

**PUBLIC ACCOUNTS COMMITTEE  
(1975-76)**

**(FIFTH LOK SABHA)**

**TWO HUNDRED AND SIXTH REPORT**

**FINANCIAL RESULTS AND EARNINGS OF  
RAILWAYS**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 148th Report (Fifth Lok Sabha) on paragraphs relating to Financial Results and Earnings of the Railways included in the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Railways)]



**LOK SABHA SECRETARIAT  
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*March, 1976/Chaitra, 1898 (S)*

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COMMITTEE (FIFTH LOK SABHA).

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**LIST OF MEMBERS OF PUBLIC ACCOUNTS COMMITTEE  
(1975-76)**

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**Shri H. N. Mukerjee**

**MEMBERS**

2. Shri T. Balakrishniah
3. Shri Chandulal Chandrakar
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6. Shri C. C. Gohain
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21. Dr. K. Mathew Kurian
22. Shri Rabi Ray

**SECRETARIAT**

**Shri H. G. Paranjpe—Chief Financial Committee Officer.**

**Shri N. Sunder Rajan—Senior Financial Committee Officer.**

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Two Hundred & Sixth Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Forty-Eighth Report (Fifth Lok Sabha) on Financial Results and Earnings of the Railways.

2. On the 3rd June, 1975, an Action Taken Sub-Committee consisting of the following Members was appointed to scrutinise the replies from Government in their earlier Reports:—

Shri H. N. Mukerjee—Chairman  
Shri V. B. Raju—Convener

Shri Priya Ranjan Das Munshi  
Shri Darbara Singh  
Shri N. K. Sanghi  
Shri Rabi Ray  
Shri Raja Kulkarni  
Dr. K. Mathew Kurian

} MEMBERS

3. The Action Taken Sub-Committee of the Public Accounts Committee (1975-76) considered and adopted this Report at their sitting held on the 23rd March, 1976. The Report was finally adopted by the Public Accounts Committee on the 31st March, 1976.

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 recommendations/ observations of the Committee have 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 and Auditor General of India.

NEW DELHI;  
March 31, 1976.  
Chaitra 11, 1898 (S).

H. N. MUKERJEE,  
Chairman,  
Public Accounts Committee.

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the Committee's recommendations/observations contained in their 148th Report (Fifth Lok Sabha) presented to the Lok Sabha on 22 April 1975, on the paragraphs relating to the Financial Results and Earnings of the Indian Railways included in the Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Railways).

1.2. Action Taken Notes in respect of all the 49 recommendations/observations 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—5, 7, 9, 10, 13—20, 25, 28, 34, 43 and 46—49.

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

Sl. Nos. 1 2, 26, 27, 29, 30—32, 35—37 and 42.

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

Sl. Nos. 6, 11, 12, 40, 41, 44 and 45.

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

Sl. Nos. 8, 21, 22, 23-24\*, 33, 38 and 39.

1.3. The Committee expect that final replies, duly vetted by Audit, in respect of those recommendations/observations to which

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As regards the Action Taken Notes furnished provisionally by the Ministry in respect of the Committee's observations/recommendations contained in paragraphs 1-133 and 1-134 of the 148th Report, the Committee were informed by Audit that some further correspondence had been initiated on these replies. Hence, these replies have been categorised as 'Interim' in nature.

**only interim replies have been furnished so far, will be submitted to them without further loss of time.**

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

**Rationalisation of tariff (Paragraphs 1.34—Sl. No. 6).**

1.5. Dealing with the freight structure on the Indian Railways, the Committee, in paragraph 1.34 of the Report, had recommended:

“During evidence before the Committee, the Financial Commissioner for Railways agreed that keeping in view the loans outstanding and the contingent liabilities of Railways the overall financial position of the Railways could only be termed as ‘very unsatisfactory’. In regard to the remedial steps taken or proposed to be taken by the Railways in order to check the deteriorating financial position, it was made out that besides the other steps such as increasing productivity and improving operational efficiency there was an urgent need for restructuring of freights and fares on the Railways. The Committee were informed that although some readjustment in the freights and fares had been made in the past few years, no basic restructuring of the tariff policy as such had been undertaken. The Committee are of the view that the adjustments of freights and fares made every year at the time of budget are motivated mostly by the considerations of bridging up of budgetary gaps. There has never been any serious attempt to bring these rates in alignment with the ever increasing costs. Such periodical readjustments can at best be regarded as *ad hoc*. The Committee feel that there is need for rationalisation of the tariff policy *vis-a-vis* the cost of services provided by the Railways. They therefore recommend that the question of restructuring of freights and fares on the basis of cost plus profit may be remitted to an Expert Committee for a thorough examination.”

1.6. In their Action Taken Note dated 21 August 1975, the Ministry of Railways (Railway Board) have stated:

“A high power committee under the Chairmanship of Dr. A. Ramaswamy Mudaliar was set up in 1955 to review the freight structure of Indian Railways and on the recommendations made by this committee, a New Freight

Structure was introduced with effect from 1-10-1958. Subsequently, an Officer on Special Duty of the rank of Additional Member was appointed in 1968 to review the Freight Structure and on his recommendations, a few changes were effected in the Freight Structure with effect from 1-4-1970.

Subsequent to the revision of the freight structure in 1970, it was found that with the rapidly increasing cost of operation, the freight rates had become unrealistic and it was found necessary to bring the rates closer to costs. Further, the effect of reduction in the charges arising out of the telescopic nature of the freight structure, resulted in the Railway getting earnings that did not cover the cost over longer leads in the case of a large number of traffic. These shortcomings in the Freight Structure were remedied to some extent as a result of adjustments made in the freight rates during the past three years. Adjustments were also made in the fare structure of Indian Railways on five occasions since 1970 viz., from 1-7-1971, 15-4-1972, 1-4-1973, 1-4-1974 and 15-9-1974. It will be necessary to undertake more cost studies and the effect of structural changes already made in the freight structure will have to be studied before any further major revision in the freight structure could be undertaken. It is felt that such a study is necessary for a purposeful review of the Freight Structure and would be appreciated by the High Powered Committee as and when it is set up.

In view of what is stated above, it is not proposed to set up a high power committee for restructuring freights and fares on Indian Railways immediately. The recommendation of the Public Accounts Committee in this regard has, however, been noted and the question of appointing such a committee will be considered at the appropriate time."

**1.7. The Committee are unable to appreciate the reluctance of the Ministry of Railways (Railway Board) to remit the question to restructuring of freights and fares on the Railways on a 'cost plus profit' basis to an expert committee for a thorough examination. Admittedly, although, some, periodical readjustments had been made in the freights and fares in the past few years, no basic restructuring of the tariff policy as such has been undertaken by the Railways and the 'ad hoc' adjustments have made no real impact. The changes effected in the freight rates during the past**

three years or so can at best be considered palliatives. The Committee are of the view that unless this question is examined in detail and meaningful decisions are taken to rationalise the existing freight and fare structures on a scientific basis the ills that beset the Railways will continue to plague them. Even if it is not possible to remit this question to an expert committee immediately, the Committee feel that it should no be difficult to at least undertake the necessary cost studies and carry out a purposeful study of the effect of the changes already made in the freight structure from time to time. It appears that even this preliminary exercise is yet to be undertaken. The Committee are unhappy with this state of affairs and desire that this exercise at any rate should be set in motion immediately and completed expeditiously.

*Provision of railway lines in hilly and backward areas. (Paragraph 1.48—Sl. No. 8).*

1.3. Emphasising the need for the provision of railway lines in the hilly, backward and unconnected areas of the country, the Committee, in paragraph 1.48 of the Report, had recommended:

“During the course of evidence the Financial Commissioner for Railways stated that in the context of existing constraints on the national resources for plan purposes, the Railways had been asked to economise and cut back on plan outlays. The Committee feel that the provision of transport infra-structure and railway operations were equally important for the national economy and hence the Railway Board should draw up their priorities for which funds must be provided and prepare a hard core plan in consultation with the Planning Commission. Unless the Railways reach hilly, backward, and unconnected areas, the process of the development of those areas will be indefinitely delayed and consequently the economic development of those areas will suffer and regional imbalances will grow further. On the other hand, Railways hasten economic growth of the hilly and backward areas and ultimately in course of time the Railways as well as the country are bound to gain.”

1.9. In their Action Taken Note dated 4 August 1975, the Ministry of Railways (Railway Board) have replied:

“The observations of the Committee have been noted. The detailed report of the Public Accounts Committee (171st

Report—1974-75) on new lines has also been received and action taken on that report will be advised to the Committee shortly."

1.10. The question of providing the necessary transport infrastructure for the economic development of the hilly and backward areas of the country has been examined in detail in the Committee's 171st Report (Fifth Lok Sabha) and the action taken by Government in this regard has also been dealt with by the Committee in their 191st Report (Fifth Lok Sabha). The Committee trust that Government will take serious note of the Committee's recommendations on this important question and ensure that the expectations in this regard of the people of such regions of the country are soon fulfilled.

*Inventory management on the Railways.* (Paragraph 1.50—Sl. No. 10).

1.11. Reviewing the steps taken by the Railways to bring about improvements in inventory management, the Committee, in paragraph 1.50 of the Report, had recommended:

"In their 126th Report (Fifth Lok Sabha) the Committee had expressed the view that the inventory management on the Railways was not what it should be. The Committee were then informed that inventory control units had been set up in all Zonal Railways and a high powered committee on Inventory Management under the Chairmanship of Deputy Railway Minister had been appointed to review the position. The Committee desire that the High Power Committee should expeditiously complete their work so that the necessary improvements in the inventory management could be brought about."

1.12. The Action Taken Note dated 2 September 1975, furnished to the Committee in this regard by the Ministry of Railways (Railway Board) is reproduced below:

"As observed while furnishing evidence to the Committee, a number of steps have been taken by the Railways to improve Inventory Management. Modern techniques like codifications, ABC analysis, computerisation etc. have been introduced.

Inventory Control Cells which were set up on each of the Zonal Railways in the end of 1972, were *inter-alia* entrusted with the task of laying down procedures and practices

necessary to be followed on the Railways for effective Inventory Management and to pursue their implementation by a selective control. As a result of these measures there has been a substantial improvement in Inventory Management and a reduction of Rs. 17.30 crores in the Stores Balances was effected during 1973-74. The turn-over ratio of balances to issues also improved from 41 per cent in 1972-73 to 38 per cent in 1973-74. As per the Revised Estimates for 1974-75 and the Budget Estimates for 1975-76, the turn-over ratio of stores balances to the total issues is expected to improve further. (Final figures of 1974-75 are awaited).

It is relevant to mention here that there has been a heavy price increase in materials after the October 1973 oil crisis. It will be seen that as a result of the aforesaid measures, the Railways have not only been able to contain the Stores Balances notwithstanding this price increase but have been able to reduce the balances and maintain steady improvement in the turn-over ratio of Stores Balances to the total issues.

As regards the Committee on Inventory Management on Railways, the position is that initially the terms of reference of the Committee on Inventory Management on Railways was to review the policy and procedures on the Indian Railways for Inventory Control and procurement of Stores including Stores procured through the Director General, Supplies & Disposals with the object of ensuring materials availability, keeping at the same time inventories at the optimum level. Subsequently, some additional terms of reference as suggested by the Minister for Railways were given to the Committee. The revised terms of reference of the Committee are now as under:—

- (i) To review the policy and procedures on the Indian Railways for inventory control and procurement of Stores including stores procured through the DGS&D with the object of ensuring materials availability and at the same time keeping inventories at the optimum level;
- (ii) To review the systems to check thefts and pilferages in the Stores;

- (iii) To examine the possibility of obtaining stores through agencies other than the DGS&D;
- (iv) To have a thorough examination of the import of spare parts for the rolling stock;
- (v) To examine the feasibility of setting up of ancillary units by small scale entrepreneurs for manufacture of spare parts in and around the production units; and
- (vi) To review the quality control of spare parts.

The aforesaid revised terms of reference required detailed examination and scrutiny.

The Committee have since submitted their First Report covering items (i) and (f) of the terms of reference. The recommendations made by the Committee are under consideration and are expected to be implemented very shortly.

They have now taken up the other terms of reference which require detailed study and scrutiny of the procedures followed in the Zonal Railways before they come to any conclusion. Every effort is being made to expedite completion of the remaining work."

**1.13. The Committee note that the High Powered Committee on Inventory Management on Railways have since submitted their First Report covering two items of their revised terms of reference and that their recommendations are under Government's consideration. The Committee would like to be apprised of the follow-up action initiated in pursuance of these recommendations. The High Powered Committee should also complete the remaining work as early as possible so that qualitative improvements can be effected, without undue loss of time, in the inventory management on the Indian Railways**

*(Wagon procurement programme. (Paragraph 1.62—Sl. No. 11).*

**1.14. In paragraph 1.62 of the Report, the Committee had recommended as follows:**

**"The Committee note that at the time of formulation of the Budget Estimates for the year 1972-73, the Railways had planned production of 14,000 wagons both from industry**

and Railways workshops. Accordingly, funds to the tune of Rs. 41.46 crores were provided for in the Budget. At the time of Revised Estimates, the anticipated production of wagons was revised and brought down to 11,400 wagons against the 14,000 wagons provided for in the Budget Estimates. However, during the course of the year an additional order for 15,000 wagons was placed on an urgent basis on the wagon builders by obtaining a supplementary grant of Rs. 2.54 crores. The main justifications given for the placement of the additional orders for wagons were that firstly there was lot of criticism in Parliament about wagons not being available; secondly, the wagon building industry was suffering from lack of orders and thirdly there was shortfall in supply of wagons due to unrest in the Eastern sector. It is relevant to recall that the Minister of Railways, while reviewing the results of the financial year 1972-73 in his speech on the Railway Budget for 1974-75 had *inter alia* stated that it had become apparent very early in the year 1972-73 that the additional goods traffic hoped for was not likely to be achieved. The Committee wish the Railway Board had estimated their wagon requirements in a more realistic manner, particularly keeping in view demands for wagons in hand. In any case the Committee would like that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available."

1.15. In their Action Taken Note dated 4 July, 1975, the Ministry of Railways (Railway Board) have stated:

"The observations of the Committee have been noted."

1.16. It is not clear to the Committee what the Railway Board seeks to convey by the laconic reply that 'the observations of the Committee have been noted'. The Committee had specifically desired that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available. The Committee would like to be informed of the concrete steps taken by the Ministry in pursuance of this recommendation.

**Operating Ratio. (Paragraph 1.80—Sl. No. 12).**

1.17. Dealing with the increase in the Operating Ratio of the Railways during 1972-73, the Committee in paragraph 1.80 of the Report, had observed:

“The Committee are concerned to note that the operating ratio of railways, which is the percentage of total working expenses to the gross traffic receipts, was higher during 1972-73 than in the previous four years. In 1968-69, the operating ratio of all Indian Railways was 82.60 per cent. It increased to 84.13 per cent in 1970-71 and after registration a slight improvement in 1971-72 worsened to 84.47 per cent in 1972-73. An increase in the operating ratio implies that the working expenses have increased more rapidly than the gross earnings of the Railways. While the increase in the gross earnings of the railways in 1972-73 over 1968-69 was 29.4 per cent, the increase in the working expenses was 32.3 per cent. For bringing down the operating ratio the Railways will not only have to augment their earnings substantially but will have to effect significant economies in all spheres, particularly in materials management. As stated by the Financial Commissioner for Railways during evidence before the Committee, the finances of railways cannot be considered to be well conducted if only the working expenses are covered. The Committee need hardly emphasise that all out efforts need be made to increase the earnings of the railways by attracting more traffic and improving the operational efficiency.”

1.18. In their Action Taken Note dated 8 July, 1975, the Ministry of Railways (Railway Board) have stated:

“The observations of the Committee have been noted.”

1.19. This is yet another instance of Government remaining merely content with ‘noting’ the observations of the Committee. The Committee feel a certain irritation over this practice and would like a clear and cogent response to their recommendation that all-out efforts should be made to increase the earnings of the Railways by attracting more traffic and improving operational efficiency. The steps, if any, taken to achieve these objectives should also be spelt out, so that the Committee could arrive at reasoned conclusions in regard to the adequacy of the action taken by Government in response to the Committee’s recommendations.

**Transport of bamboos. (Paragraph 2.10—Sl. No. 33).**

1.20 Dealing with a case of excess utilisation of BG wagons in the transhipment of bamboos moving in wagon loads from the narrow gauge section of the South Eastern Railway to the broad gauge section of the Central Railway, the Committee, in paragraph 2.10 of the Report, had, *inter alia*, recommended:

"The Committee further note that although the Railway Board's notification dated 29th November 1971 communicating their sanction to the reduction in the fixed weight for bamboos loaded in narrow gauge bogie wagons to 110 quintals was conveyed to the stations in December 1971, the booking stations failed to rigidly observe the revised loading heights and it was only in June 1972 that 1:1 transhipment became possible. The Committee would like that deterrent action be taken against the supervisory officers who failed to watch the proper implementation of the instructions on the subject. The Committee would like to be informed about the action taken."

1.21 In their Action Taken Note dated 22 August 1975, the Ministry of Railways (Railways Board) have replied:

The implementation of the revised loading instructions given to the stations in first week of December 1971 was kept under watch at the officer and Inspetorial level. These checks had indicated that while loading instructions were generally observed there were occasional failures by the booking stations in rigidly complying with the directive in regard to height up to which bamboos should be loaded. It may be appreciated that attaining of 1:1 transhipment is dependent not only on the weight condition but also on the methods of loading including the size of the bamboos loaded as well as the loading heights, both at the sides as well as at the centre. This loading procedure had to be drilled into the minds of not only the station staff but also the loading agents and that naturally took some time before the procedure could settle down. The frequent inspections by the supervisory officers had the desired effect in that the ratio MG to BG wagons at the transhipment point which was 1:1.9 during 1971 came down to 1:1.4 during the period January to June 1972 and from July 1972 onwards 1:1 transhipment was achieved.

In the circumstances, it is submitted that there has been no failure on the part of the supervisory staff to watch im-

plementation of the instructions which would necessitate action being taken against them. However, the South Eastern Railway is being asked to look into the matter further and take up with the staff responsible for any lapse in this regard."

121. The Committee note that the South Eastern Railway is being asked to 'look into' the non-observance of the revised loading heights for bamboos, as communicated in the Railway Board's notification dated 29 November 1971, and take up with the staff the responsibility for any lapse in this regard. The Committee trust that this examination has been completed and would like to be apprised of the outcome.

