

# **ESTIMATES COMMITTEE (1977-78)**

**(SIXTH LOK SABHA)**

**NINETEENTH REPORT**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**Loss and Damage Claims  
on  
Indian Railways**

*Presented in Lok Sabha on 25-4-1978*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1978/Vaisakha 1900 (Saka)*

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THE NINETEENTH REPORT OF ESTIMATES COMMITTEE (1977-78)  
ON MINISTRY OF RAILWAYS (RAILWAY BOARD) - LOSS AND  
DAMAGE CLAIMS ON INDIAN RAILWAYS.

Page	Para	Line	For	Read.
7	1.18	11	carried	carrier
8	1.20	16 & 17	<u>Add</u> the word 'and' <u>after</u> the words 'Railway consign- ments'	
17.	2.18	1	to their	of their
25	2.38	4	<del>Delete</del> <sup>one of</sup> the word 'ensure'	
30.	3.4(ii)	4	on route	<u>en route</u>
32	3.4(viii)	15	of	or
34	3.5(iv)	5	Development	Deployment
	"	"	protest	protect
40	3.13(xi)	3	climinates	eliminates
42	3.15(11)	5	and	are
46	3.24	3	recommen- dations	recommen- dation
56	3.44	11	gabs,	bags,
58	3.50	15	<u>Add</u> the words 'taking remedial measures for future' at the end of the para	
60	3.56	1-2	vestness	vastness
60	3.57(a)	2	<u>Add</u> the word 'at' <u>after</u> the word 'existing'	
60	3.57(c)	3	of	at
61	3.58	6	and	any
63	3.63	3	supervision	supervising
65	3.67-III	13	require	required
67	3.70	3	instanctions	instructions
68	3.74	2	on	in

p.t.o.

Page	Para	Line	For	Read
73	3.82	5	that	the
75	3.86	last line	advise measure be considered this	<del>advise this measure be considered</del>
78	3.96	2	Central	Centre
79	3.98	1	this	his
86	3.109	2	for	to
93	3.120	1	For para No.3.12	Read para No.3.120
	"	8	required.	required.
94	3.124	5	defected	defeated
95	3.127	3	have	have
102	3.141	8	that	what
	"	"	value'	value'
107	4.8	14	notice	noticed
	"	19	device	devise
107	4.9	5	collution	collusion
109	4.11	2	of	by
110	4.17	4	Kodrama	Kodarma
118	4.37	21	festicals	festivals
122	4.50	10	carriages.	carriage.
123	5.1(i)	3	<u>Add the word 'laid' after the word 'statutorily'</u>	
135	5.31	11	date of consignment	date of delivery of consignment
138	5.38	8	field	filed
140	5.41	14	consent	constant
147	5.54	19	for	far
147	5.55	9	and	not
149	5.58	17	the	in
	"	18	2 days.	42 days.
180	5.115	19	had not able	had not been able
	"	27	void	avoid
181	5.118	8	297	277
216	3.74	last line	on	in
235	5.31	8	date of consignment	date of delivery of consignment



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# **ESTIMATES COMMITTEE**

**(1977-78)**

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\*Elected w.e.f. 30-11-1977 *via* Shri Samar Guba resigned and Shrimati Renuka Devi Barkataki and Sarveshri S. Kundu, Jangwar Mishra, Fazlur Rahman and Sher Singh ceased to be members on their appointment as Ministers of State.

## INTRODUCTION

I, the Chairman of Estimates Committee, having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on the Ministry of Railways (Railway Board)—Loss and Damage Claims on Indian Railways.

2. The Committee took evidence of the representatives of the Ministry of Railways (Railway Board) on the 13 and 14 March, 1978. The Committee wish to express their thanks to the Officers of the Ministry of Railways (Railway Board) for placing before them the material and information which they desired in connection with the examination of the subject and for giving evidence before the Committee.

3. The Committee also wish to thank the representatives of the Food Corporation of India, Coal India Ltd., Bharat Chamber of Commerce (Calcutta), Associated Chambers of Commerce and Industry of India (New Delhi), for submitting memoranda and for giving evidence and making valuable suggestions.

4. The Committee also wish to express their thanks to all other institutions and organisations which furnished memoranda on the subject to the Committee.

5. The Report was considered and adopted by the Committee on the 20 April, 1978.

6. For facility of reference the recommendations|observations of the Committee have been printed in thick type in the body of the Report. A summary of the recommendations|observations is appended to the report (Appendix VI).

SATYENDRA NARAYAN SINHA,

*Chairman,*

*Estimates Committee.*

NEW DELHI; .

April 24, 1978.

Vaisakha 4, 1900 (S).

## **CHAPTER I**

### **I. INTRODUCTORY**

#### **Historical background**

1.1. The history of the law of carriers applicable to Indian Railways may be briefly divided into the following four periods—

- (1) The position prevailing before the enactment of the Indian Railways Act, 1890.
- (2) The position between 1891 and 1949 (after the enactment of the Indian Railways Act, 1890).
- (3) The position between 1950 and 1961 (brought about by the Amendment Act 56 of 1949).
- (4) The position from 1962 onwards (brought about by the Amendment Act No. 39 of 1961).

#### **The Position before the enactment of the Indian Railway Act 1890**

1.2. Till 1872, the question of the liability of the Railway Companies for loss of or damage to goods was not clearly stated by any Indian Legislation and was decided by common law of England which treated the railways as common carriers who were liable as an insurer against all risks except the act of God or the King's enemies.

#### **Position after the enactment of Indian Railways Act, 1890 (between 1891 and 1949).**

1.3. According to the Indian Railways Act which came into force from 1st May, 1890, the responsibility of a railway administration for the loss, destruction or deterioration of goods delivered to the administration for carriage was that of a bailee under Section 151, 152 and 161 of the Indian Contract Act, 1872 and nothing in the common law of England or in the Carriers Act 1865 is to affect the responsibility of a railway administration. The effect of this enactment was to cancel the English common law rule under which common carriers were held liable as insurer of goods and reduced it to that of a bailee.

1.4. Under section 151 of the Indian Contract Act, the bailee is bound to take as much care of the goods bailed to him as a man of

ordinary prudence would under similar circumstances take of his own goods of the same bulk, quality and value as the goods bailed. Section 152 of the Contract Act lays down that in absence of any special Contract, the bailee is not responsible for loss, destruction or deterioration of the things bailed, if he has taken the amount of care of it described in section 151. Section 161 of the Contract Act states that if, by the fault of the bailee, the goods are not returned at the proper time, he is responsible to the bailer for any loss, destruction or deterioration of the goods from that time.

### **Position between 1950 and 1961**

1.5. By the Railway (Amendment) Act 56 of 1949, the group of Sections 72 *et seq* were amended. The purpose of the Amending Act 1949 was not to make any substantial change in the measure of liability, but only to eliminate the risk notes to simplify booking and to incorporate the conditions of various risk notes in the Act itself, and to make the legal liability non-contractual.

### **Position from 1-1-1962**

1.6. The Railway Freight Structure Enquiry Committee set up in the year 1955 under the Chairmanship of Dr. A. Ramaswamy Mudaliar recommended *inter alia* that Indian Railways should assume the liability of common carrier instead of that of a bailee.

1.7. The legal liability of a common carrier has nowhere been precisely defined. The practice obtaining in each of the countries mentioned by the Railway Freight Structure Enquiry Committee in this context varies to some extent and, in fact, in some countries the legal position is regulated by the common law, that is to say, by judicial decisions and not by any statute or law.

1.8. Broadly speaking, a common carrier is liable for the loss or injury to goods which it contracts to carry while they are in course of transit unless such loss or injury is caused by an act of God or by the enemies of the State or is in consequence of inherent vice in the goods carried or is attributable to the consignor's own fault. Further where the carriage is at owner's risk rates or the goods are not packed as per prescribed packing condition, the liability of the common carrier is less and is based generally on whether or not there has been negligence or misconduct on its part and on the part of its servants.

1.9. After a detailed examination of the recommendations made by the Railway Freight Structure Enquiry Committee in this re-

gard, common carriers' liability with certain reservations has been assumed by the Indian Railways with effect from 1st January, 1962.

1.10. The broad changes brought about by the Amendment Act 39 of 1961 (which came into force w.e.f. 1st January 1962) are briefly indicated below:

- (i) The basic responsibility was made absolute. Section 73 lays down that the railway administration shall be responsible for loss etc. arising from any cause except nine specific causes\* mentioned therein. Even in respect of these nine exceptions, the railway administration is not relieved of its responsibility for the loss etc. unless it further proves that it has used reasonable foresight and care in the carriage. The general responsibility of the administration which is that of a common carrier, as defined in section 73, has been made subject to other provisions of the Act. In fact, other specific sections in the Act dilute common carrier's responsibility to a considerable extent.
- (ii) The common carrier's liability, applies only when consignment is booked at the railway risk rate. No change was made in the liability for goods carried at owner's risk rate.
- (iii) The position was made clear about the railway's liability after termination of transit. By insertion of new section, it was laid down that the liability of the railways as a common carrier shall cease on the termination of transit, and that thereafter the railways shall be responsible as bailees for a period of 30 days and that after the said period railways shall not be liable for any loss etc. from whatever cause. The period of 30 days has since been reduced to 7 days by an amendment made in 1973.
- (iv) By insertion of a new provision, it was laid down that the railways shall not, in any case, be liable for—
  - (a) loss of any particular market or for any indirect or consequential damages;

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\* (a) act of God; (b) act of war; (c) act of public enemies; (d) arrest, restraint or seizure under legal process; (e) orders or restrictions imposed by the Central Government or a State Government or by any officer or authority subordinate to the Central Government or a State Government authorised in this behalf; (f) act or omission or negligence of the consignor or the consignee or the agent or servant of the consignor or the consignee; (g) natural deterioration or wastage in bulk or weight due to inherent defect, quality or vice of the goods; (h) latent defects (i) fire, explosion or any unforeseen risk.

- (b) for the loss etc. caused by improper loading or unloading by the consignor or the consignee; and
- (c) for loss etc. caused due to riot, civil commotion, strike, lock-out, stoppage or restraint of labour from whatever cause, partial or general.
- (v) A new section was inserted providing that the railway shall not be responsible for misdelivery if it delivers goods in good faith to a person who produces the original railway receipt, even though the endorsement on the railway receipt may be forged.
- (vi) In regard to the liability for loss etc. due to delay or detention, it was laid down that the railways shall not be responsible if it can prove that such delays and detentions arose without negligence or misconduct on the part of the railway administration.
- (vii) In regard to the provisions dealing with goods conveyed in open wagons at the request of the sender or goods in a defective condition or defectively packed or in respect of animals, the existing provisions were left substantially unchanged. ..
- (viii) In regard to excepted articles, the then existing monetary limit of Rs. 300/- per package was raised to Rs. 500/-.
- (ix) A new provision was made in the case of goods delivered at the siding. The railway administration is exempted from liability if loss etc. arises after the wagon containing the goods is placed at the point of interchange of wagons.
- (x) A new provision was made clarifying that the liability of railways in respect of consignments booked through to other countries (Pakistan and Ceylon), the liability of the Indian Railways will be limited to the loss etc. caused on the Indian Railways and that the burden on such proof will rest on the owner of the goods.
- (xi) It was clarified that when booked luggage is carried by a passenger in his charge, the railway is liable only if loss etc. is due to negligence or misconduct on the part of the administration.



## Magnitude of the Problem

1.11. The magnitude of the problem arising out of compensation claims paid for loss destruction, damage, deterioration or non-delivery of animals or goods carried by the Railways is gigantic because of the size of the railway net-work, volume of traffic, the distances involved, different gauges, socio-economic conditions, the limitation of a carrier to control the general law and order situation prevailing in the country and the general discipline and character of the people

1.12. The liability of the Railway administrations for loss, damage, deterioration, destruction and non-delivery of consignments has been statutorily laid down in sections 73 to 80 of the Indian Railways Act, 1890.

1.13. The position in respect of compensation claims during the last six years is given below:

Year	Number of new claims received	No. of claims paid	Gross amount of compensation paid (in crores of rupees)	Net amount of compensation paid (after deduction of sale proceeds of unclaimed/unconnected goods) (in crores of rupees)	Percent age of amount paid to total freight earnings (goods & other coaching traffic)	Wholesale price index (Base 1970-71 = 100)*
1971-72 . . .	717584	351131	2.68	11.78	1.58	105.6
1972-73 . . .	676917	310778	2.29	11.47	1.46	116.2
1973-74 . . .	627113	290065	13.62	12.41	1.65	139.7
1974-75 . . .	668896	284320	14.65	12.80	1.28	174.9
1975-76 . . .	632973	269674	15.26	12.89	1.03	173.0
1976-77 . . .	377129	163392	13.56	11.39	0.80	176.5

\* (Source—Monthly Bulletin, March, 1977 Issued by the Office of the Economic Adviser, Ministry of Industry).

### Cause-wise analysis of claims paid

1.14. A table showing the amount of compensation paid due to various causes is given in the table below:—

Causes	Amount of compensation paid (in lakhs of rupees)			
	1975-76	1976-77	1977-78 (April-September)	1976-77
(i) Loss of complete packages/comsignments	419.78	422.76	240.42	207.65
(ii) Pilferage . . . . .	722.18	545.95	286.94	289.87
(iii) Breakage . . . . .	11.34	11.37	4.82	6.70
(iv) Leakage . . . . .	33.67	43.55	28.90	18.63
(v) Delay in transit	23.17	20.31	16.48	10.27
(vi) Damage by wet	185.07	178.99	102.08	79.53
(vii) Other Causes: . . . . .	130.14	132.59	56.97	63.42
Total "": . . . . .	1525.35	1355.52	736.61	676.07

1.15. Cause-wise analysis of claims paid shows that loss and pilferage together account for bulk of compensation claims paid by the Railways. Another factor which is responsible for substantial amount of compensation paid by the Railways is damage by wet.

### Commodity-wise analysis of claims paid

1.16. A table showing commodity-wise analysis of claims paid is given below:—

Commodity	Amounts paid (in lakhs of rupees)			
	1975-76	1976-77	1977-78 (April-September)	1976-77
1	2	3	4	5
1. Grains and pulses . . . . .	347.90	266.08	132.61	139.62
2. Sugar . . . . .	95.98	81.84	40.09	40.66
3. Perishables . . . . .	86.91	63.02	48.48	32.42
4. Oil seeds . . . . .	94.54	72.51	26.73	39.58
5. P. O. L. . . . .	41.49	52.61	32.56	16.53

1	2	3	4	5
6. Cement . . . . .	19.58	29.45	13.91	12.15
7. Chemical manures . . . . .	29.72	24.86	14.12	12.12
8. Piece Goods . . . . .	75.49	62.03	34.26	31.40
9. Iron and Steel . . . . .	95.63	84.58	61.03	38.73
10. Tea . . . . .	54.11	48.43	22.09	28.28
11. Vegetables and other edible oils . . . . .	30.56	30.60	18.35	15.51
12. Public coal . . . . .	131.21	170.30	87.62	86.58
13. Spices. . . . .	34.09	28.90	12.93	15.11

1.17. The commodity-wise break-up set out above makes it apparent that the articles of daily human consumption are most susceptible to thefts, pilferages etc.

1.18. The statutory responsibility of railways for the loss, destruction or deterioration of goods delivered to them for carriage dates back to the year 1890 when the Indian Railways Act came into force. The Act laid down that the responsibility of the Railways will be that of a bailee who is bound to take as much care of the goods bailed to him as a man of ordinary prudence would under similar circumstances take of his own goods of the same bulk, quality and value as the goods bailed. The Railways Freight Structure Enquiry Committee, set up in 1955 under the Chairmanship of Dr. A. Ramaswamy Mudaliar, recommended that, inter alia, the railways should assume the liability of common carried instead of that of a bailee in respect of goods delivered to them for carriage. In pursuance of that recommendation the Indian Railways Act was amended in 1961 and the Railways assumed the common carriers' liability with certain reservations with effect from 1st January, 1962. Under the amended Act the Railways are responsible for the loss etc., of consignments entrusted to them for carriage arising from any cause except 9 specific causes mentioned in the Statute (act of God; act of war; act of public enemies, arrest, restraint or seizure under legal process; orders or restrictions imposed by Central or State Government; act or omission or negligence of the consignor or consignee; natural deterioration or wastage in bulk or weight due to inherent defect, quality or vice of the goods; latent defects; and fire or explosion or any unforeseen risk). Even in respect of these 9 exceptions the Railway administration is not relieved of its responsibility for the loss etc., unless it further proves that it has used reasonable foresight and care in the carriage of goods.

1.19. The Committee find that during the period of 4 years from 1971-72 to 1975-76 the railways received 6-7 lakhs claims per year for compensation on account of loss and damage of consignments. In 1976-77, the number of claims received by Railways showed a sharp decline to 377129. During all these 5 years the railways were held responsible for the loss and damage caused to consignments in 45 to 49 per cent of the cases for which they had to pay a compensation of Rs. 12 to Rs. 15 crores a year. What pains the Committee is the fact that over 71 per cent of the claims admitted by the Railways arose out of loss, theft and pilferage of consignments even when the Railways have a large army of RPF personnel to protect and guard the public property entrusted to their charge. The Committee are not prepared to accept that this loss is wholly unavoidable.

1.20. The Committee also find that essential commodities like grains, pulses, sugar, cement, iron and steel, edible oil, coal are amongst the main commodities which have been lost or damaged in rail transit. Payment of compensation of Rs. 12 to Rs. 15 crores a year on account of loss and damage of goods is by any standard a heavy drain on the national finances. But what pains the committee more is that, every year, commodities worth about Rs. 15 crores are admittedly lost, and over and above, commodities worth about the same amount are allegedly lost while in rail transit, thus depriving the community of a vast quantity of essential and scarce agricultural and industrial products which the country can ill-afford to lose at this stage of its economy. The Committee wish to emphasise that the Railways should view this problem not merely in terms of money but also as a national loss which can undoubtedly be minimised, if not completely eliminated, if adequate and effective measures are taken to protect and guard the Railway consignments due sense of seriousness is displayed in following and enforcing these measures by all those persons who are charged with the responsibility of ensuring safe storage and carriage of the goods.

1.21. While the Committee should have been happy at the sharp decline in the number of claims received and noticeable reduction in the amount of compensation paid in 1976-77, they are overtaken by a feeling of concern at the current trends which are far from reassuring. They are afraid that, if the amount of compensation paid during the first six months of 1977-78 (Rs. 736.61 lakhs as compared

to Rs. 676.07 lakhs paid during the corresponding period in the previous year) can be taken to be a pointer, the year 1977-78 may end with payment of compensation of a higher order than the year 1976-77. This will be unfortunate. The Committee would urge upon the Ministry of Railways to sit up and take a very serious view of the situation and spare no effort to arrest and reverse this adverse trend without loss of time.

