, etc., which were not anticipated earlier, had subsequently to be catered for within the installed capacity. It would thus be seen that DLW has been trying its best to make optimum use of the resources, in the form of capital assets and manpower, available at its disposal. These determined efforts enabled the D.L.W. to comply with the production requirements and maintain supply of much needed spares to the Zonal Railways.

[Ministry of Railways (Rly. Board) O.M. No. 76-BC-PAC V 225(8-14) dated 7-3-1977 16 Phalguna, 1898].

Recommendation

3.38 The Committee also find that as noted in a later section of this report large, quantities of imported stores were lying unused at DLW.

A huge accumulation of inventories, of which about 32 to 50 per cent were imported items, has been reported. Perhaps, therefore, the dearth of foreign exchange was not the real problem that prevented the attainment of production targets.

[Recommendation Sl. No. 13 para 3.38 of 225th Report of PAC (1976-77)].

Action taken

The Railway Board would submit that D.L.W. is engaged in a line of manufacture where lead time for procurement of materials is upto about 2 years and the shop in-process time is also about 10 to 12 months. Investment of large sums under inventory in the form of materials in stocks under process an in the Stocks—including imported materials involving foreign exchange, is unavoidable. Since for imported materials payments are mostly made against letters of credits on proof of shipment and there being considerable time-lag between shipments and payments for materials and their receipts at D.L.W., investment on inventory is also involved for such materials on high seas and in transit.

[Ministry of Railways (Rly. Board) O. M. No. 76-BC-PAC/V/225 (8-14) dated 7.3.1977/16 phalguna, 1898)].

Recommendation

The Committee note that the incentive scheme introduced in June 1969 had been established in 89 out of 92 sections of the D. L. W. by November 1973. However the analysis of the monthly expenditure on incentive bonus and overtime payments given in the Audit Paragraph reveals that the growth of the incentive bonus and overtime payments was not matched by a corresponding increase in production. It is seen that the targets of production laid down after introduction of incentive scheme for certain shops during 1971-72 have rarely been achieved. As a matter of fact in certain shops such as 03 Welding Shop and 23 Truck Machine Shop the production during certain months of 1971-72 was much below the targets set down prior to introduction of incentive scheme. This shows that the incentive scheme had really no impact on the productivity of different shops.

[Sl. No. 15, Para 4.14 of 225th Report of the PAC (1976-77)].

Action Taken

It is submitted that it would not be correct to conclude that the incentive scheme had really no impact on the productivity of different shops. The various factors which affect productivity have been explained to the Committee *vide* Para 4.6 of the report. However in regard to two Shop Nos. 03 and 23 specifically commented upon by the Committee, the position is explained below. The incentive scheme in these two shops was introduced progressively. The number of workers under incentive increased from 29 in Shop No. 03 and 98 in Shop No. 23 as on 31.3.1971 to 152 and 193 respectively as on 31.3.1976 and to 159 and 197 respectively as on 21.3.1977.

The position of average outturn, payment of incentive bonus, payment of overtime and idle time hours in these two shops for the years 1971-72, 1975-76 and 1976-77 is tabulated below:—

Year	Average outturn in loco sets	Average Incentive Bonus in Rs.	Average overtime in Rs.	Average idletime in hours
Shop No. 03				
1971-72	5·41	837·50	4296·00	1024
1975-76	10·00	8187·70	2626·00	920
1976-77	10·66	8672·80	2829·00	539
Shop No. 23				
1971-72	8·11	5488·00	5775·00	1456
1975-76	9·00	11301·00	2521·00	1044
1976-77	8·8	13037·00	1010·00	543

While there is continued progress in Shop No. 03, the position in regard to Shop No. 23 shows only marginal increase in out-turn during the years 1975-76 and 1976-77 as compared to 1971-72. However the decrease in the quantum of overtime payment as also idle time booking is quite substantial.

There has been substantial reduction in the man-hour content per locomotive. As against about 33039 hours per B. G. and 21675 hours per M.G. locomotive during 1969-70, the average man-hours per loco in 1976-77 was about 16669 hours per B. G. and 14669 hours per M. G. as per cost reports for 53 B. G. and 7 M. G. locomotives.