*Freight on wood used for manufacture of rayon grade pulp. (Paragraphs 2.61 to 2.62 and 2.64—Sl. Nos. 40 to 41 and 43).*

123. Dealing with a case of incorrect levy of freight at lower rates, on wood used for the manufacture of rayon grade pulp, treating the commodity as firewood, the Committee, in paragraphs 2.61 to 2.62 and 2.64 of the Report, had observed:

'2.61 The Committee are distressed to learn that even though it had come to the notice of the Southern Railway Administration as early as in December 1969 that a factory manufacturing rayon grade pulp was receiving large consignments of wood pieces conforming to the size and description of firewood but not intended for burning purposes, no effective action was taken to levy freight charges on these consignments at higher rates applicable to firewood suitable for special use other than burning. The instructions issued by the Railway Administration in December 1969 to all the stations on the division that such consignments should be charged at the higher rate were not implemented by the concerned stations with the result that the undercharging continued for several years. The total undercharges for the three stations have been assessed at Rs. 81,437.'

"2.62 It has now been stated that with effect from 15-2-1974 the Special Condition 10 of the Goods Tariff No. 33 pt. I has been amended so as to make it obligatory on the part of the factory to declare the purpose for which the wood pieces will be used. The Special Condition 10 before amendment provided that wood pieces for special use other than burning will not be accepted as firewood for

the purposes of levying freight rates. Why this particular clause was not invoked by the station staff earlier and how the special condition 10 as amended will now enable the Railway to levy higher freight rates is still not clear. In fact the factory is stated to have approached the court of law for a clarification of the terms of the Goods Tariff."

"2.64. The Committee have reasons to believe that right from the beginning the matter has not been handled in a business like manner. They, therefore, desire that the Railway Board should order a thorough investigation with a view to fixing individual responsibility."

1.24. The relevant Action Taken Notes on the above observations furnished by the Ministry of Railways (Railway Board) on 24 October 1975 are reproduced below:

*Paragraph 2.61*

"It is only the peculiar nature and size of wood pieces that created some practical difficulties to staff at stations in levying correct freight charges in certain cases of bookings. The commodity received by M/s. Gwalior Rayons for industrial purposes is not of any special variety of wood pieces, but are only small pieces of wood, conforming to the definition of S/10 attached to firewood and chargeable in the normal course as 'Firewood' only. However, in view of the special end use of the commodity which is being received by the firm for industrial purpose, as distinct from fuel, they are being treated and charged at a higher rate as for Timber, NOC. The commodity may perhaps be also booked by private parties for domestic purposes as fuel. Therefore, the staff at stations can understand the special end use of the material only, when it is specifically consigned to M/s. Gwalior Rayons. In case the consignment is booked by private parties to self, under the description 'Firewood' there cannot be any reasonable doubt about the special end use of such material and hence in the absence of any clear knowledge of the end use the staff have no other way except to treat and charge such consignments as for 'firewood' in accordance with the provisions contained in the tariff. Therefore, it cannot be construed that no effective action has been taken by the Railway Administration, to ensure levy of correct charges on such consignments. In view of the prompt action taken by the Railway Administration, all consign-

ments of 'wood pieces' booked by the firm have been correctly charged, by the Station Staff at the rates applicable to 'Timber, NOC'. Only in the case of certain consignments booked by private parties to 'Self' and subsequently endorsed to the firm or their agents, some irregularity in charging of such consignments has been noticed for which necessary under-charges have been duly raised and suitable disciplinary action against the staff at fault have also been taken. There has been no large scale omission of this nature as compared to total goods earnings of Calicut and West Hill and when undercharges came to notice, debits were raised against the stations and suitable disciplinary action has been taken against the staff at fault."

*Paragraph 2.62.*

"As per the Special Condition 10 attached to the booking of firewood, as it existed prior to 15-2-1974, the following would not be accepted as firewood:

- (a) Selected pieces of wood suitable for bullock yoke, cotton hand gins and posts,
- (b) Selected pieces of wood for special use other than burning,
- (c) Timber pieces more than 90 cm.×45 cm.
- (d) Timber pieces exceeding 80 kilograms in weight, and
- (e) Sleepers whether serviceable or non-serviceable.

In normal parlance, relates to wood used for furniture for building purposes. Firewood generally means branches of trees, bushes etc. intended for burning purposes. The commodity booked to the firm is not actually timber in legs or ballies but only small branches of eucalyptus trees which conform to the size and description of Firewood as contained in Special Condition S/10 and which will normally be chargeable as Firewood. Since the same commodity is also used for industrial purposes by M/s. Gwalior Rayons, the staff at stations had experienced some practical difficulty, in the absence of any specific provision in the Tariff, to demand and get suitable endorsement from parties in the Forwarding Note in regard to actual end use of such commodities to levy the correct charges. With a view to avoid such difficulties and

also to prevent any possible misdeclaration in booking of the commodities, the Special Condition S|10 attached to 'Firewood' has been suitably amended from 15-2-1974, so as to make it obligatory in respect of all consignors (including the firm) to declare the purpose for which the 'wood pieces' will be used."

*Paragraph 2.64*

"It is submitted that when a case of a consignment of wood pieces intended for pulp making having been undercharged as firewood came to the notice of the Railway Administration in November 1969, instructions were issued to the Divisional Superintendent, with copies to the Chief Goods Clerk of the booking and destination stations, bringing out the correct position in regard to classification of firewood and timber and requiring them to collect charges accordingly. In December 1969, a copy of the instructions was forwarded to other stations in the Olavakkot Division. In July 1971, the Divisional Superintendent was addressed demi-officially to take effective and immediate steps to ensure realisation of charges correctly when certain cases of undercharging as fire wood were noticed in accounts check. In order to eliminate the possibility of application of lower classification, instructions were issued in a Rate-Circular in September 1972 to the effect that in the Forwarding Note, a declaration should be obtained from the Consignor to indicate whether the commodity tendered is intended for burning or for making pulp etc. and that the same should be copied on railway receipt and invoices. In March 1973 the attention of the Divisional Superintendent was again drawn to this notification and he was asked to ensure strict compliance of the instructions. The Southern Railway have assured that all the stations are keeping a close watch on the consignments of firewood booked to this factory and are charging them correctly.

It may be mentioned that M/s. Gwalior Rayons have filed a complaint before the Railway Rates Tribunal (Complaint No. 1 of 1974) against the higher classification of the Firewood consigned to them, which is being currently heard by the Rates Tribunal.

A thorough investigation has been ordered as desired by the Committee."

1.25. The following comments have, however, been offered by audit with reference to the replies furnished by the Ministry:

**Paragraph 2.61**

"It has been stated that undercharges detected amounted to Rs. 81,437 only for the period 1968—72 and when reckoned with reference to the total earnings of the station, these undercharges could not be considered as large scale omission. The undercharges commented upon occurred in timber consignments and it is, therefore, felt that the comparison is not appropriate. The extent of omission could be determined more realistically with reference to number of timber consignments in which undercharges were detected to total number of such consignments booked during the period mentioned in the Audit paragraph."

**Paragraph 2.62**

"As brought by the Railway Board in the reply to paragraph 2.64 the administration took action as early as November 1969 to issue instructions to booking and destination stations on Olavakkot Division requiring them to collect charges on timber consignments keeping in view the end use. It is hardly convincing that in spite of these instructions the station staff could not invoke the special condition S|10 for charging the timber consignments. The point made out that in some cases the consignments were booked to 'Self' does not appear to be very relevant inasmuch as the destination station could identify the consignee from the endorsements on the Railway receipts and could have collected the correct charges. In view of the elaborate reply to para 2.64, the reply to para 2.62 needs to be reconsidered."

**Paragraph 2.64**

"The Railway Board may like to inform the present position of the court case and the one before RRT to Public Accounts Committee also.

If the Railway Board still feel that the draft action taken note does not need revision to bring out the correct factual position our remarks above may please be communicated to Public Accounts Committee as Audit comments."

1.26. In this connection, the Ministry have offered the following further remarks:

**Paragraph 2.61**

"The total goods earnings of Calicut and West Hill during 1972-73 were Rs. 91 lakhs and Rs. 47 lakhs respectively. When compared to the total goods earnings of these stations the undercharge of Rs. 31,437 raised will only represent a small proportion and consequently the failure to collect correct charges cannot be considered as a large scale omission. Further, there has been a significant decline in the undercharges noticed after the issue of instructions by the Railway Administration in December 1969. The amount of undercharges detected on or after December 1969 was only Rs. 23,434 as against the total undercharge of Rs. 81,437. It is, therefore, considered that the omission of the staff of these stations to recover correct charges is not a large scale omission. However, the Railway have already instituted suitable disciplinary action against the staff at fault."

**Paragraph 2.62**

"The special condition attached to firewood as it existed prior to the amendment made in February 1974, was not much helpful, since it only enumerated the categories of wood that would not be chargeable as firewood. The consignments of wood pieces booked to these stations conformed to the size and description of firewood. They are actually rejections of wood which are normally fit for burning purposes but are used by this firm for industrial purpose. The station staff were, therefore, not in a position to identify the end use of the commodity and levy charges at the higher rates applicable to Timber. Further in a large number of cases, the consignments were not booked to M/s. Gwalior Rayons but to private parties as booking to self. In the circumstances, it would not have been possible for the station staff to charge the wood pieces at the higher rate applicable to timber NOC unless specific instructions were issued by the Railway Administration or the special condition was amended. With the amendment of the special condition from 15-2-1974, consignments of wood pieces are being correctly charged either as firewood or timber NOC according to the end use as declared by the consignor."

**Paragraph 2.64**

"The judgment in the case filed by M/s. Gwalior Rayons was delivered by the Railway Rates Tribunal on 22-9-1975. In

their judgment the Tribunal while conceding that levy of freight charges on wood pieces booked to the complainant's firm at rates higher than those charged for wood pieces booked as raw material for the manufacture of paper pulp, is reasonable, have declared that charging of the complainant's traffic by the Railway declaring them as timber NOC is unreasonable. They have, however, not declared what the reasonable rate for this traffic is.

The civil suit filed by the firm in the sub-court, Calicut for refund of overcharges has not yet been disposed of."

1.27. The Committee have carefully considered the argument advanced by the Railway Board that the failure to collect correct freight charges on wood consigned for the manufacture of rayon-grade pulp cannot be considered as a large scale omission when it is reckoned with reference to the total earnings of the stations concerned. Since the undercharges occurred on timber consignments, the Committee consider such a comparison inappropriate and are inclined to agree with the view expressed by Audit that the magnitude of the omission should be determined more realistically with reference to the number of timber consignments in which undercharges were detected in proportion to the total number of such consignments booked during the relevant period. The Committee accordingly desire that the extent of the undercharge be reassessed on this basis and the results intimated.

1.28. Similarly, it should have been possible for the Station Staff to have identified the end use of the commodity on the basis of the endorsements on the railway receipts, even though the consignments might have been booked to 'self' and invoked special condition 10 of the Goods Tariff as it stood prior to its amendment in February 1974. That this was not done would indicate laxity on the part of the station staff concerned.

1.29. The Committee note that while the Railway Rates Tribunal have conceded, with reference to a case filed by the ultimate consignee, that the levy of freight charges on wood pieces booked to the complainant's firm at rates higher than those charged for wood pieces booked as raw material for the manufacture of paper pulp, is reasonable, they have, however, held that charging of the complainant's traffic as 'Timber NOC' is unreasonable. The Committee desire that the reasonable rate for this traffic should be determined expeditiously so that loss of railway revenue could be avoided. The Committee would also like to be informed of the basis on which freight is being

levied on this traffic after the judgment of the Railway Rates Tribunal and pending a final decision on the 'reasonable rate'.

*Verification of distances between stations. (Paragraphs 2.79 to 2.80—Sl. Nos. 44 to 45).*

1.30. Dealing with an instance of delay in the revision of chargeable distances between stations, the Committee, in paragraphs 2.79 and 2.80 of the Report, had observed:

"2.79. The Committee regret to note that there is no in-built system on the Railways for the periodical verification of distances between stations. It is astonishing that the higher officers of the Railway Administration were unaware of the differences between the distances adopted for charging fares and the actual distances from the Madras Central station to other stations on North East Line and this fact was brought to notice in June 1971 by a railway employee who should be given handsome reward. The actual measurements conducted by the Engineering Department in October 1971 indicated an increase of 1.25 kms. in the distances of all stations from the Madras Central along North Eastern Line. That this was not a solitary case of its kind is borne out by the fact that out of 1377 cases of distances notified in the Northern Railway tables in as many as 1162 cases the Engineering Department had found differences necessitating revision in the notified distances. These discrepancies between the actual distances and the distances charged for noticed on the Southern and Northern Railway point to the need for having a system of re-checking the distances periodically as a matter of course. The Committee desire that this aspect may be considered by the Railway Board."

"2.80. The Committee are distressed to learn that although the Engineering Department of the Southern Railway brought the difference between the actual distance and the distance charged for from Madras Central to the notice of the Commercial Department in December 1971, the Commercial Department took as long as 16 months to notify the revised distance. The explanation given for this long delay is most unconvincing. The Committee desire that an investigation be made forthwith to fix responsibility for the delay."

1.31. In their 'Provisional' Action Taken Note on the above observations, the Ministry of Railways (Railway Board) have stated:

**Paragraph 2.79**

**"The observations of the Committee have been noted.**

On the Southern Railway there is already a system of periodical verification of distances between stations. According to this system, the Engineering Department advises the Commercial Department of changes in distances, both increases and decreases, due to re-alignment, doubling, formation of new hump yards etc., as and when the changes took place and the Commercial Department notifies the changes to the staff immediately. As an additional precaution, to eliminate the chances of failure on the part of Engineering Department to advise the changes in distances, the Commercial Department contacts the Engineering Department once in six months i.e., after the periods ending 31st March and 30th September every year to ascertain changes in distances, if any.

With a view to ensuring that there is no failure or delay in the revision of the distances for charge arising out of opening of stations, diversions, realignment, doubling of track etc., the railways are being asked to introduce the following procedure:

- (i) The Engineering Department should advise the Commercial Department of changes in distance, both increases and decreases, due to opening of stations, diversions, realignments, doubling of track etc., as and when the changes take place, to enable the Commercial Department to examine whether any change should be made in the distance for charge notified in local/junction Distance Tables.
- (ii) As an additional precaution, to eliminate the chances of failure on the part of the Engineering Department to advise the changes in distances, the Commercial Department should contact the Engineering Department in the months of April and October every year and ascertain the changes in distance that had taken place during the past 6 months on account of the factors mentioned above and verify whether the changes advised have already been acted upon.

(iii) In April every year the Chief Engineer should give to the CCS a certificate indicating the changes that had taken place in the inter-station distances during the previous year.

As for the specific instance of charging at a reduced distance from and to stations on the North East Line, Southern Railway, it is submitted that the Administration were already aware of it before the employee wrote to the Administration about this in June 1971. There is no case for rewarding the employee on this account. Since the practice of charging fares at reduced distance for stations on the North East Lines was in force for 66 years from 1907, the adoption of actual distance which was 1.25 kilometres more than the distance charged for had to be done only by taking a policy decision. It was only in August 1972 that a policy decision in this regard was taken by the Railway."

*Paragraph 2.80*

"Delay of 15 months (and not 16 months as pointed out by the Committee) from December 1971 when the Engineering Department confirmed the increase of 1.25 kms. in the distance and 1st April, 1973 from which date the revised Distance Tables were brought into force, may be explained as under:

(i) *Between 30th December, 1971 and August 1972 (8 months)*

As stated above, the Administration had to take a policy decision to do away with the practice of charging fares on reduced distance in force for 66 years from 1907. During this period, a scrutiny of the traffic originating and terminating at Madras Central from and to stations on the North East Line *vi-a-vis* road traffic was made to enable the Railway to take a decision.

(ii) *Between August 1972 and 1st April, 1973 (7 months).*

Out of this period two months were spent on calculating and checking revised distances on the whole Railway and in the preparation of manuscript for the Press which was actually sent to the Press by the middle of October 1972 with instructions to the Press Superintendent to print the tables on a top priority basis. The Superintendent, Printing & Stationery, however, expressed his

difficulties in bringing out a total of 32,800 copies of the publication earlier than 1.4.73 because of difficulties experienced in the matter of getting suitable supply of required quantity of paper of a quality suitable for printing the distance table and also due to the press being pre-occupied with printing of certain IRCA tariffs.

Considering all the above circumstances, it is submitted that the total time of 15 months taken by the Southern Railway to notify the revised distance may not be considered as excessive and unreasonable warranting the fixation of responsibility."

1.32. The Committee have carefully considered the reply now furnished by the Railway Board to their pointed observations relating to the revision of chargeable distances between stations on the Southern Railway and find that the reply is somewhat at variance with the information earlier furnished to them. Admittedly, there was no system of rechecking the distances between stations periodically as a matter of course and the differences between the distances adopted for charging fares and the actual distances on the north-eastern line had been pointed out by a railway employee only in June 1971. If, however, as has been stated now, the Railway Administration had been already aware of the differences in distances before the employee pointed this out to the Administration in June 1971, the question that naturally arises is why action had not been initiated prior to June 1971 for revising the chargeable distances. The Committee would, therefore, welcome some clarification in this regard and would like to be apprised of the considerations which had weighed with the Administration for not revising the distances, earlier in case this had been considered prior to 1971.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendations

1.19. The Committee note that as per calculations made by the Railway Board the losses borne by the Railways in 1974-75 because of their special obligations have been estimated at about Rs. 203.91 crores. Out of this amount, Rs. 45.61 crores are attributed to the loss suffered by the Railways annually for the carriage of principal low-rated commodities such as foodgrains, oily seeds, sugarcane and ores etc.

1.20. The Committee would, however, like to stress that the Railways should not be required to carry any item other than Government owned cereals, pulses and Government relief materials especially for public distribution system at reasonably concessional rates. All other items should be carried at 'the cost plus' rates basis; otherwise the losses will have to be borne by the weaker section of the society even those who hardly get any benefit out of it through direct and indirect taxation.

1.21. They do not see any reason why industrial raw materials or other items should be transported at a loss or at low profit. The Committee therefore urge that Railway Board should pay attention to this aspect of the matter in a more business like manner. Under no circumstances any commodity other than mentioned above should be carried by the railways at below 'cost plus profit' basis. The rate of profit however may be decided on the merit of each item after studying the profitability of the end product.