1.22. The Committee have dealt with in subsequent chapters of this report the various aspects of the problem of loss and damage claims on Indian Railways and have made suggestions to tackle the problem so as to keep the incidence of loss and damage to the minimum and to streamline the working of the claims settlement machinery.

## CHAPTER II

### BOOKING OF CONSIGNMENTS

#### (a) *Issue of RRs and Forwarding Notes*

2.1. Rule 1451 of the Indian Commercial Manual (Vol. II) lays down:—

“There should be no undue delay in the issue of railway receipts to consignors. These must be made over to them on the very day the consignments are accepted for booking or in the case of consignments required to be loaded by the consignors, on the day the consignments are loaded. At large stations, however, where it is not feasible to do so, the Divisional Commercial Superintendent may permit the issue of the railway receipts not later than the day following the day of acceptance or of loading of the goods, as the case may be.”

2.2. In a number of non-official memoranda submitted by the various Chambers of Commerce/Public Sector Undertakings, it has been represented to the Committee that:—

- (i) “.....the FCI attaches great importance to issue of clear RR's and proper tallies so that the number of bags loaded in every wagon get correctly established at the time of booking and no room is left for any kind of malpractices.....”

(*Food Corporation of India*)

- (ii) “.....Apart from delay in preparation of RR's at the booking stations, railway receipts issued by even important booking stations often contain endorsement like “said to contain”. Such qualified RRs create difficulties in obtaining payments from parties on presentation of documents of despatch and banks do not discount such documents. The authorities at the traffic originating points take the plea that since they are not well aware of the contents of the consignments, they are not in a position to issue clear RR's. As far as the consignees are concerned, clear railway receipts are required in support of the

satisfactory evidence of despatch. This is also an essential condition of payment of 95 per cent or 98 per cent against despatch to the Government Departments and Public Sector Undertakings....."

*(Bharat Chambers, Calcutta)*

".....the RR's are not always prepared legibly. The Carbon papers should be changed more often. We have a special complaint against the staff at Kidderpur Docks where the RR's are issued very late, even much after the wagons have arrived at the destination Stations and have suffered demurrage charges. RR's should be issued on the day a wagon or consignment is booked and the copy of invoice for the receiving Station despatched the same day to facilitate prompt connection of wagons and consignments at the receiving station....."

*(Bharat Coking Coal Ltd.)*

(iv) ".....the railway receipts are not prepared in terms of Forwarding Notes. As a matter of fact, entries in the Forwarding Notes can be manipulated by the Railway Staff as they remain in the charge of the Railway. It is suggested that duplicate copies of the Forwarding Notes be made over to the parties with the signature of the Railway staff.

*(Indian Chamber of Commerce)*

" (v) ".....the railways are generally averse to give clear RR's and issue qualified RR's with remarks like 'said to contain', 'loading done by the party' etc..... the railways should take effective steps that clear RR's are issued....."

*(Fertilizer Corporation of India)*

(vi) ".....there are cases of delays in issue and preparation of Railway Receipts. In order to eliminate such delays, it is necessary that issue of railway receipts should be round the clock, where the loading is round the clock..... the Railway receipt proforma may be redesigned, so as to enable its usage through Electronic Data Process System...."

*(SAIL)*

" (vii) ".....the remark 'P 17 not complied with' are mentioned on the R/Rs as a routine arbitrarily. In some cases

the RR's are illegible and it should be written in clear hand...."

- (viii) "...the preparation of R/Rs suffers from the following two defects (a) illegibility and (b) wrong calculation of rates and classification. It is suggested that at all important leaving stations the RRs should be typed or clearly written in bold letters and the calculation of freight should be checked more strictly. It has also been the experience of several of our constituents that the issue of RRs takes considerable time. This has been so in the case of coal. The staff should make it a point to issue RRs within 24 hours....."

*(Associated Chambers of Commerce  
and Industry)*

2.3. On the question of issue of clear RRs, the Chairman of the Food Corporation of India during his evidence stated thus:

"The main point which is bothering our Corporation is regarding the question of issuing clear RRs. In the case of the Food Corporation, the transit losses are comparatively on the high side and we are faced with criticism on this score.....In the case of 75 per cent wagons clear RRs are not issued. The Railway Authorities had no doubt mentioned that there are certain difficulties; but this is a matter which we would like to have the help of this Committee as well. If an arrangement for the issue of clear RRs is arrived at our major difficulties will get removed."

He added that:

".....if the clear RR is given by the Railway authorities, naturally greater care will be taken by the Railways."

2.4. Explaining the point further, the Managing Director of the Food Corporation of India stated during evidence that it was the duty of the railways to give clear RRs and when clear RRs were given they could fix responsibility on the staff who had loaded the wagons. Another advantage would be that "claims are not repudiated because claims can be substantiated."

2.5. On a question raised by the Committee whether the Food Corporation of India was prepared to pay for extra staff required



for issuing clear RR, the Chairman of the Food Corporation of India stated that ".....as an experimental measure, we would provide for the cost of the staff. But we have not accepted that position for all times to come. If clear RRs are to be issued the necessary arrangements have to be made by the Railway Administration; if additional staff is required for that purpose, they have to foot the bill."

2.6. The representatives of the Bharat Chambers of Commerce, Calcutta stated during evidence:

"This is one of the very important points on which maximum difficulties are encountered by the business people when dealing with the railways. They say, mainly for lack of staff, they cannot mention in the RR what they have loaded. We say that such a system should be introduced where description can be given. The description of the material is one thing. The second is that the number of articles should also be there. They say that they do not have staff. I cannot force them to post the staff. If I load 100 bundles, in the RR they just mention 'said to contain 100 bundles of paper'. If I get the wagon empty or with 10 bundles, they say 'it is said to have contained 100 bundles'. It is not that there were 100 bundles....They must issue a clear RR.....Somebody has to supervise and take charge of it.....Generally the bills are discounted with the Bank. They say it is a piece of paper. It is written 'it is said to contain'. Definite contents are not mentioned."

2.7. When asked as to what suggestion the Bharat Chamber had to make in this connection, the representatives of the Chambers stated that "they can take a certificate from the independent agency for that". He further added that the traders were prepared to pay for the staff for 2 to 5 days. But the view of the Railways was that the traders "must pay for the whole year." He added that they "cannot pay the staff for the whole year for work on a few days." In reply to a question whether the Chambers of Commerce would be prepared to pay for the staff, the representative of the Bharat Chamber of Commerce, stated that "They (Chambers) cannot take commercial activity on behalf of the members. So far as Members are concerned they would be willing. Railways can make a charge, Rs. 5/- or so, which anybody would be willing to pay".

2.8. As regards delay in the issue of RRs, the Chairman of Coal India stated during evidence:

"We have given some examples—Kidderpore and Netaji Subhash Chandra Bose Docks, Calcutta. The RR is normally released after 7—10 days. The present practice at these docks is that if 20 wagons are loaded the RR is not made out until all the 20 are loaded even if they are for different consignees. Even after they have been loaded and despatched, the procedure is such that it is now taking 7—10 days to release the RR. This results in the detention of the wagons at the consignee end and also demurrage. There are some examples of other stations also where there is a time lag between the arrival of the wagon and the receipt of the RR resulting in demurrage. While the RR is handed over to the consigner, the railways are expected to send an invoice copy of the RR to the receiving station to enable them to identify and hand over the consignment to the consignee. But neither the RR nor the invoice copy is available. The consignment can be neither located nor taken delivery on indemnity bond."

2.9. Elaborating his views on the aspect of issue of clear RR, the witness stated:

"The railways are issuing qualified RRs for the consignments which are not booked as per the packaging specifications laid down under the railway tariff rules. The railways should insist on the consignor complying with the packing specifications to avoid the qualified RR. Incidentally this may reduce pilferage and theft during transit also.

We feel that the packing specifications are so elaborate that it becomes difficult for the consignor to comply with them fully. To strike a balance between these two factors, it is suggested that a view of the existing specifications should be made. Today, modern economic packing techniques have been developed so much that the railways should study them while reviewing the specifications, and we feel that suitable seminars could be organised in this regard. We also feel that there should be certain demonstrations and displays as to how heavy and small consignments could be economically packed so as to avoid damage and shortage of the consignments 'in transit'."

2.10. When asked as to whether it was only due to the packing difficulty that clear RR was not issued, the Chairman Coal India stated:

".....This is one of the main reasons which has come to our notice. It is so elaborate that it is always possible to find flaw and give a qualified RR and that releases the railway of a lot of liability."

2.11. In a Memorandum submitted to the Committee by a non-official Organisation it was suggested that any package not complying with the packaging conditions stipulated by the Railways should not be accepted for transport by rail, and full responsibility of safe delivery of the consignments should be borne by the Railways once a package has been accepted for transport.

2.12. The Railway Board in their letter No. TCII/3039/71/1 dated 28th October, 1973 stated that provision of dunnage has been made compulsory with effect from 1-5-1973, and desired that "all booking staff are fully made aware of this provision and if proper dunnage is not provided, the consignments should be rejected as per these orders."

2.13. When asked whether these instructions were being followed by the Railway staff, the Ministry of Railways in their note stated that:

"By and large, instructions regarding provision of dunnage are being followed by the railway staff. The Commercial Inspectors visiting the stations make surprise checks to see that this special condition is fulfilled while loading of bagged consignments requiring compliance with 'S/27' condition, where necessary. However, where the consignors fail to provide standard dunnage, remarks to the effect are recorded on the Forwarding Notes/Invoices and claims for losses arising out of non-provision of dunnage are repudiated."

2.14. As regards issuing of clear RRs, the Ministry of Railways have stated in a written reply that:

"According to the rules in force, as contained in the Railways' Goods Tariff, issued under Section 54 of the Indian Railways Act, the number of articles are not to be specified in the railway receipt in the case of consignment comprising a large number of articles loaded directly by

senders which cannot be readily counted by the station staff. In other words, the station staff issue a railway receipt with the remarks "said to contain" "when the consignment is loaded directly by the sender with his labour and it is not possible for the station staff to count the number of bags or packages loaded. The circumstances, for example, under which the railway staff are not able to count the number of articles or supervise the loading necessitating issue of "said to contain" railway receipt are—

- “(i) when goods are loaded by the consignor directly from the motor truck into wagon without stacking them on the platform. This often happens in the case of bulk loading of foodgrains and fertilizers in full rakes. In such cases, it is not physically possible for the railway staff to count the number of bags/packages loaded in a wagon;
- (ii) when goods are of such a nature as to make it physically impossible to count the number of bags/packages loaded; examples of such types of goods are MS rounds, pig iron pieces, small timber pieces etc. In such cases, clear railway receipts regarding number of articles cannot be issued.
- (iii) when goods are loaded by the consignor in his own private siding where the railway staff are not posted. In such cases, the railway staff seals and rivets the wagon but cannot certify the contents. Therefore, the railway receipts, which is issued at the station bears the remarks "said to contain...."
- (iv) when commodities like foodgrains, fertilizers etc., are loaded in bulk in full block rakes, and particularly when such loading is seasonal, "said to contain" railway receipts are issued on the basis of the information given by the sender that a certain number of bags/packages have been loaded into the wagon. If the railway is to supervise the loading the bags will have to be stacked on platform, checked for packing condition etc. and then loaded under direct supervision of tally clerks. It therefore implies that for the purpose of issuing clear railway receipts, a large number of tally clerks would be required.”

2.15. When asked to explain further the difficulties in issuing clear RRs, the representative of the Ministry of Railways stated during evidence:

"As far as issue of clear RRs are concerned where the goods are countable, for example, bags of wheat or anything like that, if the traffic is seasonal and it should suit the consignor who loads directly into the wagons then there is need for posting extra staff. If we are to give a clear RR, then he has to unload from the truck to the ground, make it possible for the railway staff to count it and then reload into the wagons. In the case of said-to-contain RRs, if at the destination it is found that the wagon has been tampered with, if the seal is broken, then we take full responsibility and we pay the claim in full...."

2.16. When asked about the position in law if the consignor insisted on having a clear RR the witness stated:

"As long as the party stacks the goods at the platform and allows the things to be counted, then the responsibility would certainly devolve on us. But if it is a private siding then he has to pay for the staff. Where it is seasonal in nature—where we have to have so many people for a month or six weeks during which the seasonal traffic will be there and these men will have to remain idle for the remaining part of the year—then we don't. . ."

2.17. The Committee pointed out that no less an institution than the Food Corporation of India had been insisting on clear RRs and they were not being issued. Clarifying the position the representative of the Ministry of Railways stated:

"We have now given that facility to them at ten Stations. We are now supervising the loading and giving them clear RRs."

2.18. In the course to their study tours to various zones, the Committee were informed as follows in regard to the magnitude of qualified RRs issued by the Railways:—

#### *Northern Railway*

"A Sample Survey was recently conducted in December, 1977 to assess issue of clear RRs and it was found that out of 2,70,410 RRs issued both for parcels and goods only 4,483

RRs were issued as 'said to contain' thereby giving a percentage of 1.6 per cent only.

Suggestions are as follows:—

In the case of L/U consignments it should not be incumbent on the railway to issue clear RRs at all. It should be the responsibility of the owner to load correctly and if necessary he can put on his private seal in addition to the railway seal.

Provision of additional staff for this purpose is no remedy as even in the case of issue of clear RRs the unsocial elements can connive with the staff and get clear RRs issued and get away with the claims at the destination station. Honesty should not only devolve on the railways but should be the responsibility of loading and unloading agencies as they are also expected to take care of their consignments."

#### *Eastern Railway*

"On this railway about 8.5 lakh Railway Receipts are issued per annum, the percentage of railway receipts issued under qualified remarks viz., "Said to contain" etc. is estimated at less than 5 per cent of the total number of such Railway Receipts. In respect of coal traffic "Said to contain" endorsements relate to quality of coal and not the quantity loaded into the wagons."

#### *South-Eastern Railway*

"So far as S.E. Railway is concerned, about 80 per cent are clear Railway Receipts while 20 per cent are 'said to contain'. The position is as follows:—

	Total No. of RRs issued	No. of clear RRs	No. of 'said to contain' RRs.
1974-75	6,29,007	5,03,206	1,25,801
1975-76	7,05,148	5,64,118	1,41,030
1976-77	7,95,302	6,36,242	1,59,060
1977-78 (up to Dec. '77)	5,87,473	4,69,978	1,17,495

So far as the steel plants are concerned clear Railway Receipts are issued for a large variety of their finished products, for which each of the four major steel plants, e.g. Hindustan Steel Ltd., Bhilai, Hindustan Steel Ltd., Rourkela, Tata Iron & Steel Co. Ltd. and Bokaro Steel Ltd. are bearing the cost of nearly 50 goods clerks. For some finished products, however, for which steel plants have not accepted the cost of staff to supervise loading, 'said to contain' Railway Receipts are issued, but the weight of all finished products of steel plants are witnessed by railway staff and the same specified in the Railway Receipts. Hence, in respect of steel plants the 'said to contain' Railway Receipts are only in respect of the description and number of the consignments."

2.19. Explaining the alleged delay of 7 to 10 days in the issuing of RRs at Kidderpore and Netaji Subhas Docks (Calcutta) the Ministry of Railways in a written reply, stated:

"It is admitted that in some cases, there is delay in issuing Railway Receipts where the consignments are booked from various points in the Dock area. The reasons for such delay as indicated by the Calcutta Port Trust are as under:—

- (i) In case of paid consignments, the consignors fail to deposit entire freight on the day of loading, for which R Rs cannot be issued.
- (ii) Loading is done from different points in the Dock area, which is a wide-spread area consisting of a very large number of sidings, and the Railway Receipts are issued from a centralised office. Unless full particulars of loading are received from the loading points, Railway Receipts cannot be issued by the centralised office."

2.20. As regards the suggestion made by a Chamber for the issue of duplicate copies of the Forwarding Notes to the parties, the Ministry have stated:—

"There are two parts to a forwarding note, one containing a portion which is required to be filled in and signed by the consignor in terms of Section 72 of the Indian Railways Act indicating his written request to the Railway for acceptance and invoicing of his consignment and another portion of the forwarding note which is required to

be filled in by the railway staff the particulars of which are reproduced on the Railway Receipt. It is always open to the consignor to keep a copy of the forwarding note as prepared by him and so far as particulars filled in by the Railway staff are concerned, he does have the same particulars with him on the Railway Receipt. By the very nature of the terms & conditions of forwarding note it will not be practicable for the railway staff to attest his signature to the declaration given by the consignor on his portion of the forwarding note. Besides, the utility of such a procedure is not clear to enable the administration to give specific comments."

2.21. The Committee pointed out that it had been represented to the Committee that one RR was issued in respect of a number of Coal wagons with the result that in case of some of the wagons being disconnected, there was difficulty in getting the delivery.

2.22. In this connection the Ministry of Railways have stated that on receipt of a number of representations in regard to issue of separate railway receipt for each coal wagon the matter was examined by the Ministry of Railways in early March, 1976. After careful consideration of the matter the following instructions were issued to the Zonal Railways:

- (i) for coal wagons meant for Power Houses, Steel Plants and other bulk users where movements are generally in block rakes it would suffice if one railway receipt is issued for the whole block rake as is being done at present.
- (ii) in respect of coal wagons meant for individual parties or where a number of parties join together for the sake of getting block rake allotment, when the forwarding notes are tendered for individual wagon, Railways may issue separate railway receipts for the number of wagons specified in the forwarding note. For the sake of making of block rakes, however, the Forwarding Notes may be clubbed together.

2.23. Subsequent to the issue of instructions referred to above no serious complaint had been received by the Ministry of Railways in this regard. It has been further stated by the Ministry that instructions already exist that in the absence of railway receipts delivery of booked consignments might be granted to the consignee on execution of an Indemnity Note provided the Station Master was satisfied that the person claiming the consignment was really the consignee.



In case of any doubt, the matter should be referred to Divisional Commerical Superintendent for orders.

2.24. The Committee note that even though according to the instructions issued by the Railway authorities, railway receipts (RR) must be made over to the consignors on the very day the consignments are accepted for booking or are loaded or in exceptional cases on the following day, it has been brought to the notice of the Committee that there have been delays in the issue of railway receipts. The Chairman of Coal India Ltd., a public sector undertaking, stated during evidence that at kidderpore and Netaji Subhash Chandra Bose Docks (Calcutta), Railway Receipt is normally released after 7—10 days. According to the Railways, loading is done from different points in the dock area and the railway receipts, which are issued from a centralised office, cannot be issued unless full particulars of loading are received from loading points in the centralised office. The delay is obviously due to the railways' failure to collect full particulars of loading on the same day and not for any fault of the consignor. The Committee would like the Railways to make institutional arrangements to detect cases of delay in the issue of RRs not only in Calcutta dock areas but also in all other Zones and streamlines the working of the booking offices where delays take place so as to ensure that, as required under the rules, RRs are issued the same day or in exceptional cases, the next day.