It may be worthwhile to point out in this context that apart from production of locos for the Indian Railways, Public Sector Steel Plants and for export to Tanzania as also manufacture of WDM-1 Power Packs an Diesel Generating Sets, D. L. W. undertakes considerable amount of work for meeting the repairs and maintenance requirements of the Railways. Some of the major items of manufacture and supply are Engine Blocks, Cylinder Liners and Cylinder Heads. D.L.W. also supplies both repaired and new underframes, super-structures as well as bogie sets and frames including the requirement for export and high speed locos which involve more work content. D. L. W. also supplies wheels and axles including those for WDM-4 and and WDS-6 locos. The figures of average out-turn in loco shops for 03 and 23 above are with reference to the production of locos and engines only. Considering the additional out-turn as brought about above, there has been considerable increase in the productivity and overall production as a result of progressive introduction of incentive scheme in the shops.

[Ministry of Railways (Railway Board) O. M. No. 76-BC-PAC/V/225 (15-18) dated 12-7-1977/21 Asadha, 1899].

CHAPTER IV

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

Recommendation

The Committee are not impressed by these elaborate explanations. They are constrained to observe that there has been little, if any, justification for the under-utilisation of the production capacity installed at huge cost to the country. Occasional set-backs in production on account of factors beyond the control of the DLW administration are understandable. However the continuous short fall in production which in some years was of the order of about 50 percent of the installed capacity can only lead the Committee to conclude that the project was not planned as well and carefully as it should have been. This is corroborated by the fact that when in 1965, i.e. about a year after the first locomotive rolled out from the DLW, the need was felt for diversifying production so that the manufacture of metre gauge locomotives could also be undertaken. It is significant also that the introduction of incentive working had to be deferred till 1969, because "with locomotive orders placed on DLW it could not be ensured that it would be possible to sustain the higher rates of production that would be generated through incentive working."

[Recommendation Sl. Nos. 8, 9 and 10 Paras 3.33—3.35 of 225th Report of PAC (1976-77].

Action taken

While noting the observation of the Committee, the Railway Board would submit that the original project Report submitted by the Collaborators envisaged the attainment of 150 BG locomotives outturn per annum. Their assessment of M & P items was based on their experience and conditions prevailing in the United States. A wide range of variations in the loads as worked out by them had been noticed by DLW while taking up the manufacture of components on various load centres. Mainly these variations were attributed to the use of superior quality of tungsten carbide tools, forgings and castings having much less stock removal, whereas Indian suppliers have not been able to achieve the matching standards. Moreover, the manufacture of maintenance spares such as cylinder heads, cylinder liners, valve-lever mechanism, turbo supercharger items, camshafts, capital spares and repairs to cylinder block, diversion of some machining capacity to loads originally planned for discharge by the indigenous vendors, etc., which were not anticipated earlier, had subsequently to be catered for within the installed capacity. It would thus be seen that DLW has been trying its best to make optimum use of the resources, in the form of capital assets and manpower, available at its disposal. These determined efforts enabled the

DLW to comply with the production requirements and maintain supply of much needed spares to the Zonal Railways.

[Ministry of Railways (Rly. Board) O.M. No 76-BC-PAC/V/225 (8-14) dated 7-3-1977/16 Phalguna, 1898].

Recommendation

Another significant point to be noticed is that the payments on account of overtime in DLW had been rising from year to year after the introduction of the incentive scheme in 1969-70. The overtime payments in 1969-70 were of the order of Rs. 8.75 lakhs. This figure went up to Rs. 9.43 lakhs in 1970-71 and touched the figure of Rs. 11.84 lakhs in 1971-72. The Committee feel that overtime payments should normally be resorted to in some shops only for completing jobs to feed other shops during the normal shift hours and therefore, the overtime payments in some shops should be counter balanced by their total absence in other shops. However, the trend of overtime payments in DLW only indicates that the production time saved by the operation of incentive scheme had really been wasted away without being utilized for production purposes.

[Sl. No. 17, Para 4.16 of 225th Report of the PAC (1976-77)].