[S. Nos. 3—5, Paras 1.19—1.21 of 148th Report of PAC (1974-75)  
—5th Lok Sabha].

#### Action Taken

##### Paras 1.19—1.21.

While noting the observations and recommendations of the Committee in this context, it is submitted that the Railways have

already been moving in the direction suggested and adjustments of the freight rates have been made from time to time in order to accord with the costs of haulage. As a result of the changes in the freight rates effected from 1-4-1974 onwards, only items like Fodder, gur, shakkar and jagree and salt for human consumption, firewood and charcoal, organic manure and fruit and vegetables are expected to continue to show loss during 1975-76. As regards salt, jagree, gur and shakkar, firewood and charcoal, it might be stated that on account of exemptions made in the past, considering the wishes expressed in the Parliament during the discussions, no effective revisions have been made in respect of these commodities. As regards fodder and organic manure there is no scope for further increase apart from the increases made so far. It may be added in this context that fodder is carried at rates even lower than the prescribed tariff rates during times of drought at the requests of the State Governments as a relief measure. As regards Fruits and Vegetables, we have been increasing the freight rates from time to time and so far compared to the rates in force from 1970-71, the rates have been increased by 58 per cent. It will be examined further to see whether there is any scope for further increase in freight rates in respect of Fruit and Vegetables.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/  
V/148 (3-5) dated 21-8-1975/30 Sravana 1897].

#### **Recommendation**

1.47. The Committee note with concern that the capital outlay during the year 1972-73 exceeded the budget estimates by Rs. 50.62 crores. The excess occurred mainly under "Stores Suspense" and "Manufacturing Suspense" which signify increase in inventories. It is indeed surprising that while on the one hand following a cut of Rs. 7.75 crores on the Railways' capital expenditure imposed by the Government, the Railways were trying to economise on the expenditure on new lines and electrification, on the other hand their outlay on inventories alone exceeded the budget by more than Rs. 50 crores. This not only shows lack of planning but also points to the need for fixing up of priorities in a more realistic manner.

[S. No. 7, Para 1.47 of 148th Report of PAC (1974-75)—  
—5th Lok Sabha].

#### **Action Taken**

The observations of the Committee have been noted and also brought to the notice of the Officers at all levels in the Stores

**Department of the Railways emphasising on them the need for tightening up the budgetary controls so that the Budget provisions are not exceeded.**

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (7-8) dated 4-8-1975/13 Sravana 1897].

#### **Recommendation**

1.49. The Committee note that whereas the budget estimates for 1972-73 envisaged reduction in the 'Stores Suspense' and 'Manufacture Suspense' to the extent of Rs. 12.67 crores and Rs. 1.27 crores respectively, the actuals under these heads registered additions of the order of Rs. 34.72 crores, and Rs. 15.95 crores respectively. The increase under the heads 'Stores Suspense' and 'Manufacture Suspense' have been attributed to a significant fall in production in two production units *viz.* DLW and CLW. This is a matter of great concern. The Committee would urge that necessary remedial measures should be taken to remove the bottlenecks coming in the way of fuller production in the two production units.

[S. No. 9, Para 1.49 of 148th Report (1974-75) –5th Lok Sabha].

#### **Action Taken**

The observations of the Committee have been noted and also brought to the notice of the two Production Units concerned. It is however submitted that comprehensive steps have been taken for removing the bottlenecks coming in the way of fuller production in the two Production Units. Constant watch is kept and progress reviewed regarding synchronisation of material supplies and other inputs for achieving the targetted out turn. These reviews are conducted both at the Production Units and also at the highest level in the Board's office wherein all aspects in respect of production are reviewed. These encompass procurement of material, indigenisation, production at different stages and ultimate outturn with a view to initiating corrective action as needed.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (9-10) dated 21-7-75/30 Asadha 1897].

### **Recommendation**

1.50. In their 126th Report (Fifth Lok Sabha) the Committee had expressed the view that the Inventory Management on the Railways was not what it should be. The Committee were then informed that inventory control units had been set up in all Zonal Railways and a High Powered Committee on Inventory Management under the Chairmanship of Deputy Railway Minister had been appointed to review the position. The Committee desire that the High Power Committee should expeditiously complete their work so that the necessary improvements in the Inventory Management could be brought about.

[S. No. 10, Para 1.50 of 148th Report of PAC (1974-75) —  
5th Lok Sabha].

### **Action Taken**

As observed while furnishing evidence to the Committee, a number of steps have been taken by Railways to improve Inventory Management. Modern techniques like codifications, ABC analysis, computerisation etc. have been introduced.

2. Inventory Control Cells which were set upon each of the Zonal Railways in the end of 1972, were *inter alia* entrusted with the task of laying down procedures and practices necessary to be followed on the Railways for effective Inventory Management and to pursue their implementation by a selective control. As a result of these measures there has been a substantial improvement in Inventory Management and a reduction of Rs. 17.30 crores in the Stores Balances was effected during 1973-74. The turn-over ratio of balances to issues also improved from 41 per cent in 1972-73 to 38 per cent in 1973-74. As per the Revised Estimates for 1974-75 and the Budget Estimates for 1975-76, the turn-over ratio of stores balances to the total issues is expected to improve further. (Final figures of 1974-75 are awaited).

3. It is relevant to mention here that there has been a heavy price increase in materials after the October 1973 oil crisis. It will be seen that as a result of the aforesaid measures, the Railways have not only been able to contain the Stores Balances notwithstanding this price increase but have been able to reduce the balances and maintain steady improvement in the turn-over ratio of Stores Balances to the total issues.

4. As regards the Committee on Inventory Management on Railways, the position is that initially the terms of reference of the Committee on Inventory Management on Railways was to review the policy and procedures on the Indian Railways for Inventory Control and procurement of Stores including Stores procured through the Director General, Supplies & Disposals with the object of ensuring materials availability, keeping at the same time inventories at the optimum level. Subsequently, some additional terms of reference as suggested by the Minister for Railways were given to the Committee. The revised terms of reference of the Committee are now as under:—

- (i) To review the policy and procedures on the Indian Railways for inventory control and procurement of Stores including stores procured through the DGS&D with the object of ensuring materials availability and at the same time keeping inventories at the optimum level;
- (ii) To review the systems to check thefts and pilferages in the Stores;
- (iii) To examine the possibility of obtaining stores through agencies other than the DGS&D;
- (iv) To have a thorough examination of the import of spare parts for the rolling stock;
- (v) To examine the feasibility of setting up of ancillary units by small scale entrepreneurs for manufacture of spare parts in and around the production units; and
- (vi) To review the quality control of spare parts.

The aforesaid revised terms of reference required detailed examination and scrutiny.

5. The Committee have since submitted their First Report covering items (i) and (iii) of the terms of reference. The recommendations made by the Committee are under consideration and are expected to be implemented very shortly.

6. They have now taken up the other terms of reference which require detailed study and scrutiny of the procedures followed in the Zonal Railways before they come to any conclusion. Every effort is being made to expedite completion of the remaining work.

**This has been seen by Audit.**

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (9-10) dated 2-9-75/11 Bhadra, 1897].

### **Recommendation**

1.81. From the information made available to the Committee, it is seen that aggregate increase over 5 years period in the staff costs was of the order of Rs. 125.52 crores. Similar increases under the heads 'Maintenance & Repairs' and 'Fuel' were Rs. 100.84 crores and Rs. 23.24 crores respectively. The Committee note that whereas the percentage increases in the passenger train kilometres and goods train kilometres in 1972-73 over 1968-69 were 4.1 and 3.2 respectively, the percentage increase during the same period in the number of open line staff was 4.5. The little increase in the cost of staff is quite understandable in the context of the rising prices.

1.82. The Zonal Railways on which the operating ratios deteriorated in 1972-73 as compared to 1971-72 were Northern, Southern, South Central, South Eastern and Western Railways. The steepest decline occurred in the case of South Eastern Railways where the operating ratio increased from 68.61 per cent in 1971-72 to 73.65 per cent in 1972-73. The Committee were given to understand that each Zonal Railway was now being considered a separate working unit for the purposes of analysing its financial results. The Committee trust that a careful watch will be kept on the working of each Railway and necessary remedial steps taken, wherever necessary, to ensure that the performance of each Zonal Railway improves from year to year.

[S. Nos. 13-14, Paras 1.81-1.82 of 148th Report of PAC (1974-75)—  
5th Lok Sabha]

### **Action Taken**

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

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (12—14), dated 8-7-1975/17 Asadha 1897]

### **Recommendation**

1.83. A disturbing feature noticed by the Committee is that the unit cost of operation on the South Eastern Railway *vis-a-vis* other comparable railways was about the highest in 1972-73. This is stated to be due to the fact that the heaviest capital investment for moderni-  
2918 LS.—3.

sation of traction and operating facilities had been made on this Railway and this has had the effect of inflating the unit cost per train kilometre of both coaching and goods. This causes concern to the Committee. The Committee hope that the Railway Board would ensure that there is no escalation of the unit cost of haulage.

[S. No. 15, para 1.83 of 148th Report of PAC (1974-75)—Fifth Lok Sabha]

#### Action Taken

The observations of the Committee have been noted. The same have also been brought to the notice of the South Eastern Railway.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/ 148(15), dated 21-7-75/31 Asadha, 1897]

#### Recommendation

1.90. The Committee observe that the percentage of net revenue to the Railways' capital-at-charge ranged between 5.1 to 5.7 during the first, second and third plan periods. After the 3rd Plan there has been a steep deterioration in the financial results of the Railways. The percentage of net revenue to capital-at-charge which stood at 4.6 in 1969-70 dropped down to 1.4 in 1973-74. From 1966-67 the Railways have not been able to meet fully even their annual dividend liability to the General Exchequer, except in the years 1970-71 and 1971-72. It would appear that the massive investments made on dieselisation, electrification and modernisation of Railways over the years, have, instead of bringing about any improvement, only added to the cost of railways operations. It is painful to observe that from 1968-69 to 1972-73, the net increase in the goods traffic in terms of originating tonnage was a mere 2.6 per cent against an increase of 29.4 per cent in earnings and 32.3 per cent in the working expenses. The growth rate on the Railways has thus been stagnant. The Committee have in the past persistently decried the creation of needless capacity at substantial cost, leading to over-capitalisation and an unnecessary increase in the Railways' dividend liability. They feel that what is now required is not some half-hearted measures aimed at bringing about some economy in expenditure or some *ad-hoc* adjustments in the freights and fares but a bold rethinking at the highest level about the role of railways in the national economy. The Committee have no doubt that if the operational efficiency of the Railways has to be brought to the optimum level, it will be first necessary to put the existing assets in the form of rolling stock, line capacity etc. to much better use than now.

[S. No. 16, Para 1.90 of 148th Report of PAC (5th Lok Sabha)]

### Action Taken

The observations of the Committee in regard to the net revenue during the recent years not having been able to meet fully even the annual dividend liability are noted. The Committee have made specific observations on a number of aspects of railway working and the comments of the Ministry of Railways on these are given below item by item.

1. Massive investments on dieselisation, electrification and modernisation over the years, have, only added to the cost of operation and not brought about any improvement.

As for Committee's observation in connection with inadequate benefit received from dieselisation, electrification and modernisation of the Railways, a comprehensive note on the effects of dieselisation| electrification on the overall performance of the railways has already been furnished to the Committee in reference to point No. 54 on paragraph 12 of the C&AG's Report on Railways for 1972-73. A copy of the note is enclosed as Annexure.

2. The railways have in the past created needless capacity at substantial cost leading to overcapitalisation and increase in dividend liability.

At the time of the mid term appraisal of the Fourth Plan it was anticipated that the originating freight traffic at the end of the Plan would be approximately 240.5 mt. with an average lead of 630 Kms. Resources were, however, provided for creation of capacity for lifting 235 mt. at the above mentioned lead, and provision made was to cater to 148 billion NTKms. The following table indicated the growth of transport work-load on the Railways during the Fourth Plan.

Year	Tonnes loaded (millions)	Average lead (Kms)	NTKMs moved (Billions)
1968-69	204.0	613	125.1
1969-70	207.9	643	128.2
1970-71	196.5	648	127.4
1971-72	197.3	674	133.3
1972-73	201.3	678	136.3
1973-74 Anticipated	215.0	678	146.0
Actual	184.9	662	122.3

As the above figures indicate, traffic materialisation in terms of NTKms continued increasing year after year and was anticipated to be very near the target in the last year of the Plan. Unfortunately, however, chiefly due to the disturbed industrial relations which persisted throughout 1973-74, the materialisation of traffic did not come up to expectation. The capacity available was thus only marginally more than what the actual trends in traffic materialisation warranted. Even this little cushion was fully utilized for carrying additional passenger traffic that had generated in excess of anticipation. The non-suburban passenger kms., for example, had increased by 23 per cent as compared to the target of 18.6 per cent for the Fourth Plan.

3. Railways should not take half-hearted measures for bringing about economy in expenditure or made *ad hoc* adjustments in the freights and fares but play a positive role in the national economy.

The Ministry of Railways would like to assure the Committee that they are fully alive to the need for utmost economy in expenditure, consistent with optimum utilisation of existing and new assets, increased productivity and efficiency and a higher level of customer service and satisfaction. Economy measures initiated and implemented from time to time, and more vigorously and purposefully during the recent past, were not half hearted but specially directed in various fields with specific objectives in view. It is only thereby that savings aggregating Rs. 17 crores in 1973-74 and Rs. 50 crores in 1974-75 in working expenses have been achieved despite mounting staff costs and increased material and fuel prices.

The Ministry of Railways further submit that the adjustments in fare and freight rates were not *ad hoc*, as opined by the Committee, but were undertaken after due deliberation and detailed cost and other studies. The rationale of the proposals was explained in the Budget Speeches of the Minister for Railways clearly bringing out therein the objectives, the anomalies and the cost and income taper relationship.

4. Railways should increase their operational efficiency by making better use of the existing assets of rolling stock, line capacity etc.

With regard to Committee's observations on optimisation of operational efficiency, it may be mentioned that it is the constant endeavour of the Railway administrations to improve operational effi-

ciency. Some of the steps progressively being taken by the Railways to improve their operational efficiency are given below:—

- (i) Movement of major commodities bulk in block rakes from originating to terminating stations or break-of-gauge transhipment points, thereby by-passing intermediate yards.
- (ii) Greater emphasis on uniform loading|unloading on all days of the week by major rail users like collieries, power houses, steel plants etc.
- (iii) Mechanised loading and unloading arrangement for quicker loading and release of wagons.
- (iv) Planning for coal dumps at focal points and steel stock yards at important centres.
- (v) Mechanisation of principal Railways yards and remodelling of existing yards to enable quicker handling of wagons and increased long distance marshalling to by-pass more intermediate yards.
- (vi) Introduction of more dieselisation|electrification which would result in speeding up of movement.
- (vii) Subject to availability of funds, measures like doubling of track, conversion of gauge, improvement in signalling to improve line capacity and throughput.
- (viii) Rationalisation of traffic to obviate cross movements.
- (ix) Better liaison with the trade and industry.

Encl: One Annexure.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/  
148(16), dated 8-9-75/17 Bhadra, 1897]

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*Annexure*

P.A.C.—List of points arising out of the evidence tendered before P.A.C. on the Report of the C & AG for the year 1972-73—Union Government (Railways) on which written information is required.

Para 12—Central, South Central and South Eastern Railways—  
Detention of goods trains.

Point No. 54—Please furnish a comprehensive note on the effects of dieselisation and electrification on the overall performance of the Railways. Are the results commensurate with the huge investments made on dieselisation and electrification of Railways?

Reply

As part of their modernisation programme, railways have been selectively introducing diesel and electric traction in the place of steam traction. Diesel traction first appeared on the scene in 1957. Electric traction (1500 Volt DC) was first introduced in 1925 but till 1957 it was confined to 288 kilometres comprising suburban sections of Bombay and Madras and two short heavily graded main line sections between Bombay-Pune and Bombay-Igatpuri. Large scale electrification (25 KV A.C.) began towards the end of second Plan.

2. The progressive displacement of steam traction by diesel and electric traction over the last two decades has resulted in the reduction of the proportion of traffic hauled by steam locomotives. In 1973-74, 65 per cent of freight and 31 per cent of passenger train kilometres were diesel and electrically hauled. The progress made in the last two decades in the diesel and electric traction, as far as freight traffic is concerned, is shown below:—

*Percentage of Freight Train Kms by Types of Traction*

Years	Steam	Diesel	Electric
1950-51	99	..	1
1955-56	98	..	2
1960-61	94	5	1
1965-66	61	29	10
1970-71	46	39	15
1971-72	42	42	16
1972-73	39	44	17
1973-74	35	48	17

3. The busy arterial routes on the Indian Railways carry the heaviest traffic viz. about 74 per cent, although they form only about 25 per cent of the route kilometrage of Indian Railways. The Railway modernisation has, therefore, laid great emphasis on the most effective way of achieving high volume of operation on a limited system of major routes. The choice of suitable traction for increasing the throughput on the highly congested routes of the railway as also its

applicability in relation to the transport economics is made after a detailed study.

4. From the operating angle, the use of diesel and electric traction increases the throughput capacity of a section because of better starting effort, greater acceleration and deceleration, better average speed and better hauling capacity, saving in time of loco requirements (coaling, watering, and getting steam pressure etc.) and hence greater availability of the Motive Power for work.

5. The pattern of dieselisation|electrification on the Indian Railways has generally been influenced by the following considerations:—

(a) On sections where rapid increases in materialisation of traffic has outstripped the capacity, dieselisation|electrification had to be resorted to for dealing with the higher level of traffic. Dieselisation|electrification of important routes on the Eastern and South Eastern Railways, where over 50 per cent of the revenue earning traffic of the Indian Railways originates, are cases in point. The vast increase in the density of traffic on the vital diesel|electric routes is clear from the following:—

	Density in terms of net tonne kms per route kilometre per day	
	1960-61	1971-72
<i>Eastern Railway :</i>		
Dehri-on-Sone-Mughalsarai	36,852	61,423
Gomoh-Manpur	31,849	56,691
<i>South Eastern Railway :</i>		
Anara-Chandil	27,417	38,594
Sini-Rajkharwan	40,621	51,194
<i>Central Railway :</i>		
Mathura-Tughlakabad	11,311	28,802
Bhopal-Bira	12,787	30,511
<i>Northern Railway :</i>		
Mughalsarai-Allahabad	32,712	45,328
Allahabad-Kanpur	20,878	35,693
Mughalsarai-Varanasi	25,245	32,271

(b) Dieselisation of certain sections has also been resorted to to cope with the changes in the pattern of traffic which threw a heavy strain on certain routes, over which capacity could not be increased as fast as development of traffic. To cite an instance, the "green revolution" in Punjab and Haryana resulted in heavy movement of foodgrains from north to south India throwing a heavy strain on the Grand Trunk route, which at the same time was predominantly single line. The resultant prosperity in Northern India attracted more traffic to the north from all parts of the country, particularly from Central and Southern parts of India. Dieselisation had to be introduced to carry this essential traffic with the deliberate knowledge that the utilisation of diesels in terms of speeds and kilometres earned per day would be poor on the single line sections.