2.25. The Committee are informed that while the RR is handed over to the consignor, the booking staff is also expected to send an invoice copy of the RR to the receiving Station to enable it to identify and hand over the consignment to the consignee. But this, it has been brought to the Committee's notice, is not always done with the result that in some cases the consignment can be neither located nor taken delivery of on indemnity bond. The Committee would like the Railway authorities to make sure that the procedure prescribed in this regard is followed at all booking stations without fail.

2.26. The Committee note that the most common complaint regarding the issue of RRs is that clear RRs are not issued by Booking Stations in a large number of cases. Such RRs are qualified by endorsements like "said to contain", "loading done by party", "P-17 not complied with" etc. According to the Chairman, Food Corporation of India, clear RRs are not issued in the case of 75 per cent wagons. It has been represented to the Committee by a number of private sector institutions that qualified RRs create difficulties for the traders in getting payments from paries and banks

on presentation of documents of despatch. In the absence of clear RRs, the consignors/consignees are also reported to be finding it difficult to establish shortages and claim compensation. According to the Ministry of Railways, clear RRs are not issued when it is not physically possible for the Railway staff to count the number of bags or packages (e.g. when these are loaded directly from the motor trucks into wagon) or when goods, by their very nature, are such as are not countable (e.g. pig iron pieces, small timber pieces etc.) or when commodities like foodgrains, fertilizers etc. are loaded in bulk in full rake loads. The Ministry have further stated that if the Railways are to supervise the loading, the bags will have to be stacked on platform, checked for packing condition etc. and then loaded under the direct supervision of tally clerks and for the purpose of issuing clear RRs, therefore, a large number of tally clerks would be required. From the statistics furnished to the Committee in respect of loadings on certain Zonal Railways, the Committee note that the number of qualified RRs issued were 1.6 per cent on Northern Railway in December 1977, less than 5 per cent per annum on Eastern Railway and 20 per cent on South Eastern Railways. The Committee note that in certain cases, private traders are prepared to pay for the extra staff that may be required to be engaged by Railways for issuing clear RRs or pay an extra charge that may be levied by the Railways for the purpose. The Committee find that while consignors are very eager to have clear RRs which have an added advantage of making Railway staff take greater care of their consignments, the difficulties pointed out by Railway authorities are also real though not insuperable. The Committee would like the Ministry to examine the procedure adopted on Northern Railway (where the percentage of qualified RRs is stated to be as low as 1.6 per cent), the suggestions made by various institutions to recover cost of additional staff or a prescribed charge from the consignors, the possibility of mentioning the weight and not the number where counting is not possible and see whether any or all of these remedies can be used with advantage to keep the number of qualified RRs to the absolute minimum without unduly adding to the liability of the Railways. The Committee attach a great importance to an early solution to this vexatious problem and would like to be informed of the concrete steps taken in this regard.

2.27. The Committee do not think it is difficult for the Railways to ensure, as demanded by traders, that the writings on Railway Receipts are legible and clear not only on the first copy but also on the carbon copies. They would like suitable instructions to be issued to the booking stations in this regard.

2.28. The Committee note that a feeling prevails amongst the traders that Railway Receipts are not prepared in terms of Forwarding Notes and the entries on Forwarding Notes can be manipulated. It has been suggested to the Committee that duplicate copies of Forwarding Notes duly signed by Railway staff should be made over to the consignors. The Ministry of Railways have stated that one of the two parts of the Forwarding Note is filled by the consignor and other by the booking staff and the consignor can keep a copy of the Forwarding Note as prepared by him without the signature of the Railway Staff. The Committee feel that the suggestion for the supply of duplicate copy of Forwarding Note, duly signed by booking staff, deserves a careful consideration, if for no other purposes, atleast to dispel the misgivings in the minds of the traders and to earn their goodwill.

2.29. The Committee are informed that clear RRs are not issued also in cases where the consignments do not fulfil packaging conditions laid down in Railway tariff rules. It has been represented to the Committee that the packaging conditions are so elaborate that it becomes difficult for the consignees to comply with them fully. The Committee are of the opinion that a review of packaging conditions in the light of the new packaging techniques since developed may be made in consultation with the representatives of trade and industry and changes made, where possible, to simplify the packaging conditions without in anyway diluting the safety factor. Railways should also hold exhibitions at important places to educate the trade and industry as to how heavy and fragile consignments can be economically packed and damage and shortage in transit avoided.

2.30. The Committee note that the Railway Board vide their instructions issued in 1973 required that where proper dunnage is not provided by the consignors while loading consignments in wagons, the consignments should be rejected. In practice, however, the Railway Staff, instead of rejecting such consignments accept the consignments after making suitable remarks on the Forwarding Notes. Invoices and claims for losses arising out of non-provision of dunnage are repudiated. This not only necessitates a review of the Railway Board's instructions on the subject but also reinforces the Committee's opinion expressed in the preceeding paragraph that a general review of the packaging conditions is over-due and should be undertaken without delay.

2.31. The Committee note that on receipt of a number of representations in regard to issue of a separate railway receipt for each coal wagon, instructions were issued by the Ministry of Railway in March 1976 to the effect that in respect of Coal wagons meant for individual parties or when the Forwarding Notes are tendered for individual wagons though a number of parties might have joined together for the sake of getting block rake allotment, separate Railway Receipts should be issued for the number of wagons specified in the Forwarding Notes. The Committee hope that the senior Railway Officers make sure during their inspection visits not only from the records but also from other sources that these instructions are duly followed at all stations.

#### (b) Non-acceptance of Consignments

2.32. It has been represented to the Committee that on many occasions consignments were not accepted for loading without giving any reasons. It has been suggested that reasons for non-acceptance of consignments should be given in writing by the Railway Staff and a register of consignments offered for booking also showing the position of wagon availability from day to day should be maintained and consignments booked strictly in accordance with the order of registration in that register. Giving their views in the matter the Ministry of Railways have stated:

"All demands for despatch of goods in wagon-loads are entered in the wagon demands|priority register maintained in the station or goods shed open for booking of goods in wagon-loads. Allotment/Loading orders are issued in accordance with the priority of registration and also having regard to preferential schedules prescribed by the Railway Board, quotas and restrictions in force and other operating considerations. No change in the existing rules/procedure appear to be called for. Specific complaints of the nature referred to by the Committee can be looked into."

2.33. In the course of discussions held by the Committee with the representatives of Northern Railway during their study tour, the Committee were informed that when consignment were not accepted for booking the forwarding notes were endorsed by the staff indicating the reason for non-acceptance.

2.34. Representatives of the North Eastern Railways also stated that there was no objection to the suggestion made that reasons for non-acceptance of consignments if any should be given in writing by the concerned Railway Staff.

2.35. Representatives of the Southern Railway were, however, of the view that as adequate notifications through press and at notice boards of Goods Sheds were given to the trading public whenever the Railway was compelled to impose restrictions on movement of traffic, it did not seem to be necessary to again communicate the reasons for non-acceptance of consignments in writing to the consignor at individual stations.

2.36. On the question of non-acceptance of consignments, the representatives of the Ministry of Railways stated the position thus during evidence:—

“....as far as the acceptance of consignments are concerned, they are accepted in turn and in the register they are registered. If they are not registered the reasons are communicated to the party..... The registration of wagons is an open document and the station dare not supply wagons out of turn”

2.37. To the question whether there would be any difficulty in displaying the wagon availability position on a board at the railway station so that the people could know whether or not the wagons were available, the witness added:—

“.....there is no difficulty except that it will be an additional work,..... it can be done. There is no problem.... The information can be put up on the board at important stations.”

2.38. On a suggestion made to the Committee that there should be a Joint Committee of Officers and representatives of local traders to review periodically the work of wagon allotment at every major station to ensure ensure that wagons are allotted in turn and under the rules, the Ministry of Railways in a note furnished to the Committee have stated that rules for the registration of indent, allotment and supply of wagons are well-defined and have been incorporated in the Goods Tariff for the purpose of placing an indent for the supply of wagons, a requisition has to be given furnishing the particulars of the types of wagons required and of the indented traffic. Each item of wagon registration is given a serial number in the order of registration. All demands for despatch of goods in wagon

loads are entered in the wagon demands/priority register maintained in the stations or goods-sheds open for booking of goods in wagon-loads, the signature of the sender or his representative being taken in the appropriate column provided in the register. Allotments/loading orders are issued in accordance with the priority and seniority of registration and also having regard to quotas and restrictions in force and other operating conditions. Stations load wagons only in accordance with the allotment/loading orders received from the appropriate authority except at stations where Station Masters are authorised to allot wagons themselves in accordance with the instructions issued in this regard. The Ministry has further stated that the wagon demand/priority registers are open for inspection by merchants and traders during the hours of working of goods-shed at stations. These are also periodically scrutinised by Railway Officers. When limits are placed on registration of goods or quotas/restrictions are imposed, full details thereof are exhibited at the stations. The allotment/loading orders are also exhibited on the Notice Board of the station for information of the public. As the allotment of wagons is made according to well-defined rules and regulations and is under constant scrutiny at appropriately high levels the Ministry have added that it is not considered necessary to form a Joint Committee of Officers and representatives of local traders to review periodically the work of wagon allotment as suggested.

2.39. At every major station, there is a Station Consultative Committee where trade interests, using that station, are adequately represented. According to the Ministry "if any discussion on wagon allotment and supply at such stations is at all considered necessary, this could be done during the periodical meetings of this Committee."

2.40. The Committee are informed that elaborate and well-defined rules for the registration of indent, allotment and supply of wagons have been laid down by the Railways. All demands for despatch of goods in wagon loads are entered in the wagon demands/priority register maintained in the station or goods shed and all allotment/loading orders are issued in accordance with the priority of registration and seniority having regard to quotas and restriction in force and other operating conditions. The wagon demand/priority registers are also open for inspection by merchants and traders and are also periodically scrutinised by the Railway Officers. The Committee have been assured that in view of the elaborate procedure prescribed in this regard, it is not necessary to form a Joint Committee of

officers and local traders, as suggested to the Committee, to review periodically the work of wagon allotment. The Committee have been informed that at every major station there is a Station Consultative Committee where trade interests using that station are adequately represented. In the view of the Ministry of Railways, "if any discussion on wagon allotment and supply at such stations is at all considered necessary, this could be done during the periodical meetings of this (Station Consultative) Committee." The Committee would like that this aspect may be specifically included in the terms of reference of the Station Consultative Committees and the enlarged terms of reference duly notified to all these Committees to enable them to review this matter at their meetings.

2.41. The Committee note that the Ministry of Railways have not agreed to the suggestion that, when consignments are not accepted for loadings, reasons for non-acceptance should be given in writing by the Railway staff. The Committee feel that, in order to dispel any suspicion from the mind of the trading community, as is done on Northern Railway, the reasons for non-acceptance should be recorded on the Forwarding Note itself, whose format might be suitably modified, if necessary, to provide for space for the purpose.

2.42. The Committee are glad that the representative of the Ministry has agreed to the suggestion that the wagon availability position should be displayed on Notice Boards at important Stations so that traders can know without difficulty whether or not wagons are available at any particular point of time. The Committee would like the Ministry to take necessary steps to implement this suggestion and also to issue instructions that the number of available wagons shown on the Board at any point of time should reflect the position correctly as it develops during the day.

## CHAPTER III

### LOSS AND DAMAGE OF CONSIGNMENTS

#### (a) Incidence of loss and damage.

3.1. The Tables below show the number of claims settled by payment and the amount paid as compensation on account of loss and damage of Railway Consignments under major "causes" and "Commodities" during the years 1972-73 to 1976-77.

(Amount in lakhs.)

Causes	1972-73		1973-74		1974-75		1975-76		1976-77	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Loss and Theft .	74371	392	68426	367	75241	389	66090	420	45150	423
Pilferage .	174212	521	156190	617	161126	674	156181	722	26985	546
Damage by wet .	34894	120	45827	191	35056	196	36373	185	34815	179
Delay in transit .	8889	28	6470	22	9100	30	5926	23	3138	20
Breakage .	3694	11	3911	14	3493	15	2494	11	2566	11
Leakage .	4658	24	3783	25	3232	26	3323	34	3472	44
Other causes.	20802	133	17789	126	11710	135	14997	130	8782	133
Total:	321520	1229	302396	1362	298958	1465	285384	1525	185908	1356

#### Commodity-wise claims paid statistics.

Commodity	1972-73		1973-74		1974-75		1975-76		1976-77	
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
1	2	3	4	5	6					
Grains & Pulses .	65946	243	59630	298	54717	335	53656	349	34495	266
Coal and coke .	6304	122	4967	85	4516	109	4625	131	5057	170



1	2	3	4	5	6					
Iron & steel	5111	102	4528	85	3776	78	3662	96	2594	83
Sugar	16904	100	15919	138	13011	106	9726	96	7262	82
Piece goods.	12351	70	1112	77	12160	83	10462	75	6681	62
Oilseeds	9385	63	10467	87	8836	86	10491	95	6900	73
Fruits & vegetables.	39590	32	36856	33	46065	46	38804	46	16227	30
Perishables.	36735	28	29369	29	36506	40	32259	41	18030	34
Tea	11436	41	10856	53	11334	62	8367	54	5792	48
Spices.	5357	20	5218	24	5177	27	5842	34	3675	29
P. O. L.	11954	23	2132	31	2006	49	2037	41	2952	53
Cement.	7380	15	8382	18	5330	13	7051	20	8585	29
Edible oils	3927	22	2751	25	2427	26	3150	31	2689	31
Chemicals.										
Manures.	4881	13	4304	15	4624	21	5823	30	4159	25
Other commodities.	94259	335	95205	364	88473	384	89429	387	61720	339
TOTAL	321520	1229	302396	1362	298958	1465	285384	1525	185908	1336

3.2 Statement showing gross amount of compensation paid cause-wise during 1972-73 to 1976-77 by each of the Zonal Railway is at Appendix I.

3.3. The percentage of the net amount of compensation paid to gross earnings from goods and other coaching traffic during the years 1972-73 to 1976-77 are indicated below: -

Year.	Net amount of compensation paid after deducting the sale proceeds of unclaimed/unconnected goods (in crores of rupees)	Percentage of amount paid to total freight earnings (goods and other coaching traffic).
1972-73	11.47	1.46
1973-74	12.41	1.65
1974-75	12.80	1.28
1975-76	12.89	1.03
1976-77	11.39	0.80

3.4. According to various Chambers of Commerce and Public sector Undertakings, who have submitted memoranda to the Committee in this regard, some of the main factors responsible for loss and damage of the consignments are as follows:

(i) "...Railway Transportation Officers in their enthusiasm for maximising the loading are at times not averse to loading goods in wagons with small holes and crevices. In the rainy season particularly water gets inside the wagons through these holes and crevices, damaging the consignments considerably." (Fertilizer Corporation of India)

(ii) "Loss of complete bags in transit due to interference with wagons en route. The interference can take place in the yards or on running trains.

Loss of bags on route from open wagons which have to be used to a considerable extent because of non-availability of covered wagons....

Partial shortages from bags due to pilferage from the loading of bags through wagon door crevices due to non-provision of dunnage by the loading agencies....

Wastage from cut and torn bags at trans-shipment points.

Damage by wet in case of consignments loaded in open wagons. Such damage takes place in case of covered wagons also partly because some of them are not completely water-proof. Some of the bags loaded in covered wagons get damaged because of non-provision of dunnage." (Food Corporation of India).

(iii) "Mis-handling of consignments at the loading points, trans-shipment points and at destination in case of piece-meal consignments.

Pilferage at the intermediate marshalling yards and at destination stations.

Wrong despatch of wagons and piece-meal consignments due to inadequate identification of consignments specially in covered wagons.

Wagons mis-directed from intermediate stations for lack of availability of adequate and firm data resulting in

considerable delay in locating and their reaching correct destination.

Loading of materials in wagons not suitable for the consignments." (Steel Authority of India Ltd.)

- (iv) "The Railway Act does not provide any obligation on the part of Railway to supply suitable type of wagons for particular consignments and in the absence of such suitable wagons, customers are required to use other available wagons resulting in loss and damage en route. For example, there are cases where cement is being loaded in open wagons since adequate covered wagons could not be made available at the required time.

Excessive transit time exposes the consignments to pilferage|theft|damage|deterioration. It takes anywhere between 4 to 8 days for the consignments even from the booking stations within a radius of 200 Kms. involving no transshipment. Transit time is ordinarily as high as 15 days for the consignments received from the areas over 1000 Kms. and 20 days from areas where transshipments are involved in respect of full wagon loads and much higher in case of small consignments.

Goods are also damaged at the marshalling yards, originating stations or terminals for non-observance of instructions laid down while the consignments are loaded into wagons. Such cases are also observed where Railways handle the consignments at their Goods Sheds.

Damage is caused to consignments during fly|loose shunting operations at marshalling yards.

Damage and loss also occurs where adequate precaution and security arrangements are not available." (Bharat Coking Coal Ltd.)

- (v) "....Pilferage takes place while wagons remain standing at station|yards or outside signals.

When wagons are involved in accidents derailed wagons are at times thrown off the track to speed up restoration of through communication. The contents of such wagons cannot be salvaged in full.

Rough handling of consignments during loading or unloading."

(vi) "Theft of coal consignments takes place in yards and on running trains. Box-wagons with doors that open upwards are vulnerable. The catches of the doors of some of these wagons can be opened and coal falls out."  
(Central Mine Planning & Design Institute)

(vii) "...Materials are damaged mainly because of mishandling of packing. Fragile materials are hardly received intact at the destination if transported by rail. Such damages are caused during loading and unloading of packages when they are in custody of the Railways. Losses are also occasioned on account of theft and in some cases because of mis-handling." (Central Coalfields Ltd.)

(viii) "Theft/pilferage and lack of proper care of materials while in rail transit.

Improper handling at the time of loading and unloading and transshipment, particularly of heavy packages and fragile goods.

Lack of proper security/safety measures against theft/damages of materials in transit.

Non-compliance of the instructions given on the packages, like.

(a) fragile goods—Handle with care

(b) Glass with care

(c) This side up.

Transit of fragile goods alongwith heavy materials in the same wagon resulting damage/breakage.

Transport of cement, limestone dust etc. in open wagon without proper cover or in covered wagons with damaged roofs, and side walls.

Light sections of Iron and steel, GI Pipes etc. booked in open wagons are not properly secured with chains or iron wires, leading to theft in transit." (Western Coalfields Ltd.)

(ix) "Loss and damage to consignments booked by rail arise out of several factors, principal among them being careless handling of the material at the points of loading and unloading, loose shunting of wagons, non-delivery of wagons or entire consignment to the consignee, thefts, pilferage enroute and spoilage of goods due to exposure to bad weather conditions. In some cases improper packing and

non-availability of closed wagons also contribute to loss or damage of goods. Poor storage conditions, low height of platforms at stations resulting in leakage of cases due to impact at the time of unloading consignments, lack of adequate tools or equipments to handle fragile cargo and poor skills of labour also contribute to loss or damage." (Associated Chambers of Commerce & Industry).