Action taken

As already explained the necessity to book overtime arises out of several unavoidable factors such as time lost due to large number of holidays in a month, high incidence of absenteeism, power failures, bunching of work resulting from non-uniform flow of materials due to poor supply from vendors, etc. The suggestion of the Committee that overtime should normally be resorted to in some shops only for completing the jobs to feed other shops during the normal hours is noted, but purely on considerations of work it becomes sometimes necessary to book overtime in cases where for example imbalances of work for various reasons arise. The position regarding overtime payments for the years 1972-73 to 1976-77 is given below:—

Year	Amount of overtime
	(Rs. in lakhs)
1972-73	12·82
1973-74	11·60
1974-75	1·74
1975-76	7·63
1976-77	7·16

It may be noted that there has been considerable reduction in the quantum of overtime payments inspite of an increase in the number of men under

incentive from 903 during 1971-72 to about 2134 during 1976-77 and an increase in the percentage of absenteeism from about 15.75% in 1971-72 to 19.33% during 1976-77.

[Ministry of Railways (Rly. Board) O.M. No. 76-BC-PAC/V/ 225 (15-18) dated 12-7-1977/21 Asadha, 1899].

Recommendation

5.24. The Committee learnt that in order to avoid accumulation of surplus stores, an integrated production-*cum*-inventory control system by computer had been introduced at DLW for periodical check-up and adjustments to be made. However, the entire stores system has not been yet computerised, only three out of the five phases of inventory control by computerisation having so far been completed. The Committee urge that this process which seems desirable should be expedited, keeping also in view Government's over-all policy of ensuring that computerisation does not affect the provision of employment opportunities. The precise progress made in eradicating the evils of over-stocking may be intimated to the Committee.

[Sl. No. 21, Para 5.24 of 225th Report of PAC (1976-77)].

Action taken

The Committee's observations regarding computerisation of stores system are noted.

As regards action taken for eradication of overstocking, exception Reports showing position of over-stocks, surplus stocks etc., are being made out from computer regularly for review and action by departmental officers concerned. From the position of inventories given in annexure it would be noted that there has been considerable improvement in the last two years.

[Ministry of Railways (Railway Board) O. M. No. 76-BC-PAC/V/225 (19-22) dated 7-3-77/16, Phalguna, 1898].

ANNEXURE

Position of value of Inventory to value of Production

(In lakhs of Rupees)

Inventory Heads	Balance as on				
	31-3-74	31-3-75	31-3-76	31-3-77 (Estimated)	
Stores Suspense	20,98	20,26	18,33	19,01	
Manufacture Suspense	17,82	16,16	14,75	15,06	
Miscellaneous Advance	1,66	1,51	1,29	89	(Excluding transactions for imported maintenance spares for Railways).
TOTAL	40,46	37,93	34,37	34,96	
Value of Production	21,23	28,12	35,55	42,39	
Ratio of value of Inventory to value of Production	191%	135%	97%	82%	

Recommendation

The Committee find that the percentage of indigenous content in a Diesel Locomotive as determined by the DLW Administration works out to 86 in 1971-72 in the case of a B.G. Locomotive and almost 86 inthe same year in the case of a M.G. Locomotive. If this were so, it does not explain why the value of the stores imported is of the order of 32to 50 per cent of the total purchases during 1970-71 to 1971-72. It is also presumed that the import contents of the bought out items such as the electricals supplied by the HEIL/BHEL and which account for about 44 per cent of the cost of a locomotive, have not been taken into account while arriving at the percentage of achieved indigenisation.

The Committee desire that the figures worked out by Audit and by the Administration be reconciled and a more scientific method which truly reports our progress in indigenisation be worked out. The Committee would very much like to know clearly the latest position in regard to the indigenisation in DLW.

[S. Nos. 25-26, Paras 7.6 & 7.7 of 225th Report of the PAC (1976-77)].

Action taken

The percentage of indigenisation as expressed by the DLW is with reference to the basic price of imported items required for manufacture of locos at DLW as compared to the total cost of the locomotive at ex-factory USA rate in 1962. As and when the various items are available from indigenous sources, the value of these components are deleted from the import list. The percentage of indigenisation achieved represents the value of components so deleted from the import list expressed as a percentage of the total cost of the locomotive as obtaining in 1962. By this method when all the components are indigenised, the position of indigenisation would indicate 100 per cent progress. In this method, the price variation factors of the components from time to time do not enter into the calculation.

In regard to the value of stores imported which is of the order of 32 to 50 per cent of the total purchases during 1970-71 to 1971-72, it is submitted these figures merely represent the escalated price of imported items such as balancing imports, import of tools and machine parts, initial spares etc. and importation charges such as customs duty. In the method adopted by the DLW the basic price of imported items remains the same and the price variation factor does not enter into the calculation at all. The foreign exchange content of items supplied by indigenous manufacturers including BHEL is not taken into account in working out the progress of indigenisation as it is not possible for DLW to maintain accurate figures in that respect.