(c) Utilisation of diesels on some sections, particularly like the one referred to in (b) above has also been found necessary to the temporary loss of capacity on sections where works like doubling, additional crossing stations, extension of loops, new signalling works, etc., had to be undertaken to provide the necessary capacity required on these sections in the long run.

6. The effects of dieselisation/electrification are evident from the constant improvement in the relevant efficiency indices of operations on the Indian Railways. As pointed out earlier dieselisation/electrification improves the 'net train load' i.e. the weight of the trailing load hauled by an engine and consequently improves the index of 'net tonne kilometres per goods locomotive day in use' which reflects the output of the locomotive. It also improves the throughput across various sections which is reflected by the indices of 'net tonne kilometres per route kilometre per year' which shows the growth of the density factor. The following figures speak for themselves:—

Index	—	Years					
		1955-56	1960-61	1965-66	1970-71	1971-72	1972-73
Net train load (tonnes)	B.G	537	656	725	737	748	763
	M.G	246	298	347	378	391	403
Net tonne Kms per goods locomotive in use	B.G	50,952	65,013	75,762	85,038	88,407	90,496
	M.G.	22,948	27,782	35,499	46,432	42,116	44,019
Net tonne Kms per route Kms per annum (thousands)	B.G	1,942	2,764	3,404	3,611	3,713	3,804
	M.G	359	543	768	806	838	847

7. The benefits of dieselisation and electrification on the average speeds of goods trains, however, have been marginal for various reasons. The maximum permissible speed of wagons has remained the same, irrespective of whether the train is worked by steam|diesel| electric locomotives depending as it does upon the number of other factors like track condition, type and design of rolling stock, load of trains, signalling and communication facilities and the pattern of density of traffic. Further, though steam engines have been relegated to inferior services, they cannot be dispensed with altogether over many sections due to the paucity of diesel|electric engines. On certain sections only a limited number of through goods trains could be run by diesels while the rest are run by steam engines. Such 'mixed traction' has affected the average speed both of diesel|electric as well as of steam goods trains on such sections. In 'mixed traction' the average speed of trains is affected by the speeds of trains hauled by the lowest mode of traction.

8. In order to segregate the positive effect of diesel and electric traction, a year-to-year comparison of the number of engines utilised for moving one million net tonne kilometres per day has been made, expressing the newly added diesel and electric locomotives in terms of standards WG/YG steam engines and thus merging in the aggregate the effect of the superior tractive effort and the improved availability of the diesel and electric locomotives for traffic use. It will be seen from the data given below that the equated-number of locomotives utilised for moving one million net tonne kilometres per day which was 25 on the B.G. in 1950-51 has come down to and stabilised at 20 and on the M.G. it has come down from 65 to 37 as under:—

*Number of goods Locomotives utilised for moving one Million net Tonne Kms of Freight traffic per day Expressed in terms of WG YG\* system Locos*

Year	B.G.	M.G.
1950-51	25	65
1955-56	22	50
1960-61	20	46
1965-66	20	41
1970-71	21	38
1971-72	20	37
1972-73	20	37

\*WG Broad gauge goods steam locomotive with 17640 Kg tractive effort.

YG Metre gauge goods loco with 10637 Kg tractive effort.

NOTE : The newly added diesel and electric locomotives on the Broad Gauge have been equated to 2.5 WG/YG type steam locomotives.

The reduction in the number of locomotives per unit of traffic broadly indicates the extent of saving in capital investment and consequently in the recurring expenditure on repairs and maintenance and provision for depreciation and interest charges, which would otherwise have been incurred.

9. The most significant effect of dieselisation|electrification has been in maximising throughput by obtaining better loads for every goods train run. The following table compares the average load of gross trailing load of goods trains on Indian Railways with some of the sophisticated railway systems of other countries. The intensive use made of diesel|electric engines on the Indian Railways is evident from these figures:—

*Average Gross Load of Goods Trains (Tonnes)*

	BG	MG	(Excluding weight of engine)		
			Steam	Diesel	Electric
Indian Railways* (1972-73)	.	.	1,052	1,512	1,527
	MG	.	584	832	7053
French National Railways (1971)	.	.	711	548	870
German Federal Railways (1971)	.	.	839	490	878
Italian State Railways (1971)	.	.	283	424	686
Japanese National Railways	.	.	538	430	727

\* Including goods proportion of mixed services.

SOURCE: Reports of respective railways and International Railway statistics 1971.

10. More than a third of the freight services on the Indian Railways is still run by steam. Moreover, as explained in para 5 above, dieselisation|electrification has been resorted to on the Indian Railways not merely on sections where the growth of traffic has outstripped the capacity but also on sections where sudden surges of traffic have made it impossible to handle the workload with steam traction and where the undertaking of heavy line capacity works has temporarily reduced line capacity to a considerable extent. It is, therefore, not possible to evaluate the benefits of dieselisation|electrification in monetary terms *vis-a-vis* the investment thereon. The benefits of dieselisation|electrification are amply reflected by the Efficiency Results detailed in paras 6 and 8.

11. However, the overall traction policy is reviewed from time to time in the light of intervening changes in technology, traffic pattern and the structure of costs and prices. Besides, every specific investment proposal for dieselisation or electrification is carefully examined on the basis of traffic density, relevant prices of electric power and diesel oil and other factors which influence the comparative costs of dieselisation and electrification in the area concerned. Such detailed cost-benefit analysis of traction modernisation projects is intended to ensure that the dieselisation-electrification mix is as nearly optimal as possible having regard to the availability of resources for investment and foreign exchange as well as the characteristics of the sections in question.

#### **Recommendation**

1.104. The Committee have repeatedly emphasised in the past that in order that Railways are able to rehabilitate their weak financial position, it would be necessary for them to re-capture the high rated traffic by a commercially-oriented approach which would ensure better customer service, including collection and delivery service, quick settlement of claims, quicker movement of goods and prevention of pilferage. In this connection attention is invited to the observations/recommendations contained in paragraphs 1.8 and 1.9 of the 116th Report of the Public Accounts Committee (Fourth Lok Sabha).

1.105. A review of the Railways' performance in 1972-73 reveals that the loading of and earnings from selected high rated commodities on which the Marketing and Sales Organisation specially keeps a watch dropped by 2.6 and 0.2 per cent respectively in that year as compared to the previous year. This has been attributed by the Railways to a variety of extraneous and unforeseen factors such as large scale power sheddings, agitations and labour troubles on Railways resulting in disruption to the running of trains and loss in production in major industrial establishments covering largely high rated items due to power shedding. This would indicate poor management on the part of the Railways. It is, however, seen that although the output of cement in 1972-73 recorded an increase of about a million tonnes as compared to 1971-72, the Railways' share of originating traffic in cement in 1972-73, dropped by 0.7 million tonnes when compared to the year 1971-72. This only shows that despite all the efforts made to recapture high rated traffic the Railways have not only failed to capture additional traffic from other modes of transport but have actually been unsuccessful in retaining their share of traffic. This indicates inefficiency. The Committee can only express the

hope that Railways will make more vigorous efforts not only to retrieve the lost traffic but also to capture additional traffic.

[S. No. 17 and 18, paras 1.104 and 1.105 of 148th Report of PAC (1974-75)—Fifth Lok Sabha]

#### Action Taken

While the observations of the Committee regarding the efforts that the Railway should make to retrieve not only lost traffic but also to re-capture additional traffic are noted, it may be pointed out that extraneous factors such as power sheddings and less production in the industrial establishments do affect Railways' loading.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/ 148 (17-18), dated 4-7-75/13 Asadha, 1897]

#### Recommendation

1.112. The Committee are concerned to note that the amounts of demurrage and wharfage charges accrued and waived each year have rapidly shot up from year to year. In 1969-70 the total accruals on account of demurrage and wharfage charges were of the order of Rs. 17.87 crores. The corresponding amount for the year 1973-74 was as high as Rs. 37.53 crores. Similarly the amount waived in 1969-70 was about Rs. 4.10 crores. In 1973-74 the amount waived touched the figures of Rs 7.87 crores. The percentage of the amount waived to the total accruals has ranged between 21 per cent to 27 per cent during the period from 1969-70 to 1973-74. The large accruals on account of demurrage and wharfage charges not only point to the greater misuse of railway wagons and premises but at the same time reflect on the poor mobility of wagons. The Committee are of the view that larger amounts of accruals and waiver of demurrage and wharfage charges are indicative of a serious malaise which needs to be curbed more vigorously. Collusion of railway staff with unscrupulous traders cannot be ruled out.

1.113. The Committee feel that the existing deterrents are not having the desired effect and hence there is need for more rigorous steps for curbing this evil. The higher the offence the more severe should be the punishment. The position may accordingly be reviewed with a view to taking necessary remedial measures.

[S. Nos. 19-20, Paras 1.112-1.113 of 148th Report of PAC (1974-75)—5th Lok Sabha]

### Action Taken

The observations of the Committee are noted. As already explained to the Committee the rates for Demurrage and Wharfage charges were considerably increased with effect from 1-12-1972. The abnormal increase of 26 per cent and 42 per cent in the accrual of demurrrages and wharfage charges during 1972-73 respectively is mostly attributable to this enhancement of these rates. A study conducted to assess the impact of the enhanced rates on release of wagons during April—September 1973 revealed that there has been appreciable improvement in the release of wagons after enhancement of demurrage and wharfage rates. Every effort is being made to curb the tendency to misuse railway wagons. Meetings are frequently held with the Chambers of Commerce and contacts established with the local trade for ensuring prompt clearance of wagons. Railways also undertake unloading of wagons when the consignees fail to do so in time.

2. The request for waiver of demurrage and wharfage charges are considered on merits of each case at the appropriate level. The Railway officers have to keep in view certain guidelines issued by the Board and record reasons for waiver in each case where the amount waived exceeds 50 per cent of the amount under powers for waiver delegated to. As monetary limits are laid down regarding powers of waiver of officers at different levels, the requests for waiver involving heavy amounts are examined at a fairly high level.

3. Besides the amendment of Sec. 77 of the Indian Railways' Act to reduce railways' liability as bail on 30 to 7 days already enacted a further amendment of the Act is under consideration so that at certain notified stations during certain specified periods where wagons get detained and clearance of consignments is held up, the railways are empowered to dispose of all the consignments not taken delivery of within 7 days of the termination of transit. It is felt that the proposed amendment would lead to more prompt clearance of consignments.

4. It has also been decided to open certain notified goods sheds for booking and/or delivery on Sundays. The consignments at such stations will be subjected to wharfage charges. This step will accelerate the removal of goods from such goods sheds.

5. Specific complaints of collusion of railway staff are thoroughly looked into and appropriate action is taken against the staff who are found to have colluded with traders. In cases where involvement of

railway officers is alleged, action is finalised in consultation with the C.V.C. (Central Vigilance Commission). With a view to prevent commission of malpractices of this type, some cases of remission of wharfage/demurrage charges dealt with at different stations are picked up and scrutinised, and if any irregularity is detected suitable action is taken against the concerned officials. Preventive action is also taken by activating checks on the basis of source information. The checks by the Vigilance are in addition to the periodical checks conducted by the other departments.

This has been seen by Audit who have stated that the factual position is under verification by local Chief Auditors.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (19-20), dated 22-8-1975/30 Sravana, 1897]

### **Recommendation**

1.142. The Committee note that on an average about 4,000 wagons are condemned/taken off the line annually on all Railways. It has been stated that for the purpose of condemnation wagons are examined by different authorities under a regular prescribed procedure. During evidence the Committee were given to understand that no wagon was condemned if its chassis or underframe was considered to be sound and reusable. In regard to utilisation of old rails the Committee are informed that the rails released from primary locations, to the extent they are fit for re-use, are used in secondary relaying and those released from secondary locations are used in sidings and yards. In the context of the shortage of steel in the country necessitating importation and the abundance of railway scrap available for disposal, the Committee needs to be reassured that no wagon or rail is declared as scrap unless it is fully established that it cannot be re-used for any other purpose. The Committee would like the Railway Board to once again review the existing procedures regarding condemnation of wagons and old rails to ensure rigidly that only those which cannot be repaired are only discarded.

[S. No. 25, Para 1.142 of 148th Report of PAC (1974-75)—5th Lok Sabha]

### **Action Taken**

The procedure for condemnation of wagons has further been reviewed in the light of the observations made by the PAC. The existing procedure has been found to be satisfactory and it ensures

that no wagon is condemned and scrapped, unless it is established that it cannot be re-used without uneconomical and heavy repairs. While no change in the existing procedure is considered necessary at this stage, the above recommendations are being circulated to the Railways so that existing instructions are scrupulously and carefully followed.

2. As regards rails, the Committee are advised that released rails which are found serviceable are re-used for secondary relayings in the Branch lines and in the sidings. In view of shortage of Permanent Way Materials, none of the released rails which can give proper service is declared as scrap and only those rails which cannot at all be re-used are declared unserviceable.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (26-26), dated 22-8-1975/31 Sravana, 1897]

#### **Recommendation**

1.165. The Committee have been told that the Research, Designs and Standards Organization of the Railways is the Chief railway research institution of the country which is supposed to undertake a multitude of functions in the field of research, designs, standards, specification, service engineering and consultancy. The organisation has an annual budget of about 4 crores of rupees and has a complement of 3275 staff including 298 officers and 1685 technical staff. In the words of the Railway Board the "RDSO's activities are directed towards improving the utilisation of existing assets, modernising railway operation and attaining self-sufficiency in the design and manufacture of railway equipment."

[S. No. 28, Para 1.165 of the 148th Report of the PAC (5th Lok Sabha)]

#### **Action Taken**

##### **Para 1.165**

The observations of the Committee are noted.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148 (28—31), dated 26-9-1975/4 Ashwin, 1897]

#### **Recommendation**

2.11. The Committee need hardly emphasise that such unhealthy and uneconomic practices on the intergauge points not only

result in avoidable losses but also contribute to the improper use of Railway assets. They would therefore like that the working of inter-gauge points be kept under constant review with a view to weed out such of the practices which are not conducive to economic use of assets.

[S. Nos. 34, Para 2.11 of 148 Report of PAC (1974-75) 5th Lok Sabha]

#### **Action Taken**

**Para 2.11.**

The recommendation has been accepted and suitable instruction to the railway administrations have been issued in this regard.

[Ministry of Railways (Railway Board) OM No. 75-BC-PAC|V|148 (32—34) dated 22-8-1975/31 Sravana, 1897]

#### **Recommendation**

**Para 2.46.**

2.64. The Committee have reasons to believe that right from the beginning the matter has not been handled in a business like manner. They therefore, desire that the Railway Board should order a thorough investigation with a view to fixing individual responsibility.

[S. No. 43, Para 2.64 of 148th Report of PAC (1974-75) Fifth Lok Sabha]

#### **Action Taken**

**Para 2.64**

It is submitted that when a case of a consignment of wood prices intended for pulp making having been undercharged as firewood came to the notice of the Railway Administration in November 1969, instructions were issued to the Divisional Supdt., with copies to the Chief Goods clerk of the booking and destination stations, bringing out the correct position in regard to classification of firewood and timber and requiring them to collect charges accordingly. In December 1969, a copy of the instructions was forwarded to other stations in the Olavakkot division. In July 1971, the Divisional Supdt., was addressed demi-officially to take effective and immediate steps to ensure realisation of charges correctly when certain cases of undercharging as fire wood were noticed in accounts check. In order to eliminate the possibility of application of lower classification, instructions were issued in a Rate Circular in September, 1972

to the effect that in the Forwarding Note, a declaration should be obtained from the Consignor to indicate whether the commodity tendered is intended for burning or for making pulp etc. and that the same should be copied on railway receipt and invoices. In March '73 the attention of the Divisional Supdt., was again drawn to this notification and he was asked to ensure strict compliance of the instructions. The Southern Railway have assured that all the stations are keeping a close watch on the consignments of firewood booked to this factory and are charging them correctly

It may be mentioned that M/s. Gwalior Rayons have filed a complaint before the Railway Rates Tribunal (Complaint No. 1 of 1974) against the higher classification of the Firewood consigned to them, which is being currently heard by the Rates Tribunal

A thorough investigation has been ordered as desired by the Committee.

#### *Audit Comments*

##### **Para 2.64**

The Railway Board may like to inform the present position of the court case and the one before R.R.T. to Public Accounts Committee also.

If the Railway Board still feel that the draft action taken note does not need revision to bring out the correct factual position our remarks above may please be communicated to Public Accounts Committee as audit comments.

#### *Railway Board's further remarks*

Further remarks of the Railway Board on the above comments are as follows —:

##### **Para 2.64**

The judgement in the case filed by M/s. Gwalior Rayons was delivered by the Railway Rates Tribunal on 22-9-1975. In their judgement the Tribunal while conceding that levy of freight charges on wood pieces booked to the complainant's firm at rates higher than those charged for wood pieces booked as raw material for the manufacture of paper pulp, is reasonable, have declared that charg-

ing of the complainant's traffic by the Railway declaring them as timber NCC is unreasonable. They have, however, not declared what the reasonable rate for this traffic is.

The civil suit filed by the firm in the sub-court, Calicut for refund of over-charges has not yet been disposed of.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (40—43) dated 24-10-1975/2 Kartika 1897]

#### **Recommendation**

2.81. The Committee further note that there has been abnormal delay of over 10 years in the revision of distance tables on the Northern Railway. It is seen that although the revised inter-distances were supplied by the Engineering Department in August, 1962, they were brought into force only with effect from 1st June, 1974. As the revision made by the Engineering Department affected as many as 1162 out of a total of 1377 cases of distances notified in the Northern Railway tables, it would imply that the undercharging or overcharging continued all along right upto 1st June, 1974. This is, to say the least, most shocking and a most irresponsible way of doing things. The Committee are at a loss to understand why the Northern Railway Administration did not care to notify the revised distances by other means than a printed pamphlet. Pending printing of distance tables which was expected to take time, the Administration should have taken steps to issue administrative instructions for the immediate enforcement of the revised distances. The Committee find no justification whatsoever for postponing the enforcement of revised distances simply because the printed pamphlets could not be got ready.