- (x) "(1) Incidence of thefts and pilferages in transit and at terminal points;
- (2) Indifferent and inefficient loading and unloading operations, especially at trans-shipment points;
- (3) Inadequacy of covered storage and shed facilities;
- (4) Movement of certain consignments in open wagons;
- (5) Inadequacy of security arrangements in transit as well as at terminal points and sidings;
- (6) Breakdown of wagons in transit and long detention for trans-shipment/repair;
- (7) Non-compliance with stringent packing conditions;
- (8) Defective or loose shunting of wagons;
- (9) Deterioration during long transit time;"
- (Bharat Chambers)

3.5. The Chambers of Commerce and the Public Undertakings have suggested the following measures to minimise the incidence of loss/damage:

- (i) "Thorough examination of wagons before placement. Wagons which are not water-tight should not be utilised for loading traffic which needs water-tight wagons." (Fertilizer Corporation of India).
- (ii) "The arrangements for ensuring that the covered wagons are completely water-proof need to be tightened up particularly during the monsoon.

Use of open wagons for transport of food-grains should be eliminated or at least drastically reduced by increasing the availability of covered wagons.

Some of the tarpaulins used for covering foodgrains wagons get disturbed *en-route* under the impact of wind velocity

etc. It is necessary that such wagons should get attended and their covering restored at the first halting yard.”  
(Food Corporation of India).

(iii) “Measures taken by Railways to curb the menace of loss/damage can be further intensified by:

- (a) ensuring adequate patrolling of yards.
- (b) Analysing claims so that the routes and areas prone to theft are identified.
- (c) The design of box-wagons may also be examined so that culprits cannot open the doors of these wagons in yards or on running trains.
- (d) Intensifying the checks in yards and recording details of victimised wagons/can help to demarcate sections prone to theft.”

(Central Mine Planning and Designing Institute Ltd.)

(iv) “Fixation of responsibility in all cases of loss/damage and stringent disciplinary action.

Introduction of special type locks replacing rivet and E.P. locking system.

Development of adequate security guards to protect the property and supervise the articles while in storage in Railway godowns.”

(Indian Chambers of Commerce).

(v) “.....sense of public responsibility must be inculcated among the staff of railways engaged in receiving, booking and handling of goods at various stages. The machinery responsible for security of goods either in godowns or in transit should be made more effective and free of corrupt influences.....In large marshalling yards, quite often wagons get wrongly connected which is one of the major causes for delay or damage or even total loss of goods. A little extra care at the time of shunting and grouping wagons to destinations in marshalling yards and likewise at trans-shipment points, safer handling of materials particularly where there are loss like coal timber etc. will specifically reduce loss or damage....”

(Associated Chambers of Commerce & Industry of India).

(vi) "It is necessary to have better control on the shunting of wagons and marshalling etc. at trans-shipment points, at loading points, intermediate yards, or marshalling yards and at destinations. Improved provisions of securing, fastening of consignments for safe movement, reduction of high transit time, modernisation of Railway Marshalling yards, operation to ensure greater safety of consignments at the time of marshalling and improved safety arrangements at loading points, trans-shipment points and at destinations. Greater adherence to supply of suitable wagons for commodities that are likely to get damaged during transit, adherence to periodical overhaul of wagons to ensure replacement of fittings particularly in BFR/BRH wagons for adequate securing of consignments. Increased provision of storage facilities by Railways would save the materials from damage or loss during intermediate handling.

In the case of Siding holders, the Railway responsibility for handling over the consignment should be extended inside the factory and not at the exchange yard particularly in case of steel plants which handle a very large number of wagons every day and where complete checking of wagons in the exchange yard is not possible. Railways responsibility should be extended to the unloading points inside the steel works for this purpose and Railway Act, 1890 clause 76(c) should be amended to provide for granting of assessment delivery at the said unloading points. In the case of trans-shipped wagons and consignments, Railway should re-label the trans-shipped wagons and intimate the details of trans-shipment and particulars thereof to the destination stations, so as to enable the consignor/consignee to link up and take the delivery in time. Any damages/shortages to the consignments detected at the transshipment points/intermediate stations should also be reported to the consignee/consignor."

(Steel Authority of India Ltd.)

3.6. Explaining the various factors responsible for the loss and damage of consignments booked by rail for which Railways have to pay compensation claims, the Ministry of Railways have stated that the Railways fully realise the magnitude of the problem posed by loss and damage to consignments and the various factors responsible for them. The problem is gigantic because of the size of the Railway net work, volume of the traffic, the distance involved, different

gauges, socio-economic conditions, the limitations of the carrier to control the general law and order situation prevailing in the country, etc. The single biggest factor counting for nearly half of the amount paid as claims for compensation is pilferage of goods while they are in rail custody. Small quantities of goods are stolen or taken out by miscreants and anti-social elements through door crevices and body holes of the wagons. Sometimes goods are also pilfered from the platforms of the stations, goods sheds, parcel offices as also from the custody of guards.

3.7. Apart from the vastness of network, huge quantity and value of goods carried and long lead of traffic, the problem of prevention of loss, thefts, pilferages damage, breakage and leakage of goods has been rendered more difficult due to the following special circumstances:—

- (i) "The Indian Railways have three gauges. There are 97 break of gauge transshipment points. Goods are transhipped from one wagon to another at these points. Transshipment causes extra incidence of damage, breakage and wastage and provides greater scope for theft pilferages and misdespatches.
- (ii) The existing social and economic conditions aggravate the tendency of the people to pilfer essential consumer goods. This is borne out by the fact that more than 70 per cent of the claims paid is accounted for by articles of daily human consumption like grains and pulses, sugar, tea, spices, oil-seeds, edible oils, fruits and vegetables.
- (iii) Not only there are extreme temperatures and uncertain climatic conditions but even at any given time there are violent climatic variations in different parts of the country. These conditions upset the precautions which railways take during certain seasons to prevent damage by wet and deterioration of goods in transit.
- (iv) The packing industry is not yet fully developed in our country. The packing of goods, both in respect of material used and the methods employed, is not of a high standard. In fact, the industries cannot afford anything better.
- (v) The railways have not gone in for mechanical handling of goods in a big way in view of large-scale unemployment still prevalent. The risk of damage and pilferage is apparently more when goods are handled manually.



- (vi) **Some loss or damage is inherent in the speedy transport of goods over vast distances in spite of railways best efforts to find a golden mean between safety and speed."**

3.8. The Committee enquired about the measures devised to prevent the occurrence of loss/damage of consignments, the results achieved and the guidelines issued by Railway Board or Zonal Headquarters to minimise the incidence of loss and damage of consignments from the time of booking till the time of delivery. The Ministry of Railways have explained that the efficiency of commercial working depends upon the delivery of consignments at destination stations within a reasonable time limit in the same condition in which these are offered for booking. To ensure this, attention is paid to the following important preventive measures:—

- (i) Proper stacking and handling of goods at the time of booking, transshipment and delivery.
- (ii) Proper packing, labelling and marking of packages.
- (iii) Complete documentation of consignments.
- (iv) Use of nuts, bolts, rivets and cotters in respect of consignments of vulnerable nature.
- (v) Sealing of wagons, locking of brakevans and luggage compartments.
- (vi) Insistence on provision of dunnage bags of standard size in respect of wagons loaded with bagged commodities, such as grains and pulses etc., to prevent pilferage through door crevices.
- (vii) Securing of tarpaulines on open wagons loaded with commodities susceptible to damage by wet.
- (viii) Selection of commercially fit and water tight wagons for loading of consignments.
- (ix) Panel patching of defective wagons.
- (x) Escorting of goods trains carrying iron and steel, food-grains, sugar oilseeds etc. by Railway Protection Force armed personnel in vulnerable sections.
- (xi) Patrolling by armed Railway Protection Force personnel in vulnerable yards.
- (xii) Maintenance of close co-ordination between Government Railway Police, Railway Protection Force and Railway staff.

- (xiii) Proper tallying of packages.
- (xiv) Taking special precautions during monsoon season.
- (xv) Formation of test vans.
- (xvi) Prompt fixation of staff responsibility.
- (xvii) Formation of basic level Committees at important goods sheds and transshipment points with a view to enlist and sustain the co-operation of railway staff for combating effectively thefts and pilferages of goods and parcels.

3.9. As regards the action taken at Railway Board level, high level Claims Prevention Meetings are held by the Railway Board (Member Traffic) with the Chief Claims Officers and the Chief Security Officers of the Zonal Railways periodically to consider the causes of claims and thefts and pilferages and to coordinate and suggest measures to reduce them. Besides, the Railway Board is arranging collection of crime intelligence and conducting surprise raids by the staff of the Crime Intelligence of the Railways as well as by the Central Crime Bureau, Railway Board, with a view to tracking down criminals and receivers of stolen goods. Moreover a system has been introduced on the Railway Board's Computer for matching overdue and unconnected broad gauge loaded wagons.

3.10. At the Zonal Railway's level implementation of these measures and their effectiveness are being reviewed and watched by the Chief Claims Officers, in periodical meetings with Divisional Commercial Superintendents and Commercial Inspectors. Implementation of these measures is also reviewed by Basic Level Committees at important stations. These Committees consist of the staff of Commercial Operating, Mechanical and Security Departments and representatives of recognised unions. Chief Claims Officers hold periodical coordination meetings with Chief Mechanical Engineers and Chief Security Officers at the headquarters levels and review the effectiveness of the various claims prevention measures. Coordination meetings are also held between the Chief Claims Officer and the Railway Managers of the adjoining Port Railways when important irregularities are brought to their notice and preventive measures discussed for taking effective and coordinated action.

3.11. Apart from this, the damage and deficiency messages reporting loss, damage or deficiency noticed in a consignment issued from different points are analysed regularly in order to pinpoint

the location/cause where such damages and deficiencies have occurred with a view to take remedial measures to avoid recurrence. Simultaneously educative campaigns are launched at large stations, marshalling yards and transshipment points on subjects relating to prevention of claims.

3.12. Commercial Controllers and Claims Prevention Inspectors are also made to connect consignments lying unconnected at different stations. A test check is made by preparation of test vans/wagons supervised by Officers/Inspectors at loading points in order to find out if any discrepancy is detected at the unloading point from such vans/wagons and suitable remedial disciplinary action is taken immediately to avoid recurrence.

The results achieved so far have been reflected in the trend of receipt of new claims during the last ~~four~~ years as would be seen from the following figures:—

Year	No. of new claims received
1972-73	6,70,917
1973-74	6,27,113
1974-75	6,68,896
1975-76	6,32,973
1976-77	3,77,129

The Ministry have stated that these statistics show a substantial reduction in the number of new claims received during the last two years.

#### *Preventive Measures*

3.13. When asked to state what further measures are proposed to be taken to prevent pilferage of goods while they are in the custody of railways, the Ministry of Railways have stated that the following measures are being taken to prevent pilferage of goods while they are in railway custody:—

- (i) Panels of wagons having holes are repaired to prevent bleedings or pilferage of goods.
- (ii) Trains passing through vulnerable sections of the railways are escorted by armed RPF personnel. However, this depends upon the availability of the RPF men.

- (iii) Use of bolts, nuts and rivets is insisted upon in proper places so that the miscreants are not able to pilfer the goods by taking advantage of their absence.
- (iv) Intensive checks are made at loading, transshipment, rebooking and un-loading points so that pilferages are prevented at such places.
- (v) Claims Preventions weeks are observed for inculcating consciousness among the staff and public. For this purpose publicity is also given by issue of pictorial posters, calenders, hand-bills and leaflets.
- (vi) Patrolling by RPF personnal in vulnerable yards is arranged so that miscreants do not get any access to such yards.
- (vii) Bad spots|sections are spotted. Strict Watch and protective measures ~~are intensified~~ at such places.
- (viii) Provision of ~~dumage~~ is insisted upon to prevent chances of bleeding from door crevices.
- (ix) Crime intelligence is connected. Surprise checks|raids by CBI and vigilance staff are conducted to track down criminals and receivers of stolen property.
- (x) Proper marking, addressing and labelling of consignments at the forwarding stations is insisted upon to avoid consignments going astray.
- (xi) Efforts are made for quick despatch and clearance of wagons from yards to avoid detention to them. This eliminates chances of pilferage from such wagons.
- (xii) Locking of break-vans and luggage compartments is ensured.
- (xiii) Instructions exist that security devices on wagons and luggage vans at loading points, transshipment points and vulnerable sections of Railways should be used.
- (xiv) Bulk movement of perishables, food-grains, sugar, oil-seeds and other commodities of daily public use is encouraged by granting more favourable freight rates for such bulk movements. As far as possible such bulk movements are escorted by the RPF personnel which minimise the chances of pilferages taking places.

### **Black Spots**

3.14. The Ministry of Railways in their preliminary material furnished to the Committee have listed the following black spots from crime point of view:—

1. *Central Railway*: Kalyan-Igatpuri, Kalyan-Lonnavala, Manmad-Chailisgaon, Manmad-Dhond, Amla-Nagpur, Wardha-Ballarshah, Satna-Manikpur, Kosi Kalan-Mathura, Jhansi-Bina, Gwalior-Agra Cantt, Begdewadi, Pune, Bhusawal, Ajni, New Katni, Jabalpur, Jhansi, Nishatpura, Belanganj, Wadi Bander, Khandwa, Ahmednagar, Itarsi, Kurla, Ghorpuri, Nandgaon, Amla, Faridabad.
2. *Eastern Railway*: Gomoh, Dhanbad, Buxar, Mughalsarai-Dehri-on-Sone, Gaya, Patna, Mokameh, Naihati-Ranaghat, Shyamnagar-Kankinara, Asansol, Andal, Durgapur, Howrah.
3. *Northern Railway*: Chaudasi-Bareilly, Moradabad-Bareilly, Moradabad-Lucknow, Moradabad-Gajraula, Allahabad-Mughalsarai, Tundla-Etawah, Delhi-Aligarh, Thuglakabad, Khanalampura, New Delhi, Harduaganj.
4. *North Eastern Railway*: Sonpur, Bachwara, Barauni, Kharagaria, Mansi, Katihar, Samastipur, Darbhanga, Muzafarpur, Narayanpur, Saharsa, Narkatiaganj, Dighwara, Begusarai, Palezaghat, Gonda, Barabanki, Burhwal, Kanpur, Nautanwa, Bareilly city, Kasganj, Chupra, Manduadih, Aunrihar Jn. Ballia.
5. *N. F. Railway*: Khatipur, Salmari, Dimapur-Mariant, Harangajao, Chamangram, Maldatown, Bagdogra, Katihar.
6. *Southern Railway*: Jolarpettai, Tondiarpet-Marshalling yard, Yoyapuram yard.
7. *S. C. Railway*: Nellore-Waltair, Vijayawada-Bellampalli, Wadi-Pune, Ghorpuri-Miraj, Dronachallam, Nizamabad-Purna, Bitragunta, Kazipet, Daund, Kohlapur.
8. *S. E. Railway*: Purulia, Hatia, Namkom, Shalimar, Bhillai, Tata.
9. *Western Railway*: Vadodara, Bhawani Mandi-Kota, Indragarha, Gangapur city, Ahmedabad-Kalol, Nagda, Sabarmati, Gandhidham, Gandhinagar, Ajmer, Ratlam.

3.15. The Ministry of Railways have stated that the following steps have been taken to bring down the incidence of theft, pilferage and damage:—

1. Goods trains carrying valuable|vulnerable goods are escorted by armed or un-armed RPF staff specially in vulnerable areas|sections.
2. Introduction of foot patrolling and posting of pickers in vulnerable areas|sections.
3. Watch over criminals and suspects by RPF and Crime Intelligence Staff.
4. E.P. locking of wagons loaded with vulnerable goods.
5. Surprise checks by Supervisory Staff of RPF and Commercial Departments at loading, unloading and transshipment points and also in important yards.
6. Deployment of RPF Dog Syuads to patrol vulnerable yards and sections.
7. Periodical meetings of basic level Committees to devise ways and means to control crime.
8. Special drives against criminals and receivers of stolen property are organised in cooperation with State Government authorities.
9. Systematic seal checking at all inter-change points and important yards.
10. Forward tracing of wagons to locate crime spots and prompt registration of cases.
11. The staff of the Central Crime Bureau of Railway Board are also utilised to collect intelligence about inter-railway criminal gangs. Important cases of fraudulent diversion of wagons, thefts of arms and ammunitions and vehicle parts belonging to Defence Departments and enquired by the C.C.B. staff.

3.16. On the attention of the Ministry having been drawn to the larger number of black spots on the Central Railway and the North Eastern Railway the Ministry have stated that although the number of black spots shown in respect of the Central and N.E. Railways are larger as compared to other Railways the intensity of crime at each block spot which makes up the totality of the crime situation in each

Railways is more relevant. From this point of view the crime position on the Central and N.E. Railways compares favourably with other Railways.

3.17. On a suggestion that there should be a cross check on the working of Railway Protection Force by isolating and identifying areas where theft occurs, the Chairman, Coal India stated during evidence:—

“I myself do not entirely agree with the suggestion. You cannot keep on putting people on surveillance; there will be no end to proliferation. I have a suggestion on this. This is a highly specialised area of industrial security, and I would recommend that certain electronic devices or electronic industrial security systems could be examined and a study done. I feel that a specialised study group under the Electronics Commission should go into this matter how to improve the industrial security by application of electronics—in the goods trains as well as in the passenger trains and also in the goods sheds and storage spaces--which could first give a warning, which could keep a watch on the things as well as check on the working of even RPF and other personnel who are employed. That will be a more economical and more efficient method of improving industrial security and safety in the railways than any other system by further addition of manpower.”

3.18. When asked whether the electronic system was tried elsewhere outside India, the witness added:

“.....Electronics, for security purposes, are widely used in other countries--both in industry and in defence.”

*Role of Railway Employees|RPF—Tracking Down of Criminals:*

3.19. It is stated that “The Railway Board is arranging collection of crime intelligence and conducting surprise raids by the staff of the Crime Intelligence of the Railways as well as by the Central Crime Bureau, Railway Board, with a view to tracking down criminals and receivers of stolen goods.”

3.20. The statistics pertaining to the surprise visits conducted during last three years i.e., 1975, 1976 & 1977 are given below:—

Year	The number of surprise raids conducted by Crime Intelligence Staff, Zonal Railways, and the Central Crime Bureau, Railway Board.	Results	The number of criminals/miscreants apprehended.
		Property recovered (Rs.)	
1975 .	3184	18,27,882	4729
1976 .	2428	7,96,541	3486
1977 . . .	1720	6,87,130	2374

Zone-wise details of the surprise visits are given at Appendix II.