Audit is of the view that it would be more appropriate to take the import content in a locomotive as imported through each batch cost and the extent of indigenisation attained. It is, however, submitted that this method is not practicable as the cost factor is a varying phenomenon considering the long time required for procuring the various imported items including import of initial spares, price escalation etc. The total cost of production as reflected in batch cost does not reflect the correct status of indigenisation. It is likely that such a comparison would give a dis-

torted picture all the more for the reason that the reduction in cost achieved consequent upon the indigenous purchase/manufacture of a predominantly large number of items would not be properly reflected in such comparison but would also result in the import content being refletced as an artificially higher level because of comparatively higher trend of price escalation in the source country.

Further if the present day import cost is taken into account, the comparison should be made with the estimated present day cost at ex-factory USA rate as also landed cost of the locomotive and this would be a very complicated procedure to follow. The percentage of indigenisation in 1975-76 in case of B.G. locomotive is 90·5 and M.G. Locomotive 90·6.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225 (25-27) dated 18-5-1977/28 Vaisakha, 1899].

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES.

Recommendation

1.13. The main motivation for establishing indigenous capacity for production of diesel locomotives at DLW, Varanasi, was that the increasing tempo and pattern of traffic made it imperative to replace and/or reinforce steam traction by electric or diesel traction. At that time, taking into account the capital expenditure involved in the setting up of an electric traction system, the time factor in construction and the availability of power, the balance of advantage was found to lie in going in for large-scale dieselisation. However, in the context of the recent steep increases in prices of petroleum crude and the non-materialisation of the traffic targets visualised earlier, rethinking on the traction system and a reassessment of the requirement of diesel locomotives has been urgently called for. In fact, as will be seen later in this report, a process of diversification has already been started at DLW with a view to utilising the capacity rendered spare because of the scaling down of the targets of diesel locomotives production. The Committee wish that this diversification should not be attempted as a somewhat desperate ad hoc measure, but should form an integral part of a well-thoughtout perspective plan for the utilisation of the infrastructure already created. The Committee would like to be apprised of the action taken in this behalf.

[Sl. No. 1 Para 1.13 of 225th Report of PAC (1976-77)].

Action taken

In pursuance of Committee's observations made in para 3.39 of this Report, the Railway Board have since constituted a high power Committee to go into the question of production of diesel and electric locos and also in regard to optimal utilisation of the installed capacities in the two production units. The report of the Committee is expected to be available shortly. The Public Accounts Committee will be informed of the recommendations of the high power committee and the action taken by Government.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V /225(i) dated 7-3-77/16 Phalguna, 1898].

Recommendation

3.39. The Committee were informed that the Railways have given serious thought to the adjustments needed to meet the situation created by the sharp hike in the crude oil prices and have examined the measures

that would be initiated to curtail requirements of diesel oil and the extent to which electric or steam traction could therefore be developed to meet the growth of traffic in coming years. It is seen, however, that after taking into account all relevant factors the Railways have reached the conclusion that there can be no going back on the dieselisation programme and the policy of traction modernisation through dieselisation and electrification is to be continued. In view of this decision, the Committee would urge the Railway Board to draw up the production scheduled of DLW in a more effective manner than hitherto and with an eye to our future requirements, particularly in the context of the decision to lay greater emphasis on electrification. The Committee would also like a proper perspective plan to be drawn up for the optimum utilisation of the installed capacity at DLW and closer coordination with the indigenous sources of supply like BHEL. The Committee are of the view that after more than a decade of its functioning, DLW should now be in a position to fulfil substantially the country's expectations from it. However, in view of the critical situation emerging in recent years over oil and oil prices, Government would do well to get the entire issue of dieselisation examined by a high power and expert Committee.

[Recommendation Sl. No. 14, para 3.39 of 225th Report of PAC(1976-77)]

Action taken

A High Power Committee has since been appointed by the Railway Board to go into the matter with the following terms of reference:—

1. Keeping in view the integrated requirements of Railways as brought out in the Corporate Plan (upto 1988-89) in terms of traffic projections, resources etc., to examine the scope of dieselisation having due regard to the relative economics with present day costs and performance norms in comparison to steam and electric traction.