[Sl. No. 46, Paras 2.81 of PAC's 148th Report (1974-75)-Fifth Lok Sabha]

#### **Action Taken**

##### **Paragraph 2.81**

The observations of the Committee have been noted.

2. On the Southern Railway there is already a system of periodical verification of distances between stations. According to this system, the Engineering Department advises the Commercial Department of changes in distances, both increases and decreases, due to re-alignment, doubling, formation of new hump yards etc., as and when the changes take place and the Commercial Department

notifies the changes to the staff immediately. As an additional precaution, to eliminate the chances of failure on the part of Engineering Department to advise the changes in distances, the Commercial Department contacts the Engineering Department once in six months i.e., after the periods ending 31st March and 30th September every year to ascertain changes in distances, if any.

3. With a view to ensuring that there is no failure or delay in the revision of the distances for charge arising out of opening of stations, diversions, realignment, doubling of track etc., the railways are being asked to introduce the following procedure:—

- (i) The Engineering Department should advise the Commercial Department of changes in distance, both increases and decreases, due to opening of stations, diversions, realignments, doubling of track etc., as and when the changes take place, to enable the Commercial Department to examine whether any change should be made in the distance for charge notified in local/junction Distance Tables.
- (ii) As an additional precaution, to eliminate the chances of failure on the part of the Engineering Department to advise the changes in distances, the Commercial Department should contact the Engineering Department in the months of April, and October every year and ascertain the changes in distance that had taken place during the past 6 months on account of the factors mentioned above and verify whether the changes advised have already been acted upon.
- (iii) In April every year the Chief Engineer should give to the CCS a certificate indicating the changes that had taken place in the inter station distances during the previous year.

4. As for the specific instance of charging at a reduced distance from and to stations on the North East Line, Southern Railway, it is submitted that the Administration were already aware of it before the employee wrote to the Administration about this in June 1971. There is no case for rewarding the employee on this account. Since

the practice of charging fares at reduced distance for stations on the North-East lines was in force for 66 years from 1907, the adoption of actual distance which was 1.25 kilometers more than the distance charged for had to be done only by taking a policy decision. It was only in August 1972 that a policy decision in this regard was taken by the Railway.

[Ministry of Railway (Rly. Board) O.M. No. 75-BC-PAC/V/  
148(44-46) dated 21-8-1975/3 Sravana 1897]

#### Recommendation

2.98. The Committee find that in all the 5 cases of under-charges referred to in the Audit paragraph, the concerned station staff failed to recover correct charges either because the instructions were not clear to them or these instructions had not reached them at all or they failed to comply with the rules and instructions. This underscores the need for proper maintenance of initial records and documents at stations.

2.99. The Committee desire that the negligent supervisory officers should be brought to book.

2.100. The Committee would also like sustained efforts be made to recover the outstanding undercharges.

[S. No. 47-49, Paras 2.98-2.100 of 148th Report of PAC (1974-75)  
—Fifth Lok Sabha]

#### Action Taken

The observations of the Committee have been noted and have also been brought to the notice of the General Manager, Northern, and Western Railways for compliance. The Action taken by them on the Committee's observation is briefly indicated below :

- (i) Proper maintenance of records:—Both the Railways have taken necessary steps to ensure proper maintenance of records so that correct charges are recovered in future.
- (ii) Disciplinary action against Supervisory Officers:—The Northern Railway have since taken action against the station staff found responsible. Necessary action against supervisory staff is also being initiated by the Administration. Necessary action against the Commer-

cial, and Accounts Staff has already been taken by Western Railway. Action against other staff and supervisory officials is under examination of that Railway.

(iii) Recovery of undercharges :—Both the Railways are making vigorous efforts to recover the undercharges.

[Ministry of Rlys. (Rly. Board) OM No. 75-BC-PAC/V/148  
(47—49) dated 21-8-1975 | 30 Sravana, 1897]

## CHAPTER III

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

#### Recommendation

1.8. The Committee note that the Railway budget for the year 1972-73 envisaged a surplus of Rs. 32.53 crores. However the actuals showed a surplus of only 2.92 crores. At the time of presenting the Budget estimates for 1972-73, an increase of 9.5 million tonnes in the revenue earning freight traffic over the previous year was anticipated. The actual materialisation was a little over 5 million tonnes. However while presenting the revised estimates for 1972-73 along with the Budget for 1973-74, although the estimates of additional traffic were revised downward the estimates of revenue receipts were revised upwards by Rs. 31.17 crores. The reasons for the upward revision of the revenue receipts when it was well known that the additional revenue earning traffic was not going to materialise, have not been adequately explained. The Committee are not at all impressed by the elaboration of circumstances which prevented the Railways from achieving the target of 9.5 million tonnes in the revenue earning freight traffic, viz. power crises and power cuts in the eastern sector, prolonged interruption in traffic which occurred from north to the south and from east to the north due to factors which affected movement, agitation in Punjab, major strike by the Electricity Board staff in Uttar Pradesh fall in agricultural production due to drought, etc. The Committee are strongly inclined to think that at the time of framing the budget the revenue estimates have been deliberately played down to justify the increase in tariffs and towards the close of the year these figures were revised upwards to cover up the enhanced tariff rates. The Committee cannot but deprecate such a practice. In this context, the Committee would like to invite the attention of the Ministry of Railways to the observations made by the Committee in their 120th Report (1973-74):

“The Committee had in their earlier reports repeatedly emphasised the need for more accurate estimation of the

revenue and expenditure at the time of budgeting. It is, however, seen that against the Budget Estimates for 1971-72, the actuals of Gross Revenue Receipts and Revenue Expenditure for the year recorded an increase of Rs. 26.52 crores and Rs. 24.34 crores respectively. Further, in the case of earnings the variation in the actuals for 1971-72 against the revised estimates for 1971-72 was as high as Rs. 18.75 crores. The explanations for these wide variations are not at all convincing and the Committee are left with the impression that the budgetary control on Railways is not what it should be. The Committee feel that there is lot of scope for improvement in the system and they hope that necessary remedial measures will be taken in this direction."

1.9. The Committee would like to emphasise that the budgetary proposals should be formulated on more realistic estimates so that there is no scope for any misgivings.

[S. Nos. 1 & 2, Paras 1.8 & 1.9 of 148th Report of PAC (1974-75)—  
Fifth Lok Sabha]

#### Action Taken

While noting the observations of the Committee, the Railway Board would respectfully reiterate that there has been no attempt to understate the gross traffic receipt at the time of presenting the Budget to the Parliament with a view to justifying an upward revision in freight rates and fares. In fact, the extra yield expected from the Budget proposals was so modest (being only Rs. 17 crores), that any deliberate attempt to understate the gross receipts could be discounted in the context of poor health of railway finances over a number of years. At the most the estimation may be considered somewhat conservative. It may be recalled that the Budget for 1972-73 was framed after taking into account the Revised Estimates of Gross traffic receipts for 1971-72 which were placed at Rs. 1078.00 crores. The Budget Estimates of Rs. 1143.10 crores for 1972-73, therefore, projected an increase of Rs. 48.10 crores over the Revised Estimates for 1971-72 on account of increase in traffic and an estimated additional revenue of Rs. 17.00 crores from the revision of freight rates and fares. At the Revised Estimates stage (1972-73), even though it was abundantly clear that the additional traffic of 9.5 million tonnes foreseen in the Budget would not fully materialise, the Board had to accept the Revised Estimates of 1971-72 as presented by the Government.

alise, traffic earnings upto December, 1972 had shown a buoyant trend due to an increase in the average load and a favourable overall traffic mix. It was therefore assumed that these factors, noticed upto November-December, 1972 would continue to operate during the remainder of the year and the Revised Estimates of gross traffic receipts was fixed at Rs. 1174.00 crores. Unfortunately, this expectation was belied during the last quarter of the year. The factors which caused the set back were explained to the Committee in detail in the course of the oral evidence. The actual gross receipts came to Rs. 1162.42 crores i.e. Rs. 19.32 crores more than the original Budget Estimate representing a marginal variation of 1.7 per cent. Of the total improvement in earnings over the Budget Estimate the increase under goods traffic was Rs. 4.44 crores only, the balance being under passenger traffic. Of the total increase in passenger earnings an increase of Rs. 12.35 crores was under Third Class. Increased freight earnings were mainly under miscellaneous goods earnings such as wharfage, demurrage etc.

The Budget for working expenses for the year was placed at Rs. 809.14 crores (net) against which the Revised Estimate was Rs. 856.68 crores and actual Rs. 856.63 crores. While the revised estimate was almost exact, the variation between the original Budget and the actuals was on account of payment of additional interim relief to railway employees and other increase in staff expenditure, more expenditure on repairs and maintenance of railway assets, compensation claims, fuel etc. as already explained in the Audit Report.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/  
148 (1-2), dated 21-7-75 (30 Asadha, 1897)]

#### Recommendation

1.143. As regards the disposal of ferrous and nonferrous scrap the Committee would once again like to emphasise that Railways should establish adequate plant capacity for re-melting and reusing of their own scrap to the greatest extent possible. They should also have a metal bank and metal exchange. The purchase and sale on these counts should be reduced to minimum. A special cell should be started at Board and Zonal Railway level.

[S. No. 26, Para 1.143 of 148th Report of PAC (1974-75)—5th Lok Sabha.]

**Action Taken**

Recommendation of the Committee has been examined by the Ministry of Railways in detail. It has been found that the matter regarding setting up of metal bank/metal exchange has also been recommended by P.A.C. under Sl. No. 4 in para 1.18 of 142nd Report (1974-75) disposal of scrap-for consideration of the matter by the Cabinet Secretariat, keeping in view the fact that the matter concerns a number of Ministries. Final decision taken by the Cabinet Secretariat in the matter will, therefore, be considered for implementation by the Railways also. However, Ministry of Railways would like to point out that Stores Depots on the Zonal Railways indirectly perform the functions of metal bank/metal exchange while dealing with the scrap materials. Before scrap materials are disposed of, the stores depots attempt at maximum utilisation of these materials by the consumers fed by them and in that process even excess quantities of one depot are offered to other depots on the same Railway or even to other Railways depending upon the value of the item involved. The demands received from Govt. Departments, Public Sector Undertakings etc. are also met. Setting up of any centralised metal bank/metal exchange may required capital investment in addition to the avoidable to and fro movement of materials and their handling which will not be conducive to the present financial constraints on the Railways.

The Railways are re-melting and re-using their own scrap to the greatest extent possible. The system of screening before disposal of scrap on the Railways is quite comprehensive and adequate to ensure maximum self-utilisation and disposal of only unwanted material beyond economic utilisation. These materials on receipt in the stores depots from various consumers are screened and sorted out under different categories to enable their utilisation to the maximum extent possible by way of reclamation and rectification, using as an alternative item, forging down into alternative sections re-rolling into different sections, re-melting and recasting and arranging conversion into different items in the Railways own workshop or through trade. Excess stocks of different depots and railways are adjusted through transfer to the extent possible. Demands received from other Govt. Departments, Public Sector Undertakings, etc., are also fully met. All the avenues of utilisation by the Railways are thus explored. Before disposal of these materials, they are surveyed by a Committee of 3 senior officers of consuming

departments to final screen the items from the angle of utilisation on the Railways before recommending for disposal. Thus all-out efforts are made by the Railways to reduce the sale of scrap to the minimum by stepping up its utilisation. Also Railways do not purchase any scrap materials. Ministry of Railways would like to assure the Committee that the Railways will continue to make concerted efforts towards self-utilisation of scrap materials to the utmost extent. However, it has neither been found economical nor feasible for the Railways to set up any additional capacity of their own to re-melt and refine scrap for re-use and this function is in a way being performed by mini steel plant set up all over the country. While the progress of utilisation and disposal of scrap is reviewed periodically on the Zonal Railways and in the Board's office and is also discussed in the periodical meetings between Board and Zonal Railways, it is not considered desirable to set up special cells at Board and Zonal Railways level due to present financial constraints on the Railways. The existing machinery for the purpose is considered adequate in the present circumstances.

This has been seen by Audit.

[Min. of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148(26).  
dt. 2-9-1975/11 Bhadra, 1897].

#### Recommendation

1.148. The Committee find that traffic in certain sectors such as iron ore for export, coking for steel plants, iron ore and limestone for steel plants, coal for major power houses and petroleum products, is being increasingly moved under closed circuit movement of wagons. It is seen that under this pattern of movement wagons are loaded in the form of block rakes or full train loads and move as such from the loading to the unloading point. After unloading the empty rake is returned again to the loading point for re-loading and thus the rakes in these circuits are kept captive. Since the movement of traffic under this system will inevitably involve an increased amount of empty haulage, the Committee trust that the Railways will have made careful study of the economics of the movement of this traffic. In any cases the basis should be total cost (including empty haulage) plus profit basis. Before introducing this pattern to traffic movement to other streams of traffic, the Committee will like the Railway Board to ensure that traffic movement is economically viable. The system also calls for a high degree of

liaison both at the loading as well as unloading points to ensure that the circuits do not get broken. The Committee hope this aspect is being taken care of by the Railways.

[S. No. 27, para 1.146 of 148th Report of PAC (1974-75)-Vth Lok Sabha].

#### Action Taken

The Committee's observations that the basis for closed circuit movements should be total cost (including empty haulage) plus profit and that there should be high degree of liaison both at the loading as well as unloading points to ensure that the circuits do not get broken, have been noted.

2. It is clarified that while assessing the economics of movement of specific commodities, weightage is always given to the cost of average empty haulage. In respect of such streams of traffic which involve closed circuit movement and 100 per cent empty return, the additional cost for the increased empty haulage is also taken into account. It is also submitted that this increased cost is generally more than compensated by quicker wagon turnaround and reduction in marshalling and terminal costs which are much heavier in piecemeal movements. For example, a recent study of two streams of Iron ore movement from Noamundi to TISCO and Dhallirajhara to Bhilai and also one stream of limestone movement from Purnapani to Rourkela (all on S.E. Railway) has shown that costs per tonne of closed circuit movement are about 24 per cent, 36 per cent and 38 per cent respectively lesser than if the movement takes place in piecemeal.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/148(27) dated 23-8-75/1Bhadra, 1897],

#### Recommendation

1.166. Whatever may have been the achievements of RDSO in the fields of research and designs, the Committee regret to observe that there is no noticeable impact of the RDSO's work either on the day to day problems of railway operations or its basic economy. From an account of the discussion the study Group of the Committee had with the officers of the RDSO, the Committee got an impression that the RDSO's activities are not need-oriented. This is borne out by the fact that in the field of architectural design and research the RDSO's contribution is next to nothing. As a matter of fact the

Architectural Directorate is responsible only for dealing with the architectural aspects of buildings costing over Rs. 10 lakhs or where the Railways have a special problem. It has thus nothing to do with the planning and construction of residential and non-residential buildings of Railways. No worthwhile efforts have been made to evolve the use of substitutes for the costly and scarce materials such as cement and steel. It is equally disappointing to see that no appreciable breakthrough has been achieved in the matter of improving tare payload ratio of railway wagons and coaches. For example, although the design of a double decker coach was evolved by RDSO as long back as 1972-73, the order for manufacture of the prototype has been placed on the factory only in March/April, 1974. As a result of this delay, the prototype coach will come out of the factory only by the end of 1976. The Committee feel that the efforts of the Railway Board in this direction should be result-oriented and that a time-bound programme should be chalked out so that the necessary improvement is achieved in the shortest possible time. It is also surprising to see that these double decker coaches are not meant for long distance journeys.

1.167. The planning for provision of passenger amenities on railway coaches and platforms does not form part of the RDSO's activities. Its efforts in the direction of effecting economies in the use of fuel cannot be considered commensurate with the requirements of the railways. Therefore, taking into account the total quantum of the expenditure on the organisation and the role it could play, it is difficult to say as to what has been the positive contribution of the RDSO in the growth of Indian Railways.

1.168. The Committee feel that in order to make RDSO a more effective instrument of research and scientific advancement, its research efforts require to be re-oriented. Such re-orientation should aim at the maximum utilisation of existing assets of the Railways and the available resources of the country. The RDSO will not only have to justify its existence but will have to make a real impact on the operational efficiency of the Railways. In the context of the ever deteriorating financial position of the Railways the RDSO will have to shed the conventional approach and break new grounds for achieving maximum economy, optimum utilization of assets and maximum comfort for the users of the railways. The RDSO achievement report should be placed annually before the Parliament.

[S. No. 29 to 31 of Para 1.165 to 1.168 of the 148th Report of the PAC (Vth Lok Sabha)]

**Action taken**

1.166. A document containing the main items of work done by RDSO over the past 10 years was furnished to the Committee under this Office Memorandum No. 74-BC-Genl.16, dated 17-6-74. The details of the work done by the RDSO on the day-to-day problems of the railways and its effect on the basic economy of the railways have been explained therein. The material already furnished to the Committee does not perhaps fully explain the nature of work done on certain items selected by the Committee for comments. The details of the work done by the RDSO on specific subjects commented upon by the Committee are explained below:—

**(a) Architectural Directorate**

It was not the Board's intention that the Architectural Directorate of the RDSO should concentrate on standard type designs of small buildings and residential quarters, as there is a wide variation of rain fall, temperature and humidity throughout the country and it would be advantageous that the railways have full scope for incorporating local architectural features without any heavy increase in cost. The railways are required to make a reference to the architectural wing, if the estimated cost of buildings is Rs. 10 lakhs and over. RDSO has, however, conducted research and investigation on buildings and building materials during the earlier years upto 1966. It was decided in 1966 that the railways should directly be in touch with the Central Building Research Institute and the National Buildings Organization to follow the modern technical development and research in this field.