### *Electronic Security System*

3.21. On the question of feasibility of using electronic Surveilliane methods for preventing theft in railways, the Electronic Commission have in their note (March 1978), stated. "There are numerous types of electronim intrusion alarms available for protection against theft, burglary and unauthorised trespass. The following are some of the standard systems that can be developed to suit particular applications:

- (i) 'The simplest gadget is the vibration detector which is fastened to the metallic objects that are required to be protected. An alarm is sounded if the object is touched even gently or even if the detector is tampered with. When the burglar comes within 3 feet of the wire, the change in the electro magnetic field gets detected.
- (ii) Another common intrusion alarm works on the photo-electric principle. The light source is beamed into a photo cell which sets off an alarm when the beam is broken. As visible lights can be spotted, infra-red and ultra-violet light sources are used.
- (iii) If a person moves about in a predetermined area, ultra-sonic detectors can be used to detect the motion. When a burglar enters the enclosure, his motion causes a shift in the standing wave pattern and causes a change in the phase of the ultrasonic waves because of what is called the



"Doppler Effect". This phase shift actuates the relay which sounds an alarm.

- (iv) It is estimated that numerous burglaries take place at night with the burglar simply staying behind and hiding out until the yard or workshop is locked up and carry out his nefarious work during the night and then leave. For protecting against such stay-behind burglars, one of the best gadgets is the microwave radio frequency type of intrusion alarms. While sonic detectors are usually confined to a single room and relatively small area, microwave units radiate right through non-metallic walls and each remote detector can cover up to 5000 sq. ft.
- (v) Another type of intrusion alarm depends on the principle of taking the infrared radiation from human beings. As all objects above absolute zero temperature radiate electromagnetic energy, the intruder cannot help being a transmitter to be easily detected by a good photo-conductive cell.'

As far as the protection of railway yards and workshops are concerned, one has to make a thorough analysis of the requirements and for each different lay out a separate system has to be designed making use of one or more of the above principles. This is a specialised job and has to be done in a professional way by electronic engineers.

Costwise, it would not be possible to give a general estimate as it would vary from one situation to the other depending upon the layout of the yard, location of the wagons etc. However, it may not be out of place to suggest that the cost of an electronic surveillance will be much less than the amount of property saved from theft. However, the actual benefit cost analysis would require an indepth study of a few railway yards, workshops etc."

3.22. The Electronic Commission have stated that they would be willing to make a feasibility study of the problem if railway authorities approached them with a specific request.

#### *Shortage in Seal Intact Wagons*

3.23. The One-Man Expert Committee in its Report (1970) observed "there are cases where shortages of full bags have been reported from seals-intact wagons. These are obviously cases of short loading, but because of the failure of the railway staff to count the bags,

at the time of loading, the railways become technically liable for claims for such shortages.", and suggested the following measures:—

- “(1) Every Railway should have a mobile squad of commercial clerks to be deployed at different stations during rush of seasonal traffic. In any case railways should collect prior information and make advance arrangements for heavy rush of goods traffic just as they do in case of heavy passenger traffic at the time of holidays or melas.
- (2) Covered wagons loaded by Food Corporation of India (senders) should also be sealed by them, and if these seals are intact, the railways should have no liability for short receipt of full bags or shortage from torn bags found in the middle of the stack ...”

**3.24. Explaining the action taken on these recommendations, the Ministry of Railways have stated:**

“The recommendations has been accepted in principle and squads of Commercial Clerks are formed and deputed to work at different stations for supervising bulk loading of goods and parcel traffic as and when required.

On the Northern Railway where foodgrains are loaded in bulk additional staff have been provided at 10 selected stations to supervise loading and issue clear Railway Receipts. This additional staff is also used at other stations as and when the need arises.

It has been accepted in principle by the Food Corporation of India that the Railway Administration will not be liable for losses from seals intact wagons.”

#### *Design of wagons*

**3.25.** It has been submitted to the Committee that theft of coal consignments takes place in yards and on running trains. Box wagons with doors that open upwards are vulnerable. The catches of the doors of some of those wagons can be opened and coal falls out. When asked whether the Railways had taken steps to improve the design of wagons to check theft and pilferage of coal etc. from open wagons and with what results, the Ministry of Railways have stated:

“Provision of expanded metal covers on open wagons to check pilferage of coal etc. was considered in the past on the

recommendation of the Railway Corruption Enquiry Committee but this was not found practicable. So far as BOX wagons with doors that open upwards are concerned, this design was replaced with one having doors opening downwards. There are only about 6200 BOX wagons with upward opening doors out of the fleet of 11,400 BOX wagons. Conversion of upward opening doors to downward opening doors was found uneconomical. Permanent sealing of the doors was not found feasible because it was not possible to utilise these wagons in closed circuit movement. However, Eastern Railway sealed the doors on 200 BOX wagons but subsequently found that their operation had become inflexible and therefore gave up further conversion."

### *Leaky wagons*

3.26. The One-Man Expert Committee on Compensation Claims had made specific observations with regard to the repairing of leaky wagons. The Committee enquired about the precise steps taken to repair leaky wagons. The Ministry of Railways have stated that the precise steps being taken to repair leaky wagons are:

- (i) Panel patching of wagons found with minor deficiencies in bodies is done at principal transshipment points and Goods Sheds so that wagons can be used without having to be sent for repairs in the sick lines.
- (ii) After a wagon is found leaky, it is repaired and made water tight on the spot through the Mobile Repair Gang.
- (iii) Where mobile gang is not available, the leaky wagon is made water-tight by the traffic staff by the application of roofing compound, before utilising the wagon for loading. Bitumenised gunny strips and cement and grease compound are also used at the flap doors to protect damage by wet to the consignment.
- (iv) Sufficient stock of roofing compound is kept at stations for the purpose.
- (v) A close liaison is maintained with the Mechanical (Carriage and Wagon) Department by the Commercial Department with a view to ensure speedy repair of leaky wagons.

3.27. Regarding the system of inspection of leaky wagons the Ministry have added that at loading points the commercial staff examine the wagons before loading and leaky wagons and wagons

with corroded and damaged panels are rejected. The empty wagons are examined from inside after closing the doors and crevices and gapping joints are located as light passes through. In addition during incoming train examination wagons with damaged panels are marked sick on arrival and repaired.

3.28. The Ministry have further stated that leaky wagons are not given for loading commodities liable to be damaged by wet. Staff violating these instructions are generally taken up. During the period January to December, 1977, on Western Railway alone 95 staff were suitably punished. Information regarding the remaining Railways was not furnished to the Committee till the finalisation of the Report.

### *Mechanical Handling*

3.29. Giving the experience of Railways on the use of mechanical handling for reducing the incidence of loss and damage at loading and unloading points, the Ministry of Railway here stated that: apart from the use of cranes for heavy lift consignments, no large scale mechanisation of handling has been introduced at any station and transshipment points. The criteria followed in selecting stations for introduction of mechanical handling is the volume and nature of traffic dealt with at goods sheds, parcel offices and transshipment sheds. Wherever necessary fixed cranes are provided. Mobile cranes are also supplied for loading and unloading of heavy consignments wherever required. Mechanical handling of heavy packages, particularly iron and steel consignments with the help of cranes has distinct advantage over manual handling and prevents damage to heavy packages and bundles. The use of mechanical devices for handling goods at important stations, goods sheds and transshipment is kept under constant review and their adoption recommended as and when investment for such expenditure is justified and if it is complementary to the use of manual labour.

3.30. When asked whether the Associated Chamber of Commerce and Industry, are satisfied with the measures taken by the Railways to curb the menace of loss and damage, the representative of the Chamber stated during evidence:

".....First, there should be some kind of mechanical facilities for handling the goods. For instance, the railways may introduce fork lifts for carrying the goods. This device will help in carrying the goods if the platform height is low and the wagon floor is raised from the platform or

*vice versa*. This will save damage being caused to the packets if they are thrown down to the platform from the wagon. My second point is that some sort of training should be given to the porters and the loaders so that they may handle the goods more carefully. The third point is about security. The railways are already aware of it. When the consignment specially small consignments, are unloaded from the metre gauge wagons in the yards and Railway Sidings for loading them in the broad gauge wagons or *vice versa* they take more time, sometimes they take some weeks, during this period no vigilance is kept and no security personnel is posted to take care of the consignments. Sometimes, the consignments are misplaced or lost or pilfered. So, necessary arrangements should be made to post security personnel at such points and the railways should also see that time taken for transshipment at such points is minimum."

3.31. On the question of imparting training to porters/loaders for safe handling of goods the representatives of the Ministry of Railways stated during evidence:

"This is a very good idea and this is what we are doing. We have given them training in handling the goods."

#### *Modern Methods*

3.32. On the question of introduction of modern methods of carrying and storing goods on the railways, the representative of the Associated Chamber of Commerce and Industry stated during evidence that:

"I should also like to suggest the employment of modern methods that have been utilised abroad. One method is palletisation. Container is somewhat different. It is a kind of basket, a kind of structure with chicken-wire net on top and once things are pelletised, it is removed by a fork lift and put in the covered wagon. If pallet had been tampered the railway officials would know that there had been some loss. We know containerisation as at present employed by the railways. It is from one point to another point; only one consigner to one consignee. It could be extended to take in more than one consignor to more than one consignee. There could also be provision for having something like a 'lockfast' which is a kind of barricaded enclosure depending upon the needs,

either 4x4 feet or 8x8 feet. Such a facility is at present available at Port Trust and the Railways could emulate that example and provide lockfast for smaller articles.

It is permanently installed in the platform or at the station. It is to save the packages from pilferage from the time it is unloaded from the wagon till the package is taken away by the consignee. At the present time, even small packages are scattered in the platform."

3.33. On the introduction of the system of palletisation, containerisation, the representative of the Ministry of Railways stated during evidence:

"As far as containerisation is concerned, we have got over 2000 containers today. Last year we moved over to 45000 containers from point to point. We have got 12 different routes, important routes, like from Calcutta to Delhi, Calcutta to Bombay, Calcutta to Madras and from Madras to Delhi, Madras to Bombay. We have also movements to Kanpur and other important points like that. This is working very well.

As far as palletisation is concerned, the working Group has gone into this. We need fairly wide doors, instead of wagon doors 5½ feet wide, we should have width of doors of 8 feet, to take the fork-lift truck along with the pallets. Since the trade, the Chamber of Commerce has expressed some interest in it, the Working Group has gone into it and said that we may design wagons with wide doors; we, in turn; have asked the Chamber of Commerce to feed us with the data such as to who would be interested in it, between what points and the volume because, basically, a pallet requires the fork-lift truck which requires a big investment. It requires at different points that the consignee should have a siding of his own and the consignor almost obviously has also to have a siding of his own with all the requisite fork-lifts, we have not had any information yet from the Chamber of Commerce. However, the subject is alive."

#### *One-Man Expert Committee*

3.34. The One-man Expert Committee (Kirpal Singh Committee), 1976, while dealing with the crime against property entrusted to

the Railways for transport and the claims for compensation thereon *inter alia* made the following recommendations:

- (1) Test checks on the basis of random sampling in the claims offices by the Chief Claims Officer and the Chief Security Officer should be conducted to ensure a correct and cause-wise classification of claims.
- (2) The yard-stick fixed for Tally Clerks and Railway Protection Force personnel at loading, unloading and transshipment points should be reviewed keeping in mind the requirements of security.
- (3) The old instructions requiring the maintenance of invoice indices between pairs of stations and verification and making enquiries, if any, of the invoices in the series is missed, should be revitalised to prevent use of forged Railway Receipts.
- (4) In order to facilitate tracing of the consignors the full name and address of the consignor should be entered in the invoice and also marked clearly on the packages.
- (5) The responsibility for shortages of complete packages or partial extraction of contents from a wagon which has not been criminally interfered with should lie squarely on the commercial clerks who have handled the wagons at various stages and not on the Railway Protection Force.
- (6) Test check of wagons at loading points, after a wagon has been loaded, labelled and sealed. Preparation of test wagons by an independent team of senior supervisors of the Commercial Department and the Railway Protection Force and interception of some seal intact wagons *en route* for checking by teams of commercial and Railway Protection Force Inspectors and thereafter despatching to the destination under a protection seal should be introduced.
- (7) Controllers at various points should be made responsible to see that wagons are not detained *en route* and if any detention becomes unavoidable, adequate arrangements for their protection by Railway Protection Force are made without any loss of time. In the Yards, the res-

possibility for abnormal detentions should be that of the Chief Yard Master personally.

- (8) The supervision over the working of the Railway Protection Force checking staff in checking and recording the outward body condition of wagons should be tightened up.
- (9) Wagons having body cuts/holes should not be loaded with commodities which are not damagable or valuable. This should be achieved by total rejection of such wagons for loading purposes and instead waiting and pressing for the supply for non-defective wagons.
- (10) The unauthorised practice of inserting wooden wedges or bricks in wagons swing doors to provide ventilation to loads of perishable nature has caused serious damage to wagon swing doors and should be stopped forthwith.
- (11) All seal defective wagons, except those found on a load ready for despatch, should be checked in the ward where they are detected to enable enquiries into crime being initiated quickly.
- (12) The development of the metal strip seals in progress in Research, Designs and Standards Organisation should be pursued and implemented as quickly as possible.
- (13) Railways should give serious thought to the question of designing for steel loading a wagon which would afford a fair degree of security to the contents both against crime and the possibility of shifting, damaging the wagon and falling out.
- (14) The system of handling labour in vogue at Mandaudih Transshipment Sheds of the North Eastern Railway provides for closer supervision and should be introduced at other major transshipment points also.
- (15) In addition to the enquiry conducted by the Railway Protection Forces, Commercial Officers should also conduct their own independent enquiries into important cases of shortages and pilferages.
- (16) Indices of Damage and Deficiency messages between pairs of stations should be introduced to ensure that all Damage and Deficiency messages issued by an unloading point are received at the originating station.



- (17) In order to ensure that Commercial Clerks are aware of the correct identity of the Railway Protection Force post having jurisdiction over a station. Alphabetical List of Railway Stations Published by the Indian Railway Conference Association should be modified so as to include this information also. Pending reprint of this publication a supplement containing this information should be issued quickly.
- (18) A register showing payment of claims on account of irregularities committed by staff at individual stations, the identity of the staff held responsible for the irregularity and the action taken against them should be maintained at every station.
- (19) Indiscriminate humping of loads should be avoided to prevent damage to contents, damage to stock and to avoid fire risks. A hump avoiding line to put aside such wagons should invariably be provided in all hump yards.
- (20) Instead of despatching unconnected and undelivered packages to one Central Lost Property Office, disposal of such packages by a Railway should be done at its large goods and parcel sheds according to a fixed time schedule.

**Issue of Consolidated Book of Instructions on Prevention of Loss and Damage to Consignments.**

3.35. It is seen from the Preliminary Material furnished by the Railway Board that important instructions issued to Zonal Railways regarding prevention of loss and damage to consignments lie scattered over a large number of letters issued by the Railway. When asked about the views of the Ministry about the need for publishing a consolidated hand book on the subject and keeping it up-to-date, the representative of the Ministry stated during evidence;—

“...I think the suggestion is an excellent one. We should have a Compendium of rulings. I think we would be able to do it. It is an excellent suggestion....”.

3.36. The Committee are informed that the main factors responsible for loss and damage of Railway Consignments are, inter alia, defective wagons, defective designs of doors of wagons, unsuitable wagons, lack of adequate tools to handle consignments, mishandling of consignments, loose shunting of wagons, improper and inadequate

packing, excessive transit time, exposure to weather conditions, misdirection of wagons, lack of adequate security and pilferage. The Ministry have stated that to ensure safe storage and carriage of consignments, attention is paid to handling of goods at the time of booking, transshipment and delivery, proper sealing and labelling of packages, maintenance of wagons in good condition, escorting of goods trains, due precautions in packing and during monsoons and all others measures considered necessary in this process. The Committee take note of the sharp decrease in the number of claims registered and settled by payment during 1976-77 as compared to earlier years. As against 6,32,973 claims registered, 285,384 claims settled and a sum of Rs. 15.25 crores paid in settlement of claims in 1975-76, the number of claims registered and settled in 1976-77 came down to 3,77,129 and 1,85,908 respectively and the amount of compensation paid also declined to Rs. 13.56 crores. Net amount of compensation paid after deducting the sale proceeds of unclaimed/unconnected goods is stated to 0.80 per cent of total freight earning in 1976-77 as compared to 1.65 per cent in 1973-74, 1.28 per cent in 1974-75 and 1.03 per cent in 1975-76. The Committee are happy at the improvement achieved in this field during 1976-77. They, however, feel that the position can be further improved if the administrative and executive machinery at various levels is motivated to observe all instructions issued in this regard in letter and spirit and take personal and serious interest in ensuring safe carriage of consignments.

3.37. The Committee feel that the Claims Prevention Organisation in each Zonal Railway has a very vital role to play in minimising the incidence of loss and damage to Railway consignments. It should live up to its name and "prevent" loss and damage to consignments and not be content with merely issuing instructions and guidelines to the field staff and arranging seminars. The Committee feel that the organisational administrative and operational capacity of the Claims Prevention Organisation should be studied by an expert body with a view to suggesting measures to make it more effective and efficient in enforcing prevention measures and achieving better results.

3.38. The Committee are surprised to find that while the total amount of compensation for loss and damage of consignments paid by Railways during the year 1976-77 showed a welcome decline, the position on North East Frontier Railway and South Eastern Railway showed no such improvement. The amount of compensation paid on North-East Frontier Railway increased from Rs. 1.53 crores in 1975-76 to Rs. 1.62 crores in 1976-77 and on South East Railway it

increased from Rs. 1.69 crores in 1975-76 to Rs. 2.0 crores in 1976-77. The Committee would like the Ministry of Railways to look into the performance of these two Zonal Railways and help them strengthen their Claims Prevention Organisations to be able to improve the position in line with other Zonal Railways.

3.39. From the Commodity-wise analysis of Claims paid, the Committee find that, while there has been an over-all decrease in the incidence of loss and damage to consignments in 1976-77, the loss and damage of consignments of Coke, Coal and Cement have shown an upward trend and position regarding edible oils have also not shown any improvement. The Committee suggest that the Ministry of Railways should review from time to time the Commodity-wise analysis of Claims and pay special attention to the commodities which show rising trend of losses as to control the situation.

3.40. In Chapter I of this report, the Committee have already drawn attention of the Ministry of Railways to the fact that in 45 to 49 per cent of the cases during the last 5 years, Railways have been held liable for the loss and damage caused to goods while in their custody for which they had to pay a compensation of Rs. 12 to Rs. 15 crores per year. Needless to say, apart from the loss and damage caused to goods being a heavy drain on Railway finances, it also shows that the country is losing a huge quantity of essential commodities like grains, pulses, sugar, cement, fertilizer, edible oils which it can ill afford to loss in the present times of shortages and imbalances. The Committee would therefore like to reiterate that the Railways should spare no effort to ensure safe carriage of essential and scarce commodities while these are in their custody and thereby save themselves as well as the nation of huge loss in cash and kind.