2. To suggest changes that can be reasonably expected in the near future, in the costs and performance norms of diesel and electric traction.

3. To project production programme for locomotives and optimal utilisation of capacities of locomotive production units.

Necessary action will be taken on the recommendations of this Committee.

The Public Accounts Committee will be apprised of the recommendations and action taken thereon.

[Ministry of Railways (Rly. Board) O.M. No. 76-BC-PAC/V/225(8-14) dated 7-3-77/16 Phalguna, 1898].

Recommendation

4.17. The Committee would like the Railway Board to make a precise review of the incentive scheme particularly in relation to overtime pay-

ments and idle time in shops. The result of such a review should be intimated early to the Committee.

[Sl. No. 18, Para 4.17 of 225th Report of PAC (1976-77)].

Action taken

The DLW have been asked to undertake a review of the incentive scheme in relation to overtime payment and idle time in shops. The result of the review would be communicated to the Committee, as soon as it is received from the DLW.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/225 (15-18) dated 12-7-1977/21 Asadha, 1899].

NEW DELHI;

December 19, 1977
Agrahayana 28, 1899 *(S)*

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

APPENDIX

Main Conclusions/Recommendations

S. No.	Para No.	Ministry/Department concerned	Recommendation
1	2	3	4
1	1.3	Ministry of Railways . .	The Committee expect that final replies to those recommendations/ observations in respect of which only interim replies have so far been furnished will be submitted to them, duly vetted by Audit, without delay.
2	1.7	Do. . .	The Committee are distressed to note that the Ministry of Railways do not appear to share their grave concern at the under-utilisation of the production capacity installed at DLW at a huge cost. The Committee do not appreciate the Railway Board's attempt to explain away the under-utilisation of the production capacity in DLW in terms of collaborators estimates having been based upon the conditions prevailing in the United States. The Committee feel that the Project was planned on unrealistic assumptions which could not be attained in the conditions prevailing in this country. The Ministry of Railways cannot exonerate itself from the responsibilities cast upon them in examining the Project Report in greater details particularly in the context of indigenous capacities and capabilities. The Railway Ministry can draw some satisfaction from the fact that a part of the spare capacity is being utilised for the manufacture of maintenance spare parts. But the fact remains that the production capacity installed at huge cost to the nation remained under-utilised. The Committee trust that atleast for future lesson would be drawn from the DLW experience.
3	1.10	Ministry of Railways	The Committee are happy to note that the incidence of over time payments has come down from Rs. 12.82 lakhs in 1972-73 to Rs. 7.63 lakhs in 1975-76 and further to Rs. 7.16 lakhs in 1976-77. However,

1	2	3	4
			the Committee feel that incidence of overtime payments is still on the higher side particularly when compared to the figure of Rs. 1.74 lakhs in 1974-75. Thus, there is need to reduce it further by proper material planning and personnel management.
4	1.13	Do. . . .	The Committee wish that the Ministry of Railways had been somewhat more forthcoming than merely intimating that their "Observations regarding computerisation of stores system are noted". The progress made to implement the remaining two phases (out of five) to bring the entire stores system under computerisation, should have been clearly brought to the notice of the Committee.
5	1.16	Do. . . .	The Committee note from the revised reply received on 21-9-1977 that the costing procedures in DLW are being reviewed by the Ministry of Railways in consultation with the Cost Accounts Branch of the Ministry of Finance.
6	1.19	Do. . .	The Committee are surprised to note that the foreign exchange content of items supplied by indigenous manufacturers including BHEL are not taken into account in working out the progress of indigenisation. They are unable to appreciate Government's contention that it is not possible for DLW to maintain accurate figures of imported contents in this respect. As pointed out by the Committee earlier the bought out items such as electricals supplied by the HEIL/BHEL account for about 44 per cent of the cost of a locomotive and the import contents of these items have not been taken into account while calculating the percentage of indigenisation achieved. The Committee thus conclude that the figures of 'indigenisation achieved' as calculated by the DLW with reference to the total cost of the locomotive at ex-factory U.S.A. rate in 1962 does not correctly reflect the import content in terms of value. They would, therefore, urge the Ministry to explore some more scientific method of calculating the indigenous content in a Diesel Locomotive.

GMGIPMRND—PMR—3099 LS—3-3-78