**(b) Improving payload to tare-weight**

A detailed reply on this subject has been furnished to the Committee in reply to recommendation Nos. 16-17 of the 120th Report. However, a few examples of new wagon

designs in which higher payload ratio has been achieved are given below:

Description	Type	Ratio/ Pay/Tare
Oil Tank Wagon (for transport of petroleum products).	Old Design TORX Built 1963 New Design BTO Desir ged 1972: To be built.	1:0.593 1:0.505
Bogie Rail Wagon (for transport of High-rated steel plant traffic)	Old Design BR Built 1952 New Design BRH Built 1962	1:0.462 1:0.428
Open General Wagons (for movement of bulk commodities)	Current Design BOX (T) Built 1960 Proposed Design New BOX Design in hand.	1:0.489 1:0.426
Wagons for Mineral Traffic (for movement of ore in bulk)	Current Design BOX(C) Built 1960 Current Design BOI Built 1966 Latest Design BOY Built 1974	1:0.444 1:0.390 1:0.277

In respect of coaching stock also, higher seating capacity and payload has been achieved. The new design of BG.II class coach provides seating capacity to 90 passengers instead of 80 in the earlier design keeping the tare-weight the same and bringing the tare-weight ratio down from 0.481 to 0.427. In the case of First Class coaches also, a revised design has been developed bringing down the ratio from 1.097 to 1.013. New design of First Class Chair Cars would achieve reduced tare-weight ratio from 0.862 to 0.628. In respect of revised EMU stock design, a 9 coach rake would provide accommodation to 4,458 passengers as against the existing design which would accommodate 3,528 passengers. The reduction in tare-weight to payload ratio being from 0.098 to 0.085.

In addition to achieving the reduction in tare-weight to payload ratio, the RDSO brings about technical improvements in the new design for increasing the efficiency of the stock as for example, roller bearing axle boxes for increasing the speed, strengthening the structural frame to reduce damage and maintenance cost and also provision of suitable security devices to reduce the chances of theft of important components.

In respect of utilization of double decker coaches for long distance journeys, it is submitted that the space in the double decker coach of the present design provides sitting accommodation to maximum number of passengers. Sufficient space is not available in this design for passengers to keep heavy luggage. On this account the double

decker coach can initially be used in short journeys only. However, after gaining service experience and assessing the popularity of this type of coach, the question of incorporating suitable modifications for making them fit for long distance journeys will be considered.

1.167. RDSO is fully associated in the design of important station buildings. For other stations also, wherever any special type of structures or platform sheds are to be designed, RDSO is associated.

RDSO has been serving in the Amenities Committee set up from time to time to review and recommend improvements and additional amenities for passengers in railway coaches. Apart from this, RDSO, either on its own or at the instance of the Railway Board, carries out various studies/investigations and also develops new designs on coaches with a view to bring about improvements in the amenities and comforts. A list of improvements in design carried out is enclosed as Annexure.

In regard to fuel economy, RDSO has carried out a number of investigations.

In regard to fuel economy in diesel locomotives, RDSO has carried out investigations for improvement in the design of power pack, maintenance of the locomotives and shortage and handling of the fuel. The improved type of engines currently being produced in DLW use less fuel as compared to the units which were originally imported and put into service in early 1960's.

1.168. It is respectfully submitted that RDSO is already carrying out its work and achieving maximum utilisation of existing assets of the railways and available resources of the country and ensuring economy and maximum comfort for the users of the railways. The Railway Board keeps a close watch on the working of the RDSO. The Railway Board has constituted the Central Board of Railway Research which meets periodically and reviews the work done by the RDSO and its workload for the future. The Central Board of Railway Research has constituted four Sub-Committee to study and review the work done in the individual fields of railway technology and recommend the programme of work for the future. The four Sub-Committees are:—

1. Civil Engineering Research Sub-Committee.
2. Mechanical/Electrical Engineering Research Sub-Committee.
3. Metallurgical and Chemical Engineering Research Sub-Committee; and
4. Signalling and Telecommunication Research Sub-Committee.

In addition, the results of the work of the RDSO are scrutinized by the following Committees of the Ministry of Railways:

- (a) Bridges & Structures Standards Committee.
- (b) Track Standards Committee.
- (c) Locomotive Standards Committee.
- (d) Carriage & Wagons Standards Committee.
- (e) Electrical Standards Committee.
- (f) Signalling Standards Committee.
- (g) Telecommunications Standards Committee.
- (h) Chemists and Metallurgists Standards Committee.
- (i) Standing Corrosion Committee.
- (j) Water Treatment Committee.
- (k) Committee on Welded Rails.

The Railway Board consider that sufficient machinery exists for a continuous review of the work of the RDSO and for reorientation of its efforts to the greater benefit of the Railways.

The annual report of the RDSO gives sufficiently detailed information of the work done during the year. Copies of this Report are already being sent to the Library of the Parliament. A few more copies will be placed in Library of the Parliament for the use of the Members.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (28-31), dated 26-9-1975/4, Ashwin, 1897]

#### *Annexure*

#### *Studies/Investigations carried out by RDSO for improving amenities in Railway Coaches*

- (a) Increase in the water tank capacity from 318 to 454 lit. per lavatory in BG coaches, and from 227 to 318 lit. in MG coaches.
- (b) Increase in the lavatory area from 1.01 sq. m. to 1.73.
- (c) Increase in the level of illumination from 10 to 16 lux.
- (d) Provision of wash-basins, mirrors and towel rails in the lavatories.

- (e) Increase in the depth of II class seat from 457 mm to 562 mm.
- (f) Provision of 16" size fans for BG coaches and 12" size fans for MG coaches at the rate of 2 fans per bay in II class.
- (g) Improvements in the layout and interior decor by way of better seating arrangement and panelling.
- (h) Two-tier and three-tier second class sleeper coaches with reserved sitting and sleeping accommodation were introduced in late 1950s, with the following additional facilities:
  - two extra wash-hand basins with mirrors, outside lavatories
  - Cushions on the upper berth of 2-tier sleeper coach
  - Individual switches for ceiling lights and night lights.
- (i) Day coaches for short journeys with sitting accommodation for 90 passengers, as against 80 in the conventional second class coaches, have been introduced on trains such as Deccan Queen, and Taj Express.
- (j) In order to extend the facility of air-conditioned sleeping accommodation to a larger clientele, a design providing accommodation for 48 sleeping berths in two-tier arrangements was developed. Ten coaches of the new design for use on trains having 'end-on' type power generation have been manufactured by ICF and introduced in service.
- (k) A design of air-conditioned chair-car was evolved to enable not only comfortable, but also fast travel. An air-conditioned pantry car with equipment for storing pre-cooked food and serving the passengers while on run, was also designed.
- (l) Side-filling arrangements have been introduced to all types of coaches on BG which ensures cleaner water supply in coaches.
- (m) Improved water taps of the 'self-closing' type have been fitted in a large number of II class coaches to avoid wastage of water.
- (n) Improved drainage arrangements for lavatory floors of II class coaches have been provided.

- (o) Elimination of the luggage enclosures provided in sleeper coaches has been suggested since it was experienced that these were not being utilised. The spare will be utilised to provide additional berths/seats which will increase the number of berths in sleeper coaches.
- (p) The aspect of providing safeguards against theft and pilferage of amenity fittings in coaches was examined and steps suggested to make the fittings theft-proof. These instructions have, by and large, been implemented by the Railways, and as a result, the passengers have derived greater benefits from the amenities provided.
- (q) To mitigate the effects of extremes of climate, improved thermal insulation of II class steel-bodied coaches, using indigenous glass-coll mattresses, has been taken up. This envisages thermal insulation of the sides and floors of the coaches, besides insulation of roofs as is presently being done. Twentyfive coaches, thus insulated are already on trial. Based on the results of these trials, it is likely that in future all coaches may be fully insulated, affording greater comfort to the travelling public.
- (r) In order to cater to heavy electrical load arising out of introduction of air-conditioning and elaborate catering arrangements on deluxe trains, the system of "end-on" generation at 415 V 3 ph. ac with diesel generating set mounted on the brake vans was developed and introduced since 1956. This system has enabled considerable improvement on trains like Deccan Queen and similar trains on other Railways.
- (s) "Mid-on" generation system at 32/24 V was introduced on suburban trains of Northern Railway to improve the reliability of trainlighting system.
- (t) The conventional trainlighting system was modified eliminating the theft-prone components and making use of semi-conductor devices to improve its reliability.
- (u) To meet the growing electrical load on coaches due to enhanced passenger amenities, brushless alternators of 4.5 KW capacity have been developed. These have also enabled reduced burden of maintenance and reduction in thefts.

(v) A proposal to increase the number of fans in II class compartment from 2 per bay to 3 per bay is under consideration. This is, however, linked with development of higher capacity generators and can be implemented only after these generators come into use. This is expected to take about 2 to 3 years.

#### Recommendation

2.9. The Committee note that as far back as in October, 1962 in regard to inter-gauge traffic the Railway Board had issued a directive that in cases where the lead on the forwarding gauge was very small compared to the lead after the break of the gauge, suitable adjustments in the weight condition of the forwarding gauge should be made so as to secure full load for wagons of the other gauge over which the lead was very large. The average lead for the bamboo traffic on the narrow gauge section of the South Eastern Railway is 168 kms. and on the broad gauge sections of the Northern and Eastern Railways over which this traffic moves, the average lead is about 918 kms. This was therefore a fit case where the Railway Board's directive in regard to adjustments in the weight condition could have been profitably implemented. The Committee find that the South Eastern Railway introduced a fixed weight of 100 quintals for non-standard Narrow gauge bogie wagon against the notified minimum weight condition of 130 quintals with effect from 1st March, 1964. However in the case of IRS type Narrow gauge bogie wagons, although the minimum weight condition of 130 quintals was fixed in 1968 after taking into account their carrying capacity, the necessary adjustments in the weight condition for the purposes of transhipment traffic were made only in November, 1971. Thus while transhipping the consignments from narrow gauge wagons at Madan Mahal station of Central Railway, the contents of one narrow gauge bogie wagons were 'more often than not', placed in two broad gauge four wheeled wagons or in one broad gauge bogie wagon, although the average tonnage loaded in the narrow gauge bogie wagon was only 100 to 110 quintals. This has resulted in excess utilisation of one broad gauge wagon for most of each of the narrow gauge bogie wagons. According to Audit between January, 1969 and June, 1972 about 13 thousand broad gauge wagons (four-wheelers) were utilised in excess and the cost of hauling of these loaded excess number of wagons has been assessed at about Rs. 50 lakhs. The Committee are unhappy to note that such an uneconomic practice continued for such a long time without any remedial action being initiated. It is seen that in the case of non-standard Narrow gauge bogie, minimum weight condition of 100

quintals was fixed in 1964 to suit the requirements of transhipment. Why this could not be done for the IRS standard Narrow gauge bogies which were introduced subsequently needs an immediate explanation.

[S. Nos. 32, Para 2.9 of 148th Report of PAC(1974-75)-5th Lok Sabha].

### Action Taken

Para 2.9. The notified minimum weight condition for bamboos loaded in NG bogie wagon is 130 quintals and for that of a BG 4-wheeled wagon is 110 quintals. With a view to ensuring 1:1 transhipment at the transhipment point, the South Eastern Railway introduced a fixed weight of 100 quintals for bamboos loaded in non-standard NG bogie wagon w.e.f. 1-3-1964. When I.R.S. type N.G. bogie wagons having higher cubical capacity was introduced, it was considered by the Railway that the fixed weight should be pitched at a proportionately higher level than the non-standard NG bogie wagon, as otherwise there was likelihood of loss of revenue on account of the higher carrying capacity of the IRS type wagon. Accordingly, a fixed weight of 130 quintals was notified for bamboos loaded in IRS type NG bogie wagon with effect from 15-3-68. This, however, posed a problem at the transhipment point in that the contents of one IRS type NG bogie wagon could not be transhipped into a BG 4-wheeler. The matter was examined, and it was observed that bamboos of 18' length loaded in NG bogie wagon could be fully transhipped into one BG open 4-wheeled wagon with props. Bamboos above 18' in length loaded in IRS type NG bogie wagon up to the full permissible loading height of 2.16 metres from the floor of the wagon could not, however, be transhipped into one BG 4-wheeled wagon. The Railway, therefore, reduced the weight for charge for bamboos above 18' in length loaded in IRS NG bogie wagon to 100 quintals from 1-4-1970 and also restricted the loading height up to 1.78 metress from the floor of the wagon. Subsequently, when it came to the notice of the Railway that bamboos of 8' to 15' were being loaded in mixed lots and such mixed lots could not be transhipped into a BG 4-wheeler, the matter was further examined by the Railway and the weight for bamboos of all lengths loaded in IRS type NG bogie wagon was fixed at 110 quintals w.e.f. 29-11-1971 and the loading also was restricted to 1.63 metres at sides and 1.88 metres at centre. The adjustments made in the fixed weights for bamboos loaded in IRS type NG bogie wagon from 1-4-70 and 29-11-71 ensured 1:1 transhipment at the transhipment point.

It will thus be seen that the difficulties experienced at the transhipment point in achieving 1:1 transhipment in the case of IRS type NG bogie wagon were solved by a process of experimentation in test loading with different types of bamboos resulting in successive revision of weight condition as well as the height up to which loading should be done.

[Ministry of Railways (Rly. Board) OM No. 75-BC-PAC/V/148  
(32—34) dated 22-8-1975/31  
Sravana 1897]

### Recommendation

2.22 The Committee note that with effect from 16th September, 1970 station-to-station rates were quoted on Central and Western Railways for carriage of plantains in wagon loads by coaching trains, based on a load-ability of 185 quintals per wagon. Further, on the basis of test weighments since conducted by Central Railway Administration it has been decided, effective from 15th July, 1974, that station-to-station rates for Bananas booked at coaching rates should be raised from the present loadability figure of 185 quintals per wagon to 191 quintals. As against this the station-to-station rates quoted by the South Central Railways for movement of plantains traffic by coaching trains, from Rajahmundry and other stations are based on loadability figure of only 100 quintals. The main reason for fixing a low loadability figure of 100 quintals on the South Central Railway is stated to be the reluctance of the local merchants to load the plantains upto the top of wagons even though the wagons can hold more than 100 quintals of bananas. The Committee feel that the Railways should have taken note of the reluctance of the merchants and devised ways and means, like providing removable racks, to ensure larger loading of bananas, rather than prescribing a low loadability figure. That this was not considered would indicate that the Railways have failed to safeguard their financial interests.

2.23 Further it is seen that the station-to-station concessional rates from Rajahmundry which are almost half of the normal parcel rates do not even cover the cost of haulage beyond a certain distance. In view of this factor, the Railway Board have now belatedly decided to increase the minimum weight for charge, under these lumpsum rates, to 125 quintals from the present level of 100 quintals per wagon. The Committee see no justification whatsoever for the quoting of uneconomic concessional rates by the South Central Railway for the transportation of bananas from

Rajahmundry when it was well known that the loadability limit for similar traffic on the Central and Western Railways was much more than 100 quintals. They desire that the whole matter may be reviewed with a view to fix new limits of loadability of bananas, by providing removable racks, which will not only cover the cost of haulage but will also be remunerative. The action taken in this behalf may be intimated to the Committee.

[Sl. Nos. 35 and 36, of paras 2.22 and 2.23 of the 148th Report of the PAC (5th Lok Sabha)]

#### Action Taken

2.22 & 2.23. It is submitted that by their very nature and quality the plantains booked from Central Railway and those booked from the South Central Railway are not comparable. Whereas the plantains loaded on the Central Railway are bigger in size and heavier, their weight being nearly twice that of the plantains of Rajahmundry, the wagons loaded with plantains on the Central Railway are collected and run as a block train from Itarsi to New Delhi with a much quicker transit time which is about 3 days. The wagons with plantains of the S.C. Railway have of necessity to move by slow passenger trains entailing a transit time of about 10 days or more to reach various destinations. Therefore, the plantains of the S.C. Railway are more susceptible to deterioration if adequate air space is not provided. Due to the longer transit time it is advantageous to have a longer stem which will delay the deterioration. In his connection the technical information given by the Chairman, Industrial Research Consultancy and Extension, Central, Food Technological Research Institute, Mysore, on the subject is reproduced below:—

"Bananas are living things requiring oxygen in the air, and by placing these living commodities in a closed chamber they will continue to consume whatever oxygen would be available in the surroundings—which would be obviously less if the bananas are loaded to the top and give out carbon dioxide and increase the temperature due to the release of energy leading to the decay of the commodity."

Therefore, by their very nature the plantains of S.C. Railway require more air space and therefore, their loadability is poorer. In fact, a number of test weighments were conducted to assess the maximum loadability in the wagons of the plantains produced in

Rajahmundry area and it was found that the loading could be done upto a maximum of 10 layers without any air space at the top and even in this case though the maximum weight did not exceed 110 quintals. As adequate air space has to be left above the top layer to prevent deterioration, the merchants do not load beyond 7 layers.

The question of providing removable racks was examined by the South Central Railway Administration who have stated that this is not a practical proposition as the wagons are booked to different stations on various railways and it will not be possible to ensure that these racks will be sent back to the originating stations. Therefore, if the racks are not returned or are lost in transit, replacing them frequently would be a costly proposition. Besides, it is doubtful if the mere provision of removable racks will improve the loadability once it is accepted that adequate air space should be kept above the top layer, to avoid deterioration of the fruits.

With the minimum weight per charge per wagon being increased from 100 quintals to 125 quintals from 1.12.74 there was widespread protest from the merchants of Rajahmundry area and there has been not only a considerable drop in the traffic but there has been no booking at all after May, 1975. As against a total loading of 930 wagons during 1973-74 the loading from November 1974 to May, 1975 was only 101 and thereafter there has been no traffic at all. It will be seen, therefore that even this modest increase of the weight per charge had the effect of the traffic being completely lost to the Railways. It may be pointed out that while every effort should be made to maximise the freight earnings, the rate per charge should not be counter-productive as has happened in this case.

This has been seen by Audit who have stated that the facts are under verification by Chief Auditor, S.C. Railway.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/  
V/148(35-36) dated 23-8-75/1 Bhadra, 1897].

#### **Recommendation**

Para 2.32. This is a typical case where the Central Railway Administration failed to act in a business like manner. From the facts of the case it is clear that before finalising the arrangements for movement of sand traffic offered by the contractor, the terms and conditions were not carefully set out. Keeping in view the

quantum of work involved and the duration of the arrangements to be made, it was only reasonable on the part of the Railway Administration to have sorted out the financial implications of the arrangement in advance. This was all the more necessary because the siding charges for the recommissioned railway siding at Khardi Station had not even been notified. In the absence of such a notification it could not be assumed that the contractor would agree to pay the siding charges in addition to the freight charges. No wonder therefore the contractor declined to pay the siding charges to which his prior acceptance had not been obtained and which were considered by him to be unjust. It is further seen with surprise that after the contractor had declined to agree to the payment of siding charges, apparently no attempt was made by the Railway Administration to come to a negotiated settlement with the Contractor. The Railway Administration thus lost a valuable opportunity to retrieve traffic which could have earned lot of revenue in the form of freight charges. The Committee are constrained to express their unhappiness about the way this case was handled and desire that an investigation be made to fix individual responsibility.