3.41. The Committee are informed that all wagons are examined before loading and leaky wagons and wagons with corroded and damaged panels are either rejected or repaired and made watertight before loading. Bitumenised gunny strips and cement and grass compound are also used at the flap doors to protect damage by wet. Leaky wagons are not given for loading commodities liable to be damaged by wet' and staff violating the instructions are punished. If that be so, it is incomprehensible why there should be proven damage by wet' of such a high order as Rs. 1.96 crores in 1974-75, Rs. 1.85 crores in 1975-76 and Rs. 1.79 crores in 1976-77. Obviously what is required to be done is not actually done in the field and the enforcement machinery is the weakest link in the set-up. The Committee expect the Railway Board to take effective measures to remedy the situation.

3.42. It has been represented to the Committee that Box wagons with doors opening upwards are vulnerable as catches of the doors of these wagons can be opened and the coal taken out. The Committee are glad to note that the design of the Box wagons has been replaced and the new wagons are being manufactured with doors opening downwards.

3.43. The Committee are perturbed to note that "the single biggest factor counting for nearly half of the amount paid as claims for compensation is pilferage of goods while they are in rail custody." Goods are stolen by miscreants and anti-social elements through door crevices and "body holes of the wagons." Sometimes, it is stated, goods are pilfered from platforms and goods sheds as also "from the custody of guards." From the figures furnished by the Ministry, the Committee find that 71 per cent to 75 per cent of the total amount of compensation paid during the years 1974-75 to 1976-77 was on account of loss, theft and pilferage of consignments. In terms of money, the amount of compensation varied from Rs. 10.63 crores in 1974-75 to Rs. 11.42 crores in 1975-76 and Rs. 9.69 crores in 1976-77. This is a sad commentary on the performance of RPF, Station authorities and guards. This also shows that, contrary to the claim made by the Ministry, wagons with "body holes" are allotted for loading and, no wonder, the miscreants take advantage of these holes. Since factors responsible for loss on account of theft and pilferage are not such as are beyond human control, the Committee would like the Ministry of Railways to take a serious view of the lapses of the staff because of whose negligence or incompetence Railways and the public have to bear heavy losses.

3.44. The Committee are informed that Railways have not gone in for mechanical handling of goods in a big way in view of the prevailing unemployment in the country though the risk of damage and pilferage is more when goods are handled manually. The Ministry have added that the adoption of mechanical handling is recommended as and when investment for such expenditure is justified and if it is complementary to the use of manual labour. While the Committee agree to this approach, they feel that certain devices can be introduced for safe handling of consignments without in any way affecting the manpower. For example, use of a safer device in place of iron hooks to lift gabs, carrying parcels packed in wooden crates on trollies instead of rolling them on platform or letting a bag slide down from a wagon on a sloping plank than dropping it from that height are some of the devices which can be used to prevent damage to consignments. The Committee feel that a study may be made by an expert group to determine the fields in which

such aids can be introduced without affecting the employment position.

3.45. The Committee are informed that surprise checks are made by the staff of the Crime Intelligence and Central Crime Bureau of the Railway Board with a view to tracking down criminals and receivers of stolen goods. They find that the total number of raids conducted on all Zonal Railways during the years 1975 to 1977 shows a declining trend—the number having declined from 3184 in 1975 to 2428 in 1976 and 1720 in 1977. There was no raid conducted on North East Frontier Railways in 1976 and 1977. From this the Committee cannot but conclude that the campaign against criminals is on the wane. This should not be allowed to happen.

3.46. The Committee note that various Zonal Railways have identified the 'black spots' from the crime point of view and have taken special measures to control the crime there. The Committee are informed that though the number of 'black spots' on the Central and North-East Railways are larger as compared to other Railways, the crime position on these two Railways "compares favourably with other Railway". The Committee suggest that the statistics in terms of the number of crimes and the value of property involved should be collected in respect of each of the 'black spots' and reviewed every month at the highest level in each Zonal Railway with a view to assessing the impact of preventive measures already taken and taking such further measures as may be considered necessary in the light of experience. Needless to say, the success of campaign against crime at such spots, and for that matter any other spot, would depend on the team work and cooperation of the Railway staff of all categories.

3.47. It was suggested to the Committee by the Chairman, Coal India Ltd., that instead of deputing more and more men on surveillance work in goods sheds, yards etc., to prevent pilferage and theft, a more economical and more efficient method would be to instal electronic security systems which were widely used in other countries—both in industry and in defence. While informing the Committee of the various types of electronic systems that can be installed to guard premises against thieves and intruders, the Electronics Commission have stated that, for the protection of Railway yards etc., "one has to make a thorough analysis of the requirements and for each different lay out, a separate system has to be designed." The Electronics Commission have offered to make a feasibility study of the problems if a specific request is made to them by Railways.

3.48. The Committee would like the Ministry of Railways to study the question of installation of electronics security system at a few selected stations in consultation with the Electronics Commission, make cost benefit analysis and see how far will it be comparatively more economical and more efficient to go in for electronic surveillance at these places. The Committee would like to be informed of the outcome of the study and the decision taken by the Ministry in the matter.

3.49. The Committee see no justification for shortages of full bags from seals intact wagons, as reported by One-Man Expert Committee (1970). They are informed that the Railways have intensified supervision of bulk loading at places which are under their charge. The Committee would like that shortages reported from seals intact wagons loaded under the supervision of the Railway staff should be viewed very seriously and no leniency shown to the erring staff.

3.50. The Committee are informed that it takes 4 to 8 days for the consignments to reach destination stations within a radius of 200 Kms. even when no transshipment is involved. Transit time for full wagon loads is stated to be as high as 15 days for a distance of over 1000 Kms. and 20 days where transshipment is involved. The transit time taken in the case of small consignments is reported to be still higher. This, in the opinion of the Committee, is highly excessive and cannot be justified. Excessive transit time reduces wagon utilisation rate and also diverts goods traffic to road transport and thus causes double loss which should be avoided. The Committee would like the Ministry of Railways to study this matter in depth and lay down optimum limits of transit time for wagon load as well as small consignments. The Committee would expect that delay in each case occurring without any compelling reasons would be taken serious note of and looked into by senior officers with a view to

3.51. The Committee are of the opinion that the new methods of carrying and storing goods, as suggested by the representatives of the Associated Chamber of Commerce and Industry, namely, introduction of 'pelletisation'—a basket with chicken wire net—for small consignments, enlargement of the concept of 'Container' so as to place consignments of more than one consignor for more than one consignee in the same container and provision of 'lock fasts'—barricaded enclosures of small size—at major stations for the safety of smaller articles after unloading, merit serious consideration for use not only at private sidings for which 'pelletisation' is being considered by the Ministry of Railways, but also at other places.

3.52. The Committee cannot over-emphasise the importance of training being imparted to loaders and porters in handling goods carefully and safely. They would like training programmes specially tailored to meet the job requirements in different regions to be drawn up and put through for the benefit of loaders and porters employed in those regions. The Committee feel that the training programmes will produce the desired results only if they are accompanied by suitable incentive schemes.

3.53. The Committee note that the One-man Expert Committee (Kirpal Singh Committee, 1976) made a number of useful recommendations suggesting ways to deal with the crime against property entrusted to the Railways for transport. The Committee understand that a number of its recommendations have been accepted by the Railway Board. The Committee desire that follow-up action should be taken expeditiously to implement the recommendations which have been accepted.

3.54. The Committee note that instructions issued by the Railway Board to Zonal Railways regarding handling of consignments, labelling of wagons, supervision at loading points and other connected matters are scattered over a large number of letters issued from time to time. On the Committee pointing out the need for consolidating all such instructions in the form of a manual, the representative of the Railway Board stated in evidence that "..... the suggestion is an excellent one. We should have a Compendium of rulings. I think we should be able to do it." The Committee hope that the manual will be brought out expeditiously for the guidance of the concerned staff and it will be kept up-to-date by issuing correction slips as and when necessary.

#### (b) Loss and Damage at Transshipment Points

3.55. Dealing with the main factors responsible for loss and damage to Railway consignments, certain Chambers of Commerce and Public Sector Undertakings stated in their memoranda submitted to the Committee that:—

- (i) ".....Particularly at the transshipment points the labour in their anxiety to quicken the pace of work are in the habit of using hooks and lift bags which result in damage to bag and loss of material through the holes made by these hooks. Such impact is greater on polythene bags or polythene lined bags....tightening of supervision particularly at transshipment points so that the use of hooks is altogether eliminated, will result in minimising damages....."

(Fertilizer Corporation of India).

- (ii) "..... the transshipment points do not appear to have adequate facilities to handle bulk consignments and/or for proper storage. The consignments, therefore, sustain maximum loss and damage at such points....."

(SAIL)

- (iii) "..... improper handling at the time of loading and unloading and transshipment, particularly of heavy packages and fragile goods" is one of the main factors responsible for loss and damage of consignments.

(Western Coal Fields Ltd).

- (iv) The loss and damage to consignments booked by rail may *inter alia*, be traced to..... "indifferent and inefficient loading and unloading operations especially at transshipment points....."

(Bharat Chamber of Commerce)

3.56. The Ministry of Railways stated that "apart from the vestness of network, huge quantities and value of goods carried and long lead of traffic, the problem of prevention of loss, thefts, pilferages, damage, breakage and leakage of goods has been rendered more difficult due to the following circumstances:

"The Indian Railways have three gauges. There are 97 break of gauge transshipment points. Goods are transhipped from one wagon to another at these points. Transshipment causes extra incidence of damage breakage and wastage and provides greater scope for theft, pilferages and misdespatches."

3.57. The Committee enquired about—

- (a) Arrangements existing at these points to check loss and damage.
- (b) Working of the administrative machinery at these transshipment points and its role in supervising the transshipment of goods from one wagon to the other and guarding against loss and damage.
- (c) Deficiencies noticed in its working and corrective action taken by the Railways to guard against loss/damage and pilferage of goods of these places.



3.58. The Ministry of Railways in their note have explained the position as follows:—

Adequate staff is provided at the Transshipment point to supervise transshipment of wagons. Apart from the staff supervising the actual transshipment from one wagon to another, supervisory staff are available to see that transshipment operations are done smoothly without causing any damages to consignments. Security Staff are also provided to prevent pilferages. Generally, separate sidings are provided for handling different types of traffic to avoid any mixing up thereof with other traffic which may lead to damages. There are thus separate sidings for handling crane consignments, separate transshipment platform for handling general goods and separate sidings with suitable platforms for handling loose traffic such as coal, steel etc. Separate facilities are also provided for handling of dangerous/explosive article, smalls etc. Adequate facilities are thus provided by way of staff and sidings for handling different streams of traffic. Working of the transshipment point is also reviewed by the inspecting officers from time to time to see that no irregularities are committed in handling consignments.

Deficiencies observed during inspections are: Use of hooks by labour while transshipping certain bagged consignments due to no catch handles being provided on the bags, defective wagons being used at times for transshipment, rough handling etc. Use of hooks have been continuing for long despite the issue of instructions. The same has not stopped partly due to catch handles not being provided and partly because the hooks facilitate handling of heavy bags by labour. Rough handling also has continued to some extent, as labour are generally eager to do maximum transshipment to get better wages, which cannot be done if the packages/bags are handled carefully as that would slow down the transshipment process. Mechanical handling of certain types of commodities, if properly packed is perhaps the answer but this has to be viewed against the Govt. policy to increase employment potential as also the heavy expenditure involved in mechanisation. Frequent inspections and spot checks are made throughout the year to educate both the staff and the labour in correct handling of consignments. Corrective action is also taken against irregularities noticed."

3.59. During evidence, the representative of the Ministry of Railways have stated:—

“—in every transshipment point whether it is repacking or any other the wagon is opened up and it is checked. We see what is inside the wagon that is entered in the Register at the transshipment point. The wagon into which it is transhipped is also recorded. The capacity of these wagons are entered. There are tally clerks. They count the packages and they work under the Head Transshipment clerk. You have the supervisors in the repacking stations and their job is to see that unloading is done properly. Supervision is done that they don't handle the goods roughly. At the end of the day wagons are sealed in the presence of the staff. The wagon is labelled for final destination. We assure about adequate supervision.”

3.60. The One-man Expert Committee (1970) in his Report had observed as follows:—

“Transshipment and repacking sheds should have arrangements for repairing packages and bags which may be found torn, damaged or broken.”

3.61. Stating the action taken in this direction by the various Railways, the Ministry of Railways have stated that the position obtaining on the Central, Northern, Southern and Western Railways is as under:

*Central Railway*—Some of the staff at transshipment and repacking points have been trained to carry out minor repairs of torn bags broken, cases, if any. Necessary implements for repairing damaged/defective cases have also been provided to staff.

*Northern Railway*—In regard to the bagged consignments, the torn bags are immediately sewn. In case of packages effort is also made to carry out minor repairs with the help of labour.

*Southern Railway*—Stitchers have been posted at important transshipment sheds to attend to the repairing of packages, bags etc., when found torn.

*Western Railway*—Instructions exist to keep such equipment as twine, needle etc., required for repairing boxes/bags damaged at transshipment sheds. Information in regard to the remaining Railways was not furnished to the Committee till the finalisation of the report.

3.62. During their tour it had been suggested to the Committee that representatives of the consignees/consignors, who might be stationed at or near the transshipment points to the knowledge of railway authorities, should be informed of the arrival of their wagons to enable them to supervise transshipment of consignment from one wagon to another. This procedure, it was stated, would make for a more careful and safer handling of consignments.

3.63. Giving their views in the matter, the Ministry of Railways have stated that on the Western Railway the facility of permitting the representative of the trade for supervision transshipment was given in past to certain principal users like cement factories. It was felt that if this facility was generally allowed it was likely to give rise to various malpractices. This subject also became a matter of a suit in the High Court of Gujarat in 1969 filed by some small parties to whom the permission was not given. To avoid any controversy the facility was withdrawn.

3.64. Further, it is felt that more difficulties and hindrance will be created by implementing this suggestion, as a number of people—consignors/consignee living near the transshipment points, if advised would congest the transshipment sheds which may hinder the transshipment operations. Since the transshipment staff and security staff would not be aware of the correct identity of such persons, it is very likely that many unauthorised persons whose consignments are not being transhipped may also come to the shed and indulge in anti-social activities by pilfering consignments of other parties. Considering the various aspects, the Ministry of Railways are not in favour of agreeing to the suggestions.

3.65. In a subsequent note, the Ministry of Railways have explained that the High Court of Gujarat had considered on 9-2-1971 an application for continuing the facility to supervise the loading and unloading of the applicants goods at transshipment point which he had claimed as a statutory right. Stating that the application was "dismissed", the Ministry have added that—

"The court ruled that the applicant had statutory right to ask for permission to supervise transshipment of his goods at transshipment points. The court, however, observed that as facility had been permitted for a long time the Railway Administration may review the position and restore the facility, if possible.———The Railway Administration after careful examination felt that if this facility was generally allowed it was likely to give rise to various mal-

practices. To avoid any controversy and in view of the difficulties and hindrances created by implementing this suggestion the Railways are not in favour of agreeing to this suggestion."

3.66. While dismissing the application, the High Court observed as follows:—

This practice (of granting permits for supervising the transshipment at the transshipment points) is designed to protect the interest of the railway administration and to extend protection to it against claims for damages arising out of the handling of goods at the transshipment points. —the risk of mishandling of goods as well as pilferage at the transshipment points can be by & large averted if permission is granted to the consignor or the consignee (or his nominee) to remain present at the transshipment point to supervise the operation. There is a very strong case for continuance of the practice which has worked satisfactorily and successfully so far with such safeguards as may be considered necessary. There is no reason why the system should not be continued if no instance of such a permit having been misused has occurred in relation to a particular party. Merely because some other person or party indulges in misuse of the facility, it is no ground for withholding the facilities in respect of the innocent consignors or consignees who have in the past availed of the facility with advantage to both the sides."

3.67. During the tours of the Committee to certain Zonal Railways, the following views were expressed on the arrangements at the transshipment points:—

#### *I. Northern Railway*

"—the security arrangements at various transshipment points need augmentation and strengthening up—"

#### *II. South Eastern Railway*

"—so far S.E. Railway is concerned there has been no complaint regarding loss/damage taking place at transshipment points on account of adequate supervision and security arrangements—"

### III. North East Frontier Railway

"While the measures taken to tighten up security arrangements at the various transshipment points are generally satisfactory there is certainly scope for improving the arrangements but here again it is a question of expenditure. Provision of an enclosed high compound wall with barbed wire fencing at the top not only at transshipment points but also at all goods sheds and introduction of a system of identity cards to every person entering the protected area (as is done in military installations) will certainly eliminate chances of pilferage of consignments but the cost of provision of such facilities is very prohibitive and the machinery require for issue of identity cards and checking them, renewing them etc. will also cost more money. Besides, labour of contractors are not the same everyday."

3.68. The North East Frontier Railway during their discussions with the Study Group of the Estimates Committee submitted the results of a sample study regarding the number of claims for which the transshipment points are responsible, as follows:—

#### RESULTS OF THE SAMPLE STUDY MADE BY NORTHEAST FRONTIER RAILWAY ON PAID CASES FOR FINDING OUT THE AMOUNT PAID ON ACCOUNT OF TRANSHIPMENT.

(a) Total number of paid claims case studied . . . . .	1008
(b) Number of claims paid out of total number studied :	
(i) On through traffic, i.e. traffic not involving transshipment . . . . .	685
(ii) percentage of claims paid on through traffic to total number of paid claims studies [item (b) (i) to item (a)] . . . . .	68%
(c) Number of claims paid :	
(i) On transshipment traffic i.e. traffic which passed through transshipment points . . . . .	323
(ii) Percentage of claims paid on transshipment traffic to total number of paid claims studied [item (c) (i) to item (a)] . . . . .	32%
(d) (i) Total amount paid towards 1008 claims which were studied . . . . .	Rs. 47.73 lakhs
(ii) Amount paid towards claims paid on through traffic [item (b) (i)] . . . . .	Rs. 34.79 lakhs
(iii) Percentage of amount paid towards claims on through traffic to total amount paid towards the number of cases studied [item (d) (ii) to item (d) (i)] . . . . .	73

(iv) Amount paid towards cases on transshipment traffic [mentioned in item (c) (i)]	Rs. 12.94 lakhs.
(v) Percentage of amount paid towards claims on transshipment traffic to total amount paid on claims studied [item (d) (iv) to item (d) (i)]	27%
(e) Break up of amount mentioned in (d) (iv) :	
(i) Amount paid directly as a result of transshipment	Rs. 6.66 lakhs.
(ii) Percentage of amount paid directly as a result of transshipment to total amount paid towards cases studied [item (c) (i) to (d) (i)]	.. 13.9%
(iii) Amount paid which was not as a result of transshipment although the consignments passed through transshipment points	Rs. 6.28 lakhs.
(iv) Percentage of amount paid not as a result of transshipment although the consignment passed through transshipment points to total amount paid towards the cases studied [item (c) (iii) to (d) (i)]	.. 13.1%

3.69. The Committee note that Indian Railways have three gauges and 97 break of gauge points where goods are transhipped from one wagon to another. Though adequate administrative and operational arrangements are stated to have been made for handling, storage, transfer from one wagon to another and security of goods at the transshipment points, the Ministry of Railways have admitted that "transshipment causes extra incidence of damage, breakage and waste and provides greater scope for theft, pilferages and misdespatches." Use of hooks by labour for lifting bags for lack of catch handles, rough handling of consignments by labour in their eagerness to earn more by doing maximum transshipment and defective wagons are some of the deficiencies noticed by Railway authorities in the system of work at the transshipment points. A sample study made by North East Frontier Railway shows that about 14 per cent of the Compensation amount paid by the Railway was attributable to the claims arising at transshipment points. Applying the result of this study to get a broad perspective of the magnitude of the problem at all India level, it is seen that approximately Rs. 2 crores are paid annually by all the Railways as compensation for the loss and damage caused to consignments at transshipment points, much, if not all, of which can, in the opinion of the Committee, be avoided by taking preventive measures. The Committee feel that this is another area which calls for an in-depth study by an expert group to determine the extent of loss and damage in terms of amount and percentage caused to consignments at various transshipment points and draw up a comprehensive scheme for re-organising and streamlining the system of working at these points with a view to controlling loss and damage.

3.70. For instance, the Committee see no reason why defective wagons should be used at all at these points much against the

standing instancions issued by the Railways. This is an act of gross negligence on the part of supervisors and is all the more reprehensible since it takes place in the unavoidable absence of consignor/consignee. The Committee would like the Ministry of Railways to tighten supervision and make sure that defective wagons are not used at transshipment points.

3.71. As regards rough and wrong handling of consignments the Committee would like to reiterate that, as recommended by them earlier in this Chapter, solution to the problem lies in organising training programmes for loaders and porters and introducing some mechanical and other aids in place of iron hooks etc. which will help loaders handle bags safely without affecting employment situation adversely.

3.72. The Committee note the views of two of the Zonal Railways that security arrangements at the transshipment points require to be tightened up and augmented. The North-East Frontier Railway is of the opinion that provision of high compound wall with barbed wire fencing at the top and introduction of identity card system for entry in transshipment areas and goods sheds would eliminate chances of pilferage but the cost of arrangements and the administrative machinery would pose big problem. The Committee would stress the need for foolproof security arrangements at transshipment points where public property lies in trust with the Railways and should therefore be properly guarded from miscreants and anti-social elements. They would like the Ministry of Railway to ask the Zonal Railways to examine the suggestion made by the North-East Frontier Railway and other measures with a view to tightening security arrangements at transshipment and other such points. The Committee would expect the Ministry to pursue this matter with Zonal Railways and help them evolve a satisfactory solution to the problem.

3.73. The Committee note that, as recommended by the one-Man Expert Committee (1976), arrangements for repairing packages and bags which may be found torn, damaged or broken at transshipment points have been made on Central, Northern, Southern and Western Railways. The Committee hope that similar arrangements exist on other Zonal Railways also. They feel that if the staff posted at transshipment points have to do a really good job, they should be put through some sort of training in repairing bags and packages. They would also like that a senior officer at each transshipment point should be made responsible to see that torn, damaged or broken packages are in fact repaired before they are despatched.

3.74. The Committee note that the Ministry of Railways are not on favour of agreeing to the suggestion made by the representatives of trade and industry that their nominees may be allowed to supervise transshipment of their consignments from one wagon to another in the interest of more careful and safer handling of consignments. The Committee find that this facility was available to consignor/consignee in the past but it was withdrawn in 1967 as it was felt by Railway authorities that, if allowed generally, it was likely to give rise to various malpractices. An application made by a party challenging the withdrawal of this facility on the ground of violation of his statutory right to supervise transshipment was dismissed by the Gujarat High Court in 1971 as no statutory right could be established by the applicant. But while the application was dismissed, the High Court observed that "there is a very strong case for continuance of the practice which has worked satisfactorily and successfully so far with such safeguards as may be considered necessary."

3.75. The Railways are, however, as stated above, not in favour of restoring this practice "to avoid any controversy and in view of the difficulties and hindrances created by implementing this suggestion." The Committee are unable to appreciate the stand taken by Railways in this regard and would like the matter to be reconsidered as they also feel like the Gujarat High Court that "the risk of mishandling of goods as well as pilferage at the transshipment points can be by and large averted if permission is granted to the consignor or the consignee (or his nominee) to remain present at the transshipment point to supervise the operation.

### (c) Misdirection of wagons

3.76. Misdirection of wagons is stated to be one of the main factors responsible for loss and damage to railway consignments. In the memoranda submitted to the Committee by various Chambers of Commerce and Industry and Public Sector Undertakings it has been represented that:

- (i) ".....such mis-despatch of wagons is caused by the card labels dropping from their pockets or by the carelessness of the staff in not fixing the card-labels properly. Sometimes the mis-despatches are caused by the carelessness of the Yard staff in attaching wagons to wrong trains." (Food Corporation of India)
- (ii) "....Misdirection of wagons loads takes place due to either loss of wagon labels or mistakes in the marshalling



yards during shunting operations. The procedure laid down for use of card label/bracket labels should be rigidly followed. In case of loss of card labels, duplicate should be provided at stations where they have been observed missing. It is also necessary to think of modern systems of labelling of wagons so that process itself need not be time consuming and labels so provided should not get easily mutilated or lost." (Steel Authority of India Ltd.)

".....goods clerk and parcel clerk should play an important role at the loading as well as transshipment points in preventing losses by careful handling and labelling of consignments...." (Steel Authority of India Ltd.)

- (iii) "...when wagons do not have labels, train papers should indicate the name of the destination station and on this basis fresh labels should be prepared and put on the wagon. And in course of shunting operation the wagon is put on some other load. If it is for fraudulent purpose, wrong labels will take the wagon to a wrong destination where the delivery is taken on fake Railway receipts. In case a wagon reaches another destination unintentionally, it remains there unconnected, and Railways after waiting for some time failing to connect it dispose of the contents through auction." (Bharat Coking Coal Ltd.)
- (iv) "...The main reason for misdirection of wagons is the loss of the seal card and side labels. Since Coal consignments travel to fixed destinations and number of wagons involved is large. Metals side labels fixed to the wagons by means of bolts can be considered." (Central Mine Planning and Designing Institute Ltd.)
- (v) "...The main reason for the mis-direction of wagons en-route is wrong labelling/mark no./railway code no. The Railway employee concerned has to be more careful while attaching the side labels in the wagons...." (Central Coalfields Ltd.)
- (vi) "...in the mis-direction of wagons involving inordinate delay, the Railways cannot absolve responsibility.

.....the consignees are in many cases required to detail their own wagon chasers to locate the wagons, resulting in infructuous expenditure and considerable inconvenience...." (Western Coalfields)

- (vii) "....Cases of misdirection of wagons enroute can be minimised, if consignees and consigners' full address and destination Railway Station are properly endorsed on the wagon labels. In some cases, it is observed that the wagon labels do not contain these details and also the writing is obliterated which presents difficulty to the consignee and Railway staff in identifying the wagons at the destination Railway Station." (Eastern Coalfields)
- (viii) "....The reasons for misdirection of wagons are transshipment and missing of railway labels from the wagons. The rules prescribed by the Railways to prevent misdirection are quite comprehensive. However, these are not strictly acted upon...." (Indian Chamber of Commerce and Industry)
- (ix) "....Misdirection of wagons is mainly caused either due to incorrect labelling, incorrect description on labels especially abbreviations of destinations, loss or detachment of labels in transit etc. or due to careless handling at the transshipment points. Miscreants do have a hand in misdirection of wagons as well." (Bharat Chamber of Commerce)
- (x) "....the main reason for misdirection of wagons appears to be careless shunting or grouping of wagons. Wagon labels are often missing or deliberately removed in yards. One solution could be that the guard of the train may carry copies of RR's which will enable one to trace the wagons...." (Associated Chambers of Commerce and Industry of India)
- (xi) "....the machinery responsible for tracing the missing wagons is not adequate with the result that abnormal time is taken at times in tracing the missing wagons...'" (Bharat Coking Coal Ltd.)

#### *One-man Expert Committee on Compensation Claims*

3.77. In regard to the system of labelling of Railway wagons, the One-man Expert Committee on Compensation Claims (1970) stated

in its report that "correctly prepared and firmly secured labels are the key to the correct transport of wagons. What is required is that the existing rules, which are being carried out half-heartedly and partially, should be implemented in their entirety and this, it is expected, will bring about a satisfactory reduction in the number of wagons becoming unconnected. But if it does not, railways should evolve other methods of securing the labels to the wagons."

3.78. The One Man Expert Committee on Compensation Claims further observed:—

- “(i) The problems of unconnected goods is a major one to be tackled by railways in right earnest quite apart from its large financial implication to railways themselves.
- (ii) Unconnected goods are potentially a very rich field for claims prevention and one which will respond quickly to determined and concerted efforts seeing that though claims are paid the goods are still in the custody of the railways and are eventually auctioned for trifling sums after suffering damage, deterioration and pilferage.
- (iii) Lists of unconnected wagon loads compiled by the railways are by no means complete, here is every reason to believe that the actual numbers of unconnected wagon loads on railways would be much more than what are reported by stations.
- (iv) The problem of connecting wagons found without labels at Mughalsarai is formidable. Many of these wagons remain in Mughalsarai yard for months awaiting connections and despatch.
- (v) It will be helpful if the work of connecting unconnected wagons can be computerised. In the same process, overdue wagons can be traced—as what is an unconnected wagon at one station will be an overdue wagon at another station.”

3.79. The One Man Expert Committee on Compensation Claims had further observed that “Railways should consider whether a change is required in their outlook towards seals and seal checking. The practice obtaining on Railways in some foreign countries may be ascertained to see if we can profit by their experience in this respect.”

### *Railway Convention Committee*

3.80. Dealing with the question of misdirected and unconnected wagons, the Railway Convention Committee in their 3rd Report (1973) observed that:

"The fact that in spite of clear instructions in this regard, the incidence of wagons going astray, continues to be high, not only indicates that these are being followed only half heartedly and partially but also that requisite amount of supervision by Commercial Inspectors and Commercial Officers is not forthcoming. The Committee would, therefore, like the Ministry to tighten up supervision and also institute a system of surprise checks by officers of the Claims Prevention Organisation so as to ensure that no laxity is allowed on this account. It must, in particular, be ensured that in no case station names are written in codes but in full as per extant instructions.

The Committee further consider that it would be useful for the Railways to collect information not only about the practices in vogue in advanced countries in regard to labelling of open and covered wagons but also in regard to the system of affixing seal and checking thereof as recommended by the One-Man Expert Committee on Compensation Claims. The Committee would like the results of such a study to be reported to the next Convention Committee.

As computers have been provided to all Railways, the Committee would like the Ministry to issue suitable instruction to the Zonal Railways to computerise the work of connecting unconnected wagons."

3.81. In their action taken notes on the aforesaid recommendation the Ministry of Railways informed the Railway Convention Committee (December 1973) that "The system of surprise inspections by officers is already in vogue. The Railways have again been advised to intensify the same. Instructions for writing or stamping station names in full, instead of codes, have also been reiterated. The Railways have also been advised to take severe action against defaulting staff."

3.82. The Ministry also collected information about the practices obtaining in West Germany, Japan, USA, U.K. and France in regard

to labelling, sealing and checking of wagons and submitted it to the Railway Convention Committee. After examining the information, the Railway Convention Committee recommended in their Fourth Report (1974):

"The Committee would like to stress that need for improving labelling, sealing and checking of wagons so as to plug the loopholes existing in the present system which lead to diversion of wagons and tampering with their contents."

3.83. The Estimates Committee enquired as to what improvements had been made in labelling, sealing and checking of wagons and how far the instructions were being followed by the field staff. The Ministry of Railways in a note have stated:

"The instructions regarding labelling, sealing and checking of wagons issued by the Railway Board in this regard are being enforced. One of the reasons for reduction in registration of new claims is the observance of the instructions issued in this regard."

*Labelling system:*

3.84. During their tours, the Committee were informed by the representatives of the trade and industry that the present system of putting labels on the wagons was not satisfactory and this resulted in misdirection of wagons. They suggested that metallic labels (reusable) or stickers indicating the names of destination stations in big enough letters readable from a distance should be fixed at a prominent place on the wagons or names of destination stations should like-wise be stencilled on the wagons so that a mis-directed wagon could be spotted easily and directed to the right station. A demonstration of the metallic labels/stencils suggested above and also a new metal tape seal bearing the names of originating and destination stations was arranged by the Railway authorities at New Delhi Station and witnessed by the Committee on 13 March, 1978.

3.85. Giving their reactions to these suggestions, the Ministry of Railways in a written note stated that:

"The adoption of the proposal would entail provision of metal boards|stickers|stencilling equipment at every single station open for goods booking. The biggest bottleneck is, perhaps, the inescapable necessity of obliterating the old marks and unless this is scrupulously done in every case,

the possibility of the wagons being mis-despatched will have to be faced thereby aggravating the very problem we are trying to solve. At the same time the possibility of the staff in big yards being guided by the wrong destination marks rather than the card label cannot be overlooked. Experience also shows that despite instructions old stickers, such as 'handle with care', 'perishable', 'inflammable' etc. are seldom removed particularly at bulk loading points and wagons continue moving with these posters with the result that these have almost lost their significance. In any case huge recurring expenditure would be involved in providing all stations with the requisite materials both for painting|stencilling and obliterating the station particulars. Besides, additional staff would be necessary for the extra work load involved and to ensure that the instructions are meticulously complied with. It may also be mentioned that the additional work in first obliterating and then re-painting the fresh destination station name would require some extra time before despatch leading to increase in turn-round and lesser availability of wagons. In the circumstances the adoption of this suggestion which has far reaching implications is not considered practicable.

In this connection, it may be mentioned that with a view to localising the loss, thefts and pilferage from wagons as also preventing the wagons getting unconnected a new type of seal known as Metal Tape Seal has been designed by the Research, Design and Standards Organisation of the Ministry of Railways. This new metal tape seal is under examination and if approved would replace the lead seals in due course. The advantages of a metal tape with the codes of originating and destination stations embossed on it are obvious and it would by and large eliminate the possibility of wagons getting unconnected both if the wagon label falls off or is deliberately removed."

3.86. Speaking about these metallic|stencilled labels, the representative of the Ministry of Railways stated during evidence:

"One Railway in October, 1970 tried out stencilling. They did not do it at the booking station. The booking station was in the adjoining railway i.e. on the South Eastern Railway. The steel plates were coming from South Eastern Railway viz Nagpur to Bombay. They said: we

will stencil every one of these wagons and they stencilled them in Ajni, which is the junction station. The wagon already had its legitimate labells, seal, card, etc. in addition to the stencil. They put it in the hope that they would stop the unconnected wagons. Here I would like to quote verbatim the report of that Railway on this:

"The system of stencilling the wagons at the destination station was experimented on this Railway some-time past.....It was found that despite instructions to the staff to obliterate destination station names after unloading, they failed to do so in many cases resulting in mis-despatch of the wagons. The system has, therefore, to be given up. We do stencil tank wagons, but it is with a specific purpose, so that the tank wagon when empty goes back to the base station. We have base stations at Gandhinagar, Vadala, Madras, Vishakhapatnam, Haldia and other places. So we do have stencilling, but only as a guide for empty wagons to go back to the base, but never for a loaded wagon. I would advise measure be considered this with the utmost caution."

3.87. Elaborating his views further, the witness added:

"The failure is not for want of issue of instructions. They were issued *ad nauseam* in this railway. The experiment was tried. It is costly experiment. If you like us to try it again, we will try it again. I do not know how many lakhs of rupees will go down the drain. Before we do it on an all-India basis, one railway has gone through it. They were determined to make it a success. But they failed. We can try it again if you like. I am perfectly sure that however hard we may try, one omission here and there may lead to a failure."

3.88. On the question of introduction of modern systems of labelling of wagons to avoid misdirection the representative of the Associated Chamber of Commerce and Industry of India stated during evidence:

"In foreign countries, there is a compartment built in the under-carriage where the destination and whatever particulars are available on the label are there and then it is sealed. So, this is the one way of doing it. The second

way is that, they have a system of infra-red markings on the wagons and those can be seen only by infra-red light or such other light that is designed."

### *Replacement of Missing Wagon Labels*

3.89. The One-Man Expert Committee on Compensation Claims, in its report had made the following recommendation:

"Marshalling yards should exercise proper checks on wagon labels. Where label on one side is found missing it should be replaced by the Trains Clerk taking the particulars from label on the other side of the wagon. When both sides labels are missing, fresh labels should be put in on the basis of incoming guard's vehicle guidance. Similar action should be taken by guards at stations where trains have long halts."

3.90. The Railway Board in their communication No. 70/TC/RCC/IMP/107 dated 5th June, 1970 to the General Managers of all Indian Railways felt that this measure was likely to reduce the incidence of unconnected wagons in yards and the extra work involved in replacement of missing labels would get compensated by a reduction in the work relating to unconnected wagons.

3.91. On being enquired whether any checks are made to ensure that the instructions issued by the Railway Board are strictly complied with and missing labels are replaced as laid down above to reduce the incidence of unconnected wagons, the Ministry of Railways in a note have stated that "in Marshalling Yards inward and outward number takers check the presence of seals and bracket labels on both sides of wagons, and replace the missing labels on the basis of entries as available on the labels or vehicle guidance. Checks are also conducted by the RPF and Commercial Staff jointly to ensure adherence to these instructions. A metal tape seal with card labels has been designed and is being experimented on the Railways. This will go a long way to reduce the incidence of missing labels and prevent wagons being unconnected."

### *Bracket labels on wagons*

3.92. The One-Man Expert Committee on Compensation Claims in its Report (1970) had recommended that in case of loaded bogie wagons, there should be two bracket labels and one tie—on label



on each side. When asked to indicate the follow-up action taken on this recommendation, the Ministry of Railways have stated:

"The recommendation was accepted. Instructions were issued to the Railways to provide open bogie wagons with additional bracket labels on each side on all new wagons under manufacture and on the existing stock during POH, according to the Drawings issued by RDSO."

3.93. The Chairman, Coal India Ltd., in his evidence before the Committee suggested that among other things, in order to check the mis-direction of wagons, "flaps of the pockets for the wagon labels should be checked to ensure their normal working to prevent dis-figuring and mutilation of wagon labels from weather hazards." When asked to state what specific precautions were taken to check flaps of the pockets for wagon labels, the Ministry of Railways in a note have stated:

"It is one of the duties of loading staff to examine flaps of pockets for wagon labels and to ensure that these are in good condition. These are normally attended to and replaced wherever necessary during periodical overhauling in workshops and during repairs in sicklines. This item however, is not rejectable and wagons are not rejected for loading on this score. As a safeguard against the labels getting misplaced or mutilated an additional pocket label holder is provided inside the wagons, which provides the requisite information in such contingencies and prevents the wagons being mis-despatched."

3.94. A suggestion had also been made by the Chairman, Coal India Ltd. during evidence that the Guards of each goods train should maintain a record of the wagons in the rakes with relevant information i.e. names of the consignee and consignor, originating and destination stations and the wagon number. When as a result of inspection any dis-figuring or mutilation is detected on any wagon or paste labels, the same should be replaced by new labels taking the information from the guard's register. When asked to give their comments, the Ministry of Railways stated:

"Every guard of a goods train carries vehicle guidance/train consists, wherein the particulars of booking of all the wagons are incorporated. Existing instructions provide that at terminals or stations at the end of Guard's run, if

any defect or deficiency is noticed in any wagon, the Guard must have the wagon resealed in his presence.

the fresh seal lable being signed by him and the seal checker or Rakshak on duty. If an open wagon is found without labels, the Trains Clerk must pick up the necessary particulars from the vehicle summary and make out labels with available particulars endorsing the label over his signature to the effect that the wagon arrived without labels.

However, in actual practice, it is not practicable to incorporate all the information in vehicle guidance in the manner as suggested mainly due to the huge clerical work involved and the yards have little time for any additional information to be documented. Again on the Railways consignments are mostly booked to 'self' and as such the names of consignees are not available."

### *Tracing of Missing Wagons*

3.95. Giving their views about the improvements to be made in the machinery for tracing out the missing wagons the representatives of the Bharat Chamber of Commerce and the Associated Chamber of Commerce and Industry stated during evidence that the railways should have some sort of movement control room at the head-quarters or some kind of computer system to keep a track of the wagons which might be misdirected or unconnected in transit. If any wagon comes at a station for which it is not intended, the station authorities should make a report about that wagon to the Central Control Room at the headquarters for further directions.

3.96. From the replies furnished to the Committee, it was noted that the Computer Central of the Railway Board helped in linking missing wagons with unconnected wagons on the basis of information sent by the Divisional Officers. A fortnightly movement of all B.G. wagons across the Inter-change points and selected yards on the Indian Railway System was also printed and sent to the Zonal Railways for tracing movement of any individual wagon which is delayed in transit.

3.97. Referring to the working of this Computer Centre which was stated to have considerably streamlined the system of tracing or con-

necting of missing wagons the Northern Railway and the Eastern Railway, in their notes submitted to the Committee, stated that "since the basic data involved at the Board's Computer Centre relate to movement particulars at Inter-railway interchange points, the computer can locate and identify the movement of wagon-load consignments between the interchange points on their route. While this considerably narrows down the area of search or tracing, it would have been of great help if this process could have been further extended over the Zonal Railways. Since there is a computer at each Zonal Railway, subject to availability of spare time, the same can be further extended to cover major booking points and marshalling yards so that the process of tracing becomes really effective and fast."

3.98. Giving this view on the suggestion made by the Eastern and Northern Railways to extend the use of computer installed in the Zonal Railways also for tracing out missing wagons, the representative of the Ministry of Railways, Railway Board, stated during evidence:—

"Our existing computer systems are 10 to 12 years old. They are due for replacement any day. We had appointed a Working Group. They have given their report which is now under the consideration of the Board. Once that is accepted, it will be sent to the Department of Electronics for their clearance. The intention is to have not only the wagon linking but also reservation system and a number of other items, like inventory control on the computers. The overall scheme which we expect to complete in a period of 15 years is that each railway headquarter should have a computer; the Railway Board should have one computer; in each Division also we should have a computer. All of them should get inter-linked so that the purpose of reservation, for the purpose of wagon linkage, the information is available from all over India. It is under consideration and we are pursuing it."

3.99. In a note furnished in February 1978, the Food Corporation of India, explained the position regarding missing wagons in so far as it concerns FCI, as follows:—

"The incidence of missing/unconnected wagons is attributable to defaults in the compliance of procedure required to be gone through when the wagons get diverted, either at the request of FCI due to extraordinary circumstances because

of which the wagons in question are required to be taken delivery of at some other points or it is not possible to receive and handle them at the destinations to which they are booked or due to compulsions of railway....."

The position regarding incidence and tracing|linking of missing and unconnected wagons for three years, namely 1974-75, 1975-76 and 1976-77, is given below.

Year	Missing Wagons			Unconnected Wagons		
	1974-75	1975-76	1976-77	1974-75	1975-76	1976-77
Opening balance	9529	8695	8400	4114	5546	8888
Fresh Reported.	22854	11914	10290	19477	11025	5938
Total:	32383	20609	18690	23591	16571	14826
Traced/Linked	23688	12209	10608	18045	7683	6876
Closing Balance	8695	8400	8082	5546	8888	9750

During the three years, covered by the table 46505 missing wagons and 32604 unconnected wagons got traced|linked. But the fact remains that even then there were 8082 missing and 7959 unconnected wagons that had remained untraced|unlinked at the end of 1976-77 which indicates that the process of tracing|linking is slow. 5474 missing wagons...were over three years old and had remained untraced|unlinked according to the position available (at the time of submission of Memorandum by FCI in November 1977). According to the latest position available, the number of missing and unconnected wagons is 7865 and 7272 respectively. The maximum number of missing/unconnected wagons are on Eastern and Northeast Frontier Railways. The number of missing wagons, over three years, according to the latest analysis is 5015. The total amount of claims in respect of 7865 missing wagons on all Railways is approximately Rs. 33 crores which includes approximately Rs. 16 crores for 5015 over three years old missing wagons. Proportionately the value of over three years old wagons was less because of lower claimable rates prevailing at that time.

To streamline the work relating to missing|unconnected wagons, it is necessary that the railways should reorganise the machinery set up for this purpose. It is also necessary that they should have adequate field staff for this work so that in respect of the missing and unconnected wagons which cannot be traced|linked in the normal

course, tracing work can be done swiftly. The office of the Director of Wagon Interchange of the Indian Railway Conference Association, New Delhi, where the record of all wagons passing through various interchange and transshipment points is maintained, can render valuable assistance in this matter. It is necessary to give top priority to the cases which are already over three years old which should get liquidated within the shortest possible period. After liquidating these cases, they can concentrate on cases which are over two years and over one year old. In this way, the work can be brought up to date. The most important aspect of this problem is that tracing/linking work should be done by the Railways while the cases are fresh. For liquidating the old backlog special arrangements are required to be made as proposed above."

3.100. In view of the large number of complaints for non-receipt of consignments the Northern Railway set up a special cell viz. Tracing/Matching Cell in its four claims offices falling within its jurisdiction. The Railway Board in their communication dated 15th June 1977 directed the Zonal Railways that action might be taken by all the railways on similar lines. The Committee have been informed by the Ministry of Railways that:

"Information Centres have been set up in the Claims Offices on all the Zonal Railways to supply information regarding settlement of claims as well as whereabouts of overdue consignments to the claimants."

3.101. During the tour of the Study Group of the Estimates Committee, some of the railways explained the working of the machinery for reporting of unconnected wagons to originating or destination points:—

#### *Northern Railway*

"At present the linking of the wagons is done by the Tracers attached to the Claims Offices and they undertake this work on receipt of claims from the parties. They then move out from station to station, yard to yard and interchange points to trace the movement of these consignments/wagons. This naturally delays the tracing of these consignments/wagons but net-work would be able to trace out wagons/consignments in shortest possible time.

On the Northern Railway an experiment of centralising the activities of the Tracers from these claims offices forming a Centralised Tracing Cell has been started by inducting few staff from the two major claims/offices, for tracing and linking of overdue/unconnected

wagons. The linking and tracing of small consignments still remains with the claims offices as also the linking of loco coal. This cell was formed in October, 1977 and has gradually gained momentum by linking 466 over due wagons and 255 unconnected wagons on an average."

### *II. Eastern Railways*

"As regards the question of reporting of unconnected wagons to originating/destination points it may be pointed out that once the originating destination point is identified, the task of further tracing becomes relatively a simple proposition; what is needed than is to trace the further movement and other booking particulars which can be had from the originating/destination points. In any case, there are definite instructions for prompt reporting of such cases to originating/destination stations as the case may be. Full advantage is also taken of this Commercial Control Organisation and the daily Commercial Officers Conference to facilitate expeditious of the consignments.

### *III. Southern Railways*

"On South Eastern Railway as a whole there are, on an average per day about 25 wagons lying unconnected. Out of a total of about 12,000 loaded wagons despatched and received by this Railway, about 60 wagons become unconnected every day and the same number, on an average per day, is connected in the manner explained above. This indicates that only 0.5 per cent of the wagons despatched or received by this Railway get unconnected. The existing machinery i.e. the staff specially deputed for this purpose in the control office, marshalling yards etc., is fairly adequate. Assistance in connecting unconnected wagons is also available in the form of movements recorded of all wagons by Railway Board's Computer Cell (to which particulars of unconnected wagons are sent) which supplies data regarding junction-wise movement of wagons every 10 days to Howrah, Bombay and Delhi. In addition, for costly iron and steel consignments booked from steel plants full booking particulars with wagon numbers are prepared every 10 days and supplied to all Indian Railways for connecting any stray unconnected wagons loaded with iron and steel."

### *IV. North Eastern Railway*

"On this Railway as soon as an unconnected wagon is detected, particulars are repeated to the Commercial Control of the division

which traces the wagon up to the entry into the division and passes on the information to the Central Commercial Centre which in turn traces the wagon up to the entry into the Railway and attempts to get further particulars from the adjoining Railways.

The present system of maintenance of movement of wagons by computers will be really useful only if every movement of wagons is reported to the computer centre and maintained there on real time basis. The technical feasibility of such a process is a matter to be studied on all India basis."

#### *V Central Railway*

".....In case of wagon loads, commercial Inspectors or claims Tracers are sent to trace the wagons. Tracing is even done on phone.

**3.102. The Committee are informed that misdirection of wagons is one of the main factors responsible for loss and damage of railway consignments. Misdirection of wagons it is stated, is mainly caused by carelessness of staff in not fixing card labels on wagons properly, dropping or mutilation of card labels in transit, attachment of wagons to wrong trains during shunting operations in marshalling yards and at transshipment points. The One-Man Expert Committee (1970) had observed that "what is required is that the existing rules, which are being carried half-heartedly and partially, should be implemented in their entirety and this, it is expected, will bring about a satisfactory reduction in the number of wagons becoming unconnected." In their 3rd Report (1973), the Railway Convention Committee also came to a similar conclusion when they observed that "the fact that in spite of clear instructions in this regard, the incidence of wagons going astray, continues to be high, not only indicates that these are being followed only half-heartedly and partially but also that requisite amount of supervision by Commercial Inspectors and Commercial Officers is not forthcoming." In a memorandum submitted to the Committee a prominent Chamber of Commerce & Industry has repeated what the One-Man Expert Committee had said seven years ago and the Railway Convention Committee 4 years ago that "the rules prescribed by the Railways to prevent misdirection are quite comprehensive. However, these are not strictly acted upon." The Committee regret to observe that an impression continues to persist that the rules prescribed by railways to prevent misdirection of wagons are not being strictly acted upon by the Railway staff despite repeated instructions stated to have been issued by the Ministry of Railways (Railway Board) to their Officers and staff.**

3.103. The Committee realise that there are instructions galore but they are observed more in breach than in observance. The Ministry of Railways are no doubt aware that rules and regulations are meaningless if they are not followed. The Committee would expect the Ministry to do something tangible to demonstrate that they have a will and a machinery to enforce the rules laid down by them and thus win the confidence of their clients. The Committee also suggest that role and responsibilities of each category of staff concerned with booking and carriage of consignments and methodology of work should be clearly defined and check-lists issued for the guidance of the staff. They would like that as already recommended by the Railway Convention Committee in their Third Report (1973), the Ministry should tighten supervision and intensify the system of surprise checks by officers of the Claims Prevention Organisation so as to ensure that labels are properly made and inserted in the pockets, wagons are duly sealed and regularly checked en route and the prescribed drill followed to ensure that wagons reach the destinations speedily and safely.

3.104. The Committee were informed during their tours by the representatives of trade and industry that the present system of putting labels on the wagons was not satisfactory. They suggested that reusable metallic labels or stickers or stencils should be used to indicate the names of destination stations at a fixed, prominent place on the wagon in big enough letters readable from a distance so that a wagon proceeding in a wrong direction might be easily spotted out and redirected to the right station. The Committee witnessed a practical demonstration of the labelling systems suggested above, and also of a Metal Tape Seal designed by the Research, Design and Standards Organisation. The general feeling of the Committee was that of the three systems suggested by traders, viz., Metallic label, sticker and stencil, stencil was the simplest and also the cheapest method of indicating the name of destination station at the wagon. It was also easy to blot out the stencilled name after the arrival of the wagon at the destination and restencil the name of new destination on it. The Committee, however, find that the Ministry of Railways do not consider the suggested systems "practicable" in view of their experience with "stickers" which once fixed by the traders on the wagons are stated to be seldom removed and thus lead to mis-despatching of wagons. They also feel that the suggested systems will involve huge expenditure on material and staff and in any case will not be successful.

3.105. The representative of the Ministry also stated in evidence that the system of stencilling the name of destination station was



tried by one Railway in 1970 but as the staff failed to obliterate the destination station name after unloading, it also resulted in mis-despatch of the wagons and had therefore to be given up. The representative of the Ministry added that "It is costly experiment. If you like us to try it again, we will try it again. I do not know how many lakhs of rupees will go down the drain." The Committee regret to observe that an apparently good system of labelling was given up not because of any inherent defect but admittedly because of the failure of the Railway staff in carrying out elementary instructions for which the supervisory level of officers also have to bear responsibility. The Committee would like the Railways to adopt a procedure which, as they say, would entail enormous outlay without any tangible results. Nevertheless they would like to observe that a correct evaluation of this system would be possible only if it is tried at carefully selected stations with adequate advance preparation and with suitable safeguards like making the consignors responsible, in their own interests, for blotting out the old destination names and stencilling names of new destination stations at their own cost which would also have a consequential advantage of generating new self-employment opportunities for painters etc. at each such station.

3.106. The Committee are informed that tracing/matching cells, on the lines of the Cell set up in Northern Railway, have been opened in the claims offices in all Zonal Railways to supply information about the whereabouts of over-due consignments to the claimants. They are also informed that the Computer Centre in the Railway Board has considerably streamlined the system of tracing and connecting of missing wagons. The Committee learn that the existing computer systems in Railways are 10—12 years old and are due for replacement. They note that the Railways are considering a scheme to be implemented over a period of 15 years under which new computers will be installed in the Railway Board and at each Zonal & Divisional Headquarters. All these computers will be inter linked and provide information for the purpose of wagon linkage and a number of other matters from all over India. The Committee would like to be informed of the decision taken on the scheme.

3.107. The Committee would like that, in the meantime as suggested by the Northern & Eastern Railways, the existing computers in the Zonal Railways should also be utilised in the process of search of missing and unconnected wagons so as to cover major booking points and marshalling yards which are at present not covered by the Computer Centre of the Railway Board and thus make the process of tracing really effective and fast.

3.108. The Committee have been informed by the Food Corporation of India that 32383 of their wagons were 'missing' in 1974-75, 20609 in 1975-76 and 18600 in 1976-77; of these 23688 (73 per cent), 12209 (59 per cent) and 10608 (57 per cent) were traced out during the respective years. Besides, 23591 wagons were reportedly 'unconnected' in 1974-75, 16571 in 1975-76 and 14826 in 1976-77 and of these, 18045 (77 per cent), 7683 (46 per cent) and 6876 (46 per cent) were 'linked' during the respective years. The Committee also note that at the end of 1976-77, 8082 missing wagons and 7950 unconnected wagons had remained untraced/unlinked, the number coming down to 7865 (missing) and 7662 (unconnected) in February 1978. The Committee also note that the missing wagons alone accounted for a total claim of Rs. 33 crores. Of 7865 missing wagons, 5015 wagons were missing for over three years. Two conclusions stand out from the data submitted by the Food Corporation of India: One, that thousands of wagons are still 'lost' every year despite the claim made by Railways that the instructions regarding labelling, sealing and checking of wagons issued by the Railway Board in this regard are being enforced"; two, the rate of tracing 'missing' wagons has declined from 73 per cent in 1974-75 to 57 per cent in 1976-77, and that of linking unconnected wagons has gone down from 77 per cent in 1974-75 to 46 per cent in 1976-77. The Committee are constrained to observe that the present systems of labelling of wagons and working of machinery responsible for tracing and linking of missing wagons are not as efficient and effective as the authorities think they are. The Committee would like the present systems to be critically reviewed and steps taken to plug the loopholes and streamline their working. They would also like that an evaluation of the working of these systems in terms of the number of wagons reported missing or unconnected, the number of wagons found and linked and the number remaining untraced/unconnected for more than one year, two years and three years should be included in the Annual Report of the Railways.

3.109. In this context, the Committee would stress the need for evolving a systematic procedure for take care of wagons which come at stations, for which they are not intended or which cannot be connected for want of labels or other requisite information. It should be made incumbent on the station authorities concerned to report the whereabouts of such misdirected and unconnected wagons to the nearest Divisional or Zonal Headquarters without loss of time to enable the latter to redirect them to the right stations.

3.110. The Committee are informed that it is one of the duties of loading staff to examine the flaps of pockets for wagons labels,

and these are 'normally' attended to and replaced whenever necessary during periodical overhauling repairs. The Committee would like this matter to be attended to more seriously. They feel that if flaps of pockets of a wagon are missing or defective, the staff at major stations, in particular, should make some stop-gap arrangement before making that wagon available for loading. If this is not done, the Committee apprehend that the card labels in respect of that wagon are likely to get disfigured or mutilated in transit thereby leading to the misdirection or loss of the wagon.

3.111. The Committee are informed that in certain foreign countries there is compartment built in the under-carriage in which labels containing necessary particulars about the wagon are kept and sealed. The Committee would like the Railways to examine whether a small weather-proof lockable compartment in the under-carriage of a wagon would not be a safer place than the side brackets to keep the card-labels. If this proves practicable, the Committee suggest that a progressive use may be made of this built-in-chamber

#### (d) Weighment

3.112. In the memoranda submitted by the various Chamber of Commerce and Public Sector Undertakings, it has been represented to the Committee that:--

- (i) "Weighbridges are not available at all loading points. Weighbridges are provided by the siding owners where bulk commodities are loaded and despatched and in other cases weighment has to be done only at weighbridges provided by Railways at the nearby marshalling yards. It is, therefore, not possible to weigh all wagons and to that extent existing system of weighment is deficient. Where weighbridges are provided by the siding owners and the weighment of wagons is witnessed by the railways, the usefulness of this weighment is defeated unless this is again checked at the destination station and is witnessed by the railway staff for the purpose of arriving at the shortage allowing variations on account of error in weighments indicated by the weighbridges. Market tare weight is not accurate and, therefore, it is necessary that tare weight should be periodically checked and linked up by the railway." (Steel Authority of India Ltd.)

".....railways should treat applications for reweighment