[S. No. 37, para 2.32 of 148th Report of the PAC—Vth Lok Sabha].

#### Action taken

In regard to the observation of the Committee that the Railway lost a valuable opportunity to retrieve the traffic which could have earned a lot of revenue in the form of freight charges, it is submitted that sand is a low rated commodity and the load involved was also very short. There was no commercial justification for either waiving the siding charge or for making a reduction in the freight rate. The Railway had, therefore, no special interest in fostering this traffic. The Party was not also offering the promised quantum of traffic. As against the promised rate of loading of one rake of 30 wagons per day for five days in a week, the actual booking was very much less. During the period of five months during which this traffic moved traffic was offered only on 37 days out of which rake loading was only on 26 days. Further, the Railway was in a position to make better use of the empties as the section over which this traffic was to move was a busy section and there was heavy demand for empty wagons in this area. Considering all these circumstances, it is submitted that there was no failure on the part of the Railway Administration in retrieving the traffic. The Railway did all that was possible and justifiable

in the circumstances for the movement of the traffic but the firm did not keep up to its promise.

There has no doubt been some lapse on the part of the Railway Administration in not having fixed and notified the siding charge before the traffic had started moving. The Central Railway are being cautioned in the matter and are being asked to take strict measures to guard against such failures in future. However, considering that the loss involved on account of the delay in the notification of siding charge is relatively small, the Board submit that the Public Accounts Committee would consider the action taken as adequate and that no individual responsibility for the lapse need be fixed.

[Ministry of Railways (Rly. Board's) O.M. No. 75-BC-PAC[V/148 (37), dated 29-9-1975/11 Bhadra, 1897]

### **Recommendation**

2.63. The Committee also deprecates the delay of more than four years on the part of the Railway Administration to plug a loophole in the Tariff rules.

[Serial No. 42, Para 2.63 of 148th Report of PAC (1974-75)  
Fifth Lok Sabha.)]

### **Action Taken**

#### *Para 2.63*

As early as in September, 1972 itself, the Railway had issued necessary instructions in Rate Circulars to Staff to the effect that, in the Forwarding Note tendered at the time of booking, a declaration should be obtained from the consignor to indicate whether the commodity tendered was intended for burning or for pulp making etc., to prevent the irregular charging of the commodity. Subsequently, necessary amendment has been issued to the Tariff.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (40-43) dated 24-10-1975/2 Kartika, 1897].

## CHAPTER IV

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

#### **Recommendation**

1.34. During evidence before the Committee the Financial Commissioner for Railways agreed that keeping in view the loans outstanding and the contingent liabilities of Railways the overall financial position of the Railways could only be termed as "very unsatisfactory". In regard to the remedial steps taken or proposed to be taken by the Railways in order to check the deteriorating financial position, it was made out that besides the other steps such as increasing productivity and improving operational efficiency there was an urgent need for restructuring of freights and fares on the Railways. The Committee were informed that although some readjustment in the freights and fares had been made in the past few years, no basic restructuring of the tariff policy as such had been undertaken. The Committee are of the view that the adjustments of freights and fares made every years at the time of budget are motivated mostly by the considerations of bridging up of budgetary gaps. There has never been any serious attempt to bring these rates in alignment with the ever increasing costs. Such periodical readjustments can at best be regarded as *ad hoc*. The Committee feel that there is need for rationalisation of the tariff policy *vis-a-vis* the cost of services provided by the Railways. They therefore recommended that the question of restructuring of freights and fares on the basis of cost plus profit may be remitted to an Expert Committee for a thorough examination.

[Serial No. 6, Para 1.34 of the 148th Report of PAC (1974-75)  
Fifth Lok Sabha].

#### **Action Taken**

A high power Committee under the Chairmanship of Dr. A. Ramaswamy Mudaliar was set up in 1955 to review the freight structure of Indian Railways and on the Recommendations made by this Committee, a New Freight Structure was introduced with effect from 1st October, 1958. Subsequently, an officer on Special

Duty of the rank of Additional Member was appointed in 1968 to review the Freight Structure and on his recommendations, a few changes were effected in the Freight Structure with effect from 1st April, 1970.

2. Subsequent to the revision of the freight structure in 1970, it was found that with the rapidly increasing cost of operation, the freight rates had become unrealistic and it was found necessary to bring the rates closer to costs. Further, the effect of reduction in the charges arising out of the telescopic nature of the freight structure, resulted in the Railway getting earnings that did not cover the cost over longer leads in the case of a large number of traffic. These shortcomings in the Freight Structure were remedied to some extent as a result of adjustments made in the freight rates during the past three years. Adjustments were also made in the fare structure of Indian Railways on five occasions since 1970 viz., from 1-7-1971, 15-4-1972, 1-4-1973, 1-4-1974 and 15-9-1974. It will be necessary to undertake more cost studies and the effect of structural changes already made in the freight structure will have to be studied before any further major revision in the freight structure could be undertaken. It is felt that such a study is necessary for a purposeful review of the Freight Structure and would be appreciated by the High Powered Committee as and when it is set up.

In view of what is stated above, it is not proposed to set up a High Power Committee for restructuring freights and fares on Indian Railways immediately. The recommendation of the Public Accounts Committee in this regard has, however, been noted and the question of appointing such a Committee will be considered at the appropriate time.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC[V]  
148 (6) dated 21-8-1975/30 Sravana, 1897].

#### Recommendation

The Committee note that at the time of formulation of the Budget Estimates for the year 1972-73, the Railways had planned production of 14,000 wagons both from industry and Railways workshops. Accordingly funds to the tune of Rs. 41.46 crores were provided for in the Budget. At the time of Revised Estimates, the anticipated production of wagons was revised and brought down to 11,400 wagons against the 14,000 wagons provided for in the Budget Estimates. However, during the course of the year an additional order for 15,000 wagons was placed on an urgent basis on the wagon builders by obtaining a supplementary grant of Rs. 2.54 crores. The main justifications given for the placement of the additional

orders for wagons were that firstly, there was lot of criticism in Parliament about wagons not being available; secondly, the wagon building industry was suffering from lack of orders and thirdly there was shortfall in supply of wagons due to unrest in the Eastern sector. It is relevant to recall that the Minister of Railways, while reviewing the results of the financial year 1972-73 in his speech on the Railways Budget for 1974-75, had *inter alia* stated that it had become apparent very early in the year (1972-73) that the additional goods traffic hoped for was not likely to be achieved. The Committee wish the Railway Board had estimated their wagon requirements in a more realistic manner, particularly keeping in view demands for wagons in hand. In any case the Committee would like that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available.

[Serial No. 11, Para 1.62 of 148th Report of PAC (1974-75)  
Fifth Lok Sabha].

#### **Action Taken**

The observations of the Committee have been noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC|V|  
148(11) dated 4-7-1975/13 Asadha, 1897].

#### **Recommendation**

1.80. The Committee are concerned to note that the operating ratio of railways, which is the percentage of total working expenses to the gross traffic receipts, was higher during 1972-73 than in the previous four years. In 1968-69, the operating ratio of all Indian Railways was 82.60 per cent. It increased to 84.13 per cent in 1970-71 and after registering a slight improvement in 1971-72 worsened to 84.47 per cent in 1972-73. An increase in the operating ratio implies that the working expenses have increased more rapidly than the gross earnings of the Railways. While the increase in the gross earnings of the railways in 1972-73 over 1968-69 was 29.4 per cent, the increase in the working expenses was 32.3 per cent. For bringing down the operating ratio the railways will not only have to augment their earnings substantially but will have to effect significant economies in all spheres, particularly in materials management. As stated by the Financial Commissioner for Railways during evidence before the Committee, the finances of railways cannot be considered to be well conducted if only

the working expenses are covered. The Committee need hardly emphasise that allout efforts need be made to increase the earnings of the railways by attracting more traffic and improving the operational efficiency.

[S. No. 12, Para 1.80 of 148th Report of PAC (1974-75)-Vth Lok Sabha]

#### Action Taken

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

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC|  
V|148 (12—14) dated 8-7-1975|17 Asadha, 1897].

#### Recommendation

2.61. The Committee are distressed to learn that even though it had come to the notice of the Southern Railway Administration as early as in December, 1969 that a factory manufacturing rayon grade pulp was receiving large consignments of wood pieces conforming to the size and description of firewood but not intended for buring purposes, no effecive action was taken to levy freight charges on these consignments at higher rates applicable to firewood suitable for special use other than burning. The instructions issued by the Railway Administration in December, 1969 to all the stations on the division that such consignments should be charged at the higher rate were not implemented by the concerned stations with the result that the under-charging continued for several years. The undercharges for the three stations have been assessed at Rs. 81,437.

2.62. It has now been stated that with effect from 15-2-1974 the Special Condition 10 of the Goods Tariff No. 33 pt. I. has been amended so as to make it obligatory on the part of the factory to declare the purpose for which the wood pieces will be used. The Special Condition 10 before amendment provided that wood pieces for special use other than burning will not be accepted as firewood for the purposes of levying freight rates. Why this particular clause was not invoked by the station staff earlier and how the special Condition 10 as amended will now enable the Railway to levy higher freight rates is still not clear. In fact the factory is stated to have approached the court of law for a clarification of the terms of the Goods Tariff.

[S. Nos. 40 & 41 Paras 2.61 & 2.62 of 148th Report of PAC  
(1974-75)—Fifth Lok Sabha.]

### Action Taken

2.61. It is only the peculiar nature and size of wood pieces that created some practical difficulties to staff at stations in levying correct freight charges in certain cases of bookings. The commodity received by M/s. Gwalior Rayons for Industrial purposes is not of any special variety of wood pieces, but are only small pieces of wood, conforming to the definition of S/10 attached to Firewood and chargeable in the normal course as 'Firewood' only. However, in view of the special end use of the commodity which is being received by the Firm for industrial purpose, as distinct from fuel, they are being treated and charged at a higher rate as for Timber, N.O.C. The Commodity may perhaps be also booked by private parties for domestic purposes as fuel. Therefore, the staff at stations can understand the special end use of the material only, when it is specifically consigned to M/s. Gwalior Rayons. In case the consignment is booked by private parties to self, under the description 'Firewood' there cannot be any reasonable doubt about the special end use of such material and hence in the absence of any clear knowledge of the end use the staff have no other way except to treat and charge such consignments as for 'firewood' in accordance with the provisions contained in the Tariff. Therefore, it cannot be construed that no effective action has been taken by the Railway Administration, to ensure levy of correct charges on such consignments. In view of the prompt action taken by the Railway Administration, all consignments of 'wood pieces' booked by the Firm have been correctly charged, by the Station Staff at the rates applicable to 'Timber, NOC'. Only in the case of certain consignments booked by private parties to 'Self' and subsequently endorsed to the Firm or their Agents, some irregularity in charging of such consignments has been noticed for which necessary undercharges have been duly raised and suitable disciplinary action against the staff at fault have also been taken. There has been no large scale omission of this nature as compared to total goods earnings of Calicut and West Hill and when undercharges came to notice, debits were raised against the stations and suitable disciplinary action has been taken against the staff at fault.

2.62. As per the Special conditions S/10 attached to the booking of firewood, as it existed prior to 15-2-1974, the following would not be accepted as firewood:—

- (a) Selected pieces of wood suitable for bullock yoke, cotton hand gins and posts,

- (b) Selected pieces of wood for special use other than burning,
- (c) timber pieces more than 90 cm. X 45 cm;
- (d) timber pieces exceeding 80 kilograms in weight and,
- (e) Sleepers whether serviceable or non-serviceable.

In normal parlance, timber relates to wood used for furniture or building purposes. Firewood generally means branches of trees, bushes etc. intended for burning purposes. The commodity booked to the Firm is not actually timber in logs or baulies but only small branches of eucalyptus trees which conform to the size and description of Firewood as contained in special condition S|10 and which will normally be chargeable as Firewood. Since the same commodity is also used for industrial purposes by M/s. Gwalior Rayons, the staff at stations had experienced some practical difficulty, in the absence of any specific provision in the Tariff, to demand and get suitable endorsement from parties in the Forwarding Note in regard to actual end use of such commodities to levy the correct charges. With a view to avoid such difficulties and also to prevent any possible misdeclaration in booking of the commodities, the special condition S|10 attached to 'Firewood' has been suitably amended from 15-2-74, so as to make it obligatory in respect of all consignors (including the Firm) to declare the purpose for which the 'wood pieces' will be used.

#### **Audit comments**

##### ***Para 2.61***

It has been stated that undercharges detected amounted to Rs. 81437 only for the period 1968—72 and when reckoned with reference to the total earnings of the station, these undercharges could not be considered as large scale omission. The under charges commented upon occurred in timber consignments and it is, therefore, felt that the comparison is not appropriate. The extent of omission could be determined more realistically with reference to number of timber consignments in which undercharges were detected to total number of such consignments booked during the period mentioned in the Audit paragraph.

**Para 2.62**

As brought by Railway Board in the reply to paragraph 2.64 the administration took action as early as November 1969 to issue instructions to booking and destination stations on Olavakkot Division requiring them to collect charges on timber consignments keeping in view the end use. It is hardly convincing that in spite of these instructions the station staff could not invoke the special condition S|10 for charging the timber consignments. The point made out that in some cases the consignments were booked to 'Self' does not appear to be very relevant inasmuch as the destination station could identify the consignee from the endorsements on the Railway receipts and could have collected the correct charges. In view of the elaborate reply to para 2.64, the reply to para 2.62 needs to be reconsidered.

**Raliway Board's further remarks**

Further remarks of the Railway Board on the above comments are as follows:—

**Para 2.61**

The total goods earnings of Calicut and West Hill during 1972-73 were Rs. 91 lakhs and Rs. 47 lakhs respectively. When compared to the total goods earnings of these stations the undercharge of Rs. 81,437 raised will only represent a small proportion and consequently the failure to collect correct charges cannot be considered as a large scale omission. Further, there has been a significant declined in the underchargeable noticed after the issue of instructions by the Railway Administration in December, 1969. The amount of undercharges detected on or after December, 1969 was only Rs. 23,435 as against the total undercharge of Rs. 81,437/-. It is, therefore considered that the omission of the staff of these stations to recover correct charges is not a larg-scale omission. However, the Railway have already instituted suitable disciplinary action against the staff at fault.

**Para 2.62**

The special condition attached to firewood as it existed prior to the amendment made in Feb. 1974, was not much helpful, since it only enumerated the categories of wood that would not be chargeable as firewood. The consignments of wood pieces booked to these stations conformed to the size and description of firewood. They

are actually rejections of wood which are normally fit for burning purposes but are used by this Firm for industrial purpose. The station staff were, therefore, not in a position to identify the end use of the commodity and levy charges at the higher rates applicable to Timber. Further in a large number of cases, the consignments were not booked to M/s. Gwalior Rayons but to private parties as booking to self. In the circumstances, it would not have been possible for the station staff to charge the wood pieces at the higher rate applicable to timber NOC unless specific instructions were issued by the Railway Administration or the special condition was amended. With the amendment of the special condition from 15-2-74, consignment of wood pieces are being correctively charged either as fire-wood or timber NOC according to the end use as declared by the consignor.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (40-43 dated 24-10-1975/2 Kartika 1897)].

#### **Recommendation**

##### **Para 2.79.**

The Committee regret to note that there is no in-built system on the Railways for the periodical verification of distances between stations. It is astonishing that the higher officers of the Railway Administration were unaware of the differences between the distances adopted for charging fares and the actual distances from the Madras Central Station to other stations on North East Line and this fact was brought to notice in June, 1971 by a railway employee who should be given handsome reward. The actual measurements conducted by the Engineering Department in October, 1971, indicated an increase of 1.25 kms. in the distances of all stations from the Madras Central along North Eastern Line. That this was not a solitary case of its kind is borne out by the fact that out of 1387 cases of distances notified in the Northern Railway tables in as many as 1162 cases, the Engineering Department had found differences necessitating revision in the notified distances. These discrepancies between the actual distances and the distances charged for noticed on the Southern and Northern Railway point to the need for having a system of rechecking the distances periodically as a matter of course. The Committee desire that this aspect may be considered by the Railway Board.

2.80. The Committee are distressed to learn that although the Engineering Department of Southern Railway brought the difference between the actual distance and the distance charged for from Madras 2918 LS-6.

Central to the notice of the Commercial Department in December, 1971, the Commercial Department took as long as 16 months to notify the revised distance. The explanation given for this long delay is most unconvincing. The Committee desire that an investigation be made forthwith to fix responsibility for the delay.

[Sl. Nos. 44 & 45 Paras 2.79 & 2.80 of P.A.C. 148th Report (1974-75) 5th Lok Sabha].

#### Action taken

##### Paragraph 2.79

The observations of the Committee have been noted

2. On the Southern Railway there is already a system of periodical verification of distances between stations. According to this system, the Engineering Department advises the Commercial Department of changes in distances, both increases and decreases, due to re-alignment, doubling, formation of new hump yards etc., as and when the changes take place and the Commercial Department notifies the changes to the staff immediately. As an additional precaution, to eliminate the chances of failure on the part of Engineering Department to advise the changes in distances, the Commercial Department contacts the Engineering Department once in six months i.e., after the periods ending 31st March and 30th September every year to ascertain changes in distances, if any.

3. With a view to ensuring that there is no failure or delay in the revision of the distances for charge arising out of opening of stations, diversions realignment, doubling of track etc., the railways are being asked to introduce the following procedure:—

- (i) The Engineering Department should advise the Commercial Department of changes in distance, both increases and decreases, due to opening of stations, diversions, realignments, doubling of track etc., as and when the changes take place to enable the Commercial Department to examine whether any change should be made in the distance for charge notified in local/junction Distance Tables.
- (ii) As an additional precaution, to eliminate the chances of failure on the part of the Engineering Department to advise the changes in distances, the Commercial Department should contact the Engineering Department in the months of April, and October, every year, and ascertain the changes in distance that had taken place during the past 6 months on account of the factors mentioned above and

verify whether the changes advised have already been acted upon.

(iii) In April every year the Chief Engineer should give to the CCS a certificate indicating the changes that had taken place in the inter station distances during the previous year.

4. As for the specific instance of charging at a reduced distance from and to stations on the North East Line, Southern Railway, it is submitted that the Administration were already aware of it before the employee wrote to the Administration about this in June 1971. There is no case for rewarding the employee on this account. Since the practice of charging fares at reduced distance for stations on the North-East line was in force for 66 years from 1907, the adoption of actual distance which was 125 kilometres more than the distance charged for had to be done only by taking a policy decision. It was only in August 1972 that a policy decision in this regard was taken by the Railway.

#### **Paragraph 2.80**

5. Delay of 15 months (and not 16 months as pointed out by the Committee) from December 1971 when the Engineering Department confirmed the increase of 1.25 kms. in the distance and 1st April 1973 from which date the revised Distance Tables were brought into force, may be explained as under:

**(i) Between 30th December 1971 and August 1972 (8 months)**

As stated above (the Administration had to take a policy decision to do away with the practice of charging fares on reduced distance in force for 66 years from 1907. During this period, a scrutiny of the traffic originating and terminating at Madras Central from and to stations on the North East line vis-a-vis road traffic was made to enable the Railway to take a decision.

**(ii) Between August 1972 and 1st April 1973 (7 months)**

Out of this period two months were spent on calculating and checking revised distances on the whole Railway and in the preparation of manuscript for the Press which was actually sent to the Press by the middle of October 1972 with instructions to the Press Superintendent to print the tables on a top priority basis. The Superintendent, Print-

ing and Stationary, however expressed his difficulties in bringing out a total of 32,800 copies of the publication earlier than 1-4-1973 because of difficulties experienced in the matter of getting suitable supply of required quantity of paper of a quality suitable for printing the distance table and also due to the press being pre-occupied with printing of certain IRCA Tariffs.

6. Considering all the above circumstances, it is submitted that the total time of 15 months taken by the Southern Railway to notify the revised distances may not be considered as excessive and unreasonable warranting the fixation of responsibility.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/X/  
148(44-46) dated 21-8-1975/30 Sravana 1897].

## CHAPTER V

### RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

#### **Recommendation**

1.48. During the course of evidence the Financial Commissioner for Railways stated that in the context of existing constraints on the national resources for plan purposes, the Railways had been asked to economise and cut back on plan outlays. The Committee feel that the provision of transport infra-structure and railway operations were equally important for the national economy and hence the Railway Board should draw up their priorities for which funds must be provided and prepare a hard core plan in consultation with the Planning Commission. Unless the Railways reach hilly, backward, and unconnected areas, the process of the development of those areas will be indefinitely delayed and consequently the economic development of those areas will suffer and regional imbalances will grow further. On the other hand, Railways hasten economic growth of the hilly and backward areas and ultimately in course of time the Railways as well as the country are bound to gain.

[S. No. 8, Para 1.48 of 148th Report of PAC (1974-75)—Vth Lok Sabha)].

#### **Action taken**

The observations of the Committee have been noted. The detailed report of the Public Accounts Committee (171st Report—1974-75) on new lines has also been received and action-taken on that report will be advised to the Committee shortly.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC|V|148 (7-8) dated 4.8.1975|13 Sravana 1897]

### **Recommendation**

1.119. The Committee's attention has been drawn to the competitive transport situation which has gradually developed in the country. The Committee have always expressed their concern at the lack of a coordinated national integrated transport policy. They, however, regret to find that even though the need for coordination between the different modes of transport is accepted by all, there has been no worthwhile achievement in this direction. Every time the Committee review the working of the Railways on the basis of annual Audit Reports, a point is made that a good proportion of the 'high rated' and 'high profit yielding' traffic has been creamed off by road transport, leaving the 'low rated' traffic like coal, food-grains, fodder, stones, salt, ores etc., freight on some of which does not even cover costs, to be moved by the Railways over long distances. This not only involves wasteful competition between the railways and road hauliers but leads to a national waste inasmuch as the rail capacity created at great cost remains unutilised or underutilised in many sectors. It needs no emphasis that proper and effective rail road coordination can bring more business for the Railways. This happens because the Railways are unable to give full satisfaction to its users. Road transport is always much dearer compared to existing railway rates. In the context of the present-day circumstances arising out of the oil crisis, the need for a co-ordinated national integrated transport policy has become all the more important and compelling. It will, therefore, be in the fitness of things that this question is considered by Government at the highest level to formulate a clear-cut policy and to evolve a suitable machinery for the effective implementation of the same.

1.120. The Planning Commission and State Governments may, however, be approached to discourage long distance road transport service in public and private sectors, both for passenger and goods traffic, once the Railways are able to meet fully the demand to the satisfaction of users and respective State Governments.

[S. Nos. 21-22, Paras 1.119-1.120 of 148th Report (1974-75) Vth Lok Sabha].

### **Action taken**

The matter is under consideration in consultation with the Ministry of Shipping and Transport and Planning Commission. The

Final reply will be furnished after the replies are received from them.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (21-22) dated 22-8-1975/30 Sravana 1897].

### Recommendation

1.133. The Committee note that during the year 1972-73 an amount of Rs. 158.95 crores was provided for fuel. This provision of Rs. 158.95 crores for fuel included the requirements for carrying additional 9.5 million tonnes of revenue earning goods traffic and for an increase of three per cent in passenger traffic. The anticipated increase in goods traffic did not fully materialise during the year but the fuel bill of Railways registered an increase of Rs. 3.42 crores at the end of the year. Even after making allowance for the escalation in the price of fuel during the year, the Committee feel that the increase in fuel bill was not commensurate with the increase in traffic. This only demonstrates that despite all the fanfare about the economy drive, the Railways have not been able to effect any tangible saving in the expenditure on fuel. The Committee would like to emphasise that if fuel economy has to have any meaning it should be clearly reflected in the consumption of fuel vis-a-vis the quantum of traffic moved.

1.134. During evidence the Financial Commissioner for Railways informed the Committee that during the year 1974-75 all the Railways have been asked to effect a 5 per cent cut in their expenditure. The Committee apprehend that the enforcement of such blanket cuts more often than not result only in the postponement of essential maintenance services and deterioration in the standards of service without any real saving in the fuel cost and fuel consumption. The Committee trust the Railway Board will keep this in view.

[S. Nos. 23-24, Paras 1.133-1.134 of 148th Report of PAC (1974-75)—Vth Lok Sabha.]

### Action taken

1.133. The actual expenditure in 1972-73 under Demand No. 7 (Operation Fuel) was Rs. 162.37 crores as against a budget provision of Rs. 158.95 crores (Rs. 3.42 crores more). However, but for the post-budgetary increases in the prices of coal, diesel oil and electric current amounting to Rs. 4.67 crores and arrear adjustments of Rs. 1.80 crores amounting in all to Rs. 6.47 crores, the actual expenditure would have been Rs. 3.05 crores less than the budget estimates. Compared to 1971-72, the increase in expenditure was

Rs. 6.44 crores. Allowing for escalation in prices and arrear adjustments, the expenditure in 1972-73 was marginally less than that in 1971-72.

Although the anticipated increase of 9.5 million tonnes of revenue earning goods traffic did not materialise in full, the originating traffic in 1972-73 was higher than that in 1971-72 by 3.5 million tonnes. The comparative position of traffic carried and fuel consumed during the two years is given below:—

Description	1971-72	1972-73	Percentage variation
1. Tonnes originating (in millions) . . .	197.8	201.3	1.7
2. Passengers carried (millions) . . .	2535.8	2653.1	4.6
3. Gross tonne kilometres (in millions)			
(a) Steam . . . . .	176768	169594	-4.1
(b) Diesel . . . . .	151070	159788	5.8
(c) Electric . . . . .	75906	81486	7.4
4. Fuel/power consumption			
(a) Coal (in million tonnes) . . . .	14.2	13.7	-3.6
(b) Diesel oil (in thousand kilo-litres) . .	626.9	667.4	6.4
(c) Electricity (million KWH) . . . .	1382.8	1451.8	4.9

There has been an increase in the consumption of HSD oil (6.4%) but the variation between this increase and the increase in GTKms (+5.8%) is only marginal and the difference of 0.6% (6.4%—5.8%) can be attributed mainly to a drop in the percentage of train engine hours to total engine hours for diesel traction from 65.6% in 1971-72 to 64.6% in 1972-73 and to a higher rate of increase in van and shunting services (+21.38%) as compared to through goods services (+3.48%).

It is submitted that economy in fuel consumption is being continuously watched not only at the divisional and headquarters level of the Zonal Railways but at the Board's level also. There is no let up in the steps taken towards fuel economy and the performance of the Zonal Railways is periodically and critically reviewed so as to take corrective action wherever needed.

1.134. It is submitted that the reductions effected in revenue expenditure have not caused any throwforward of maintenance or fuel

expenditure into 1975-76 and that the economies have not resulted in postponement of essential maintenance or a deterioration in the standards of service. In fact, a number of arrear adjustments have been accommodated within the voted funds.

[Ministry of Railways (Rly. Board) OM No. 75-BC-PAC|V|  
148 (23-24) dt. 24-10-1975|2 Kartika 1897]

### **Recommendation**

2.10. The Committee further note that although the Railway Board's notification dated 29th November, 1971 communicating their sanction to the reduction in the fixed weight for bamboo loaded in narrow gauge bogie wagons to 110 quintals was conveyed to the stations in December, 1971, the booking stations failed to rigidly observe the revised loading heights and it was only in June, 1972 that 1:1 transhipment became possible. The Committee would like that suitable disciplinary action be taken against the supervisory officers who failed to watch the proper implementation of the instructions on the subject. The Committee would like to be informed about the action taken.

[S. No. 33, Para 2.10 of 148th Report of PAC 1974-75—Fifth Lok Sabha].

### **Action taken**

#### **Para 2.10**

The implementation of the revised loading instructions given to the stations in the first week of December, 1971 was kept under watch at the officer and Inspectorial level. These checks had indicated that while loading instructions were generally observed there were occasional failures by the booking stations in rigidly complying with the directive in regard to height up to which bamboos should be loaded. It may be appreciated that attaining of 1:1 transhipment is dependent not only on the weight condition but also on the methods of loading including the size of the bamboos loaded as well as the loading heights, both at the sides as well as at the centre. This loading procedure had to be drilled into the minds of not only the station staff but also the loading agents and that naturally took some time before the procedure could settle down. The frequent inspections by the supervisory officers had the desired effect in that the ratio of MG to BG wagons at the transhipment point which was 1:1.9 during 1971 came down to 1:1.4 during the period

January to June 1972 and from July 1972 onwards 1:1 transhipment was achieved.

In the circumstances, it is submitted that there has been no failure on the part of the supervisory staff to watch implementation of the instructions which would necessitate action being taken against them. However, the South Eastern Railway is being asked to look into the matter further and take up with the staff responsible for any lapse in this regard.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/148 (32-34) dated 22-8-1975|31 Sravana 1897].

### **Recommendation**

2.46 This paragraph highlights the inadequacy of the system followed on the Railways in regard to weighment of wagons on weighbridges. As per extant rules all bulky goods such as sand, stone, timber etc. are required to be weighed either at the forwarding station or at a convenient weighbridge station *en route* or at the destination. At the weighbridge stations where the wagons are required to be weighed, the rules require the Station Masters to ensure that such weighment is done. A review of the working of a few weighbridges for the year 1972 has disclosed that all the wagon loads required to be weighed were not being actually weighed.

2.47. Further, in the case of wagons actually weighed, weighment had not been done properly in that a surprise check at Pilibhit disclosed that 14 out of 21 wagons coming in for surprise check were overloaded and the actual weight was more than the invoiced weight by 3 to 29 quintals per wagon. It is also seen that after having been pointed out by Audit that the existing deterrent to excessive overloading was not adequate, Railway Board have amended the relevant rules to provide for more deterrent penalties for overloading. The Committee are constrained to observe that this could not have been done without collusion with corrupt officials so as to give undue benefits to unscrupulous traders. The Committee desire that the working of weighbridges should also be reviewed on all Railways with a view to streamline the procedure and to ensure that all stations scrupulously comply with the provisions of the rules regarding weighment of wagons.

[S. Nos. 38-39, Paras 2.46-2.47 of 148th Report of PAC (1974-75)—

**Fifth Lok Sabha.**

**Action taken**

The observations of the Committee have been noted. As desired by the Committee, the working of weighbridges on all zonal Railways is being reviewed with a view to streamlining the procedure.

[Ministry of Railways (Railway Board)'s O.M. No. 75-BC-PAC/V/148 (38-39) dated 21-8-1975/30 Sravana 1897].

NEW DELHI;

March 31, 1976

Chaitra 11, 1897(S)

H. N. MUKERJEE,

Chairman.

Public Accounts Committee

## APPENDIX

### *Summary of Main Conclusions|Observations*

S. No.	Para No.	Ministry/Dept. Concerned	Conclusions/Recommendations
1	2	3	4
1.	1.3	M/o Railways (Railway Board)	<p>The Committee expect that final replies, duly vetted by Audit, in respect of those recommendations/observations to which only interim replies have been furnished so far, will be submitted to them without further loss of time.</p> <p style="text-align: right;">gg</p>
2.	1.7	—do—	<p>The Committee are unable to appreciate the reluctance of the Ministry of Railways (Railway Board) to remit the question of restructuring of freights and fares on the Railways on a 'cost plus profit' basis to an expert committee for a thorough examination. Admittedly, although some periodical readjustments had been made in the freights and fares in the past few years, no basic restructuring of the tariff policy as such has been undertaken by the Railways and the 'ad hoc' adjustments have made no real impact. The changes effected in the freight rates during the past three years or so can at best be considered palliatives. The Committee are of the view that unless this question is examined in detail and meaningful deci-</p>

sions are taken to rationalise the existing freight and fare structures on a scientific basis, the ills that beset the Railways will continue to plague them. Even if it is not possible to remit this question to an expert committee immediately, the Committee feel that it should not be difficult to at least undertake the necessary cost studies and carry out a purposeful study of the effect of the changes already made in the freight structure from time to time. It appears that even this preliminary exercise is yet to be undertaken. The Committee are unhappy with this state of affairs and desire that this exercise at any rate should be set in motion immediately and completed expeditiously.

3. 1.10 M/O Railways  
(Railways Board)

The question of providing the necessary transport infra-structure for the economic development of the hilly and backward areas of the country has been examined in detail in the Committee's 171st Report (Fifth Lok Sabha) and the action taken by Government in this regard has also been dealt with by the Committee in their 191st Report (Fifth Lok Sabha). The Committee trust that Government will take serious note of the Committee's recommendations on this important question and ensure that the expectations in this regard of the people of such regions of the country are soon fulfilled.

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4. 1.13 —do—

The Committee note that the High Powered Committee on Inventory Management on Railways have since submitted their First Report covering two items of their revised terms of reference and that their recommendations are under Government's consideration. The Committee would like to be apprised of the followup action

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initiated in pursuance of these recommendations. The High Powered Committee should also complete the remaining work as early as possible so that qualitative improvements can be effected, without undue loss of time, in the inventory management on the Indian Railways.

5. 1.16 M/o Railways  
(Railway Board)

It is not clear to the Committee what the Railway Board seeks to convey by the laconic reply that 'the observations of the Committed have been noted'. The Committee had specifically desired that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available. The Committee would like to be informed of the concrete steps taken by the Ministry in pursuance of this recommendation.

8

6. 1.19 —do—

This is yet another instance of Government remaining merely content with 'noting' the observations of the Committee. The Committee feel a certain irritation over this practice and would like a clear and cogent response to their recommendation that all-out efforts should be made to increase the earnings of the Railways by attracting more traffic and improving operational efficiency. The steps, if any, taken to achieve these objectives should also be spelt out, so that the Committee could arrive at reasoned conclusions in

regard to the adequacy of the action taken by Government in response to the Committee's recommendations.

7. 1.22

--do--

The Committee note that the South Eastern Railway is being asked to 'look into' the non-observance of the revised loading heights for bamboos, as communicated in the Railway Board's notification dated 29 November, 1971, and take up with the staff the responsibility for any lapse in this regard. The Committee trust that this examination has been completed and would like to be apprised of the outcome.

8. 1.27

--do--

The Committee have carefully considered the argument advanced by the Railway Board that the failure to collect correct freight charges on wood consigned for the manufacture of rayon-grade pulp cannot be considered as a large scale omission when it is reckoned with reference to the total earnings of the stations concerned. Since the undercharges occurred on timber consignments, the Committee consider such a comparison inappropriate and are inclined to agree with the view expressed by Audit that the magnitude of the omission should be determined more realistically with reference to the number of timber consignments in which undercharges were detected in proportion to the total number of such consignments booked during the relevant period. The Committee accordingly desire that the extent of the undercharge be reassessed on this basis and the results intimated.

1	2	3	4
9.	1.28	M/o. Railways (Railways Board)	<p>Similarly, it should have been possible for the Station Staff to have identified the end use of the commodity on the basis of the endorsements on the railway receipts, even though the consignments might have been booked to 'self' and invoked special condition 10 of the Goods Tariff as it stood prior to its amendment in February 1974. That this was not done would indicate laxity on the part of the station staff concerned.</p>
10.	1.29	—do—	<p>The Committee note that while the Railway Rates Tribunal have conceded, with reference to a case filed by the ultimate consignee, that the levy of freight charges on wood pieces booked to the complainant's firm at rates higher than those charged for wood pieces booked as raw material for the manufacture of paper pulp, is reasonable, they have, however, held that charging of the complainant's traffic as 'Timber NOC' is unreasonable. The Committee desire that the reasonable rate for this traffic should be determined expeditiously so that loss of railway revenue could be avoided. The Committee would also like to be informed of the basis on which freight is being levied on this traffic after the judgment of the Railway Rates Tribunal and pending a final decision on the 'reasonable rate'. <span style="float: right;">88</span></p>
11.	1.32	—do—	<p>The Committee have carefully considered the reply now furnished by the Railway Board to their pointed observations relating to the revision of chargeable distances between stations on the Sou-</p>

thern Railway and find that the reply is somewhat at variance with the information earlier furnished to them. Admittedly, there was no system of rechecking the distances between stations periodically as a matter of course and the differences between the distances adopted for charging fares and the actual distances on the north-eastern line had been pointed out by a railway employee only in June 1971. If, however, as has been stated now, the Railway Administration had been already aware of the differences in distances before the employee pointed this out to the Administration in June 1971, the question that naturally arises is why action had not been initiated prior to June 1971 for revising the chargeable distances. The Committee would, therefore, welcome some clarification in this regard and would like to be apprised of the considerations which had weighed with the Administration for not revising the distances earlier in case this had been considered prior to 1971.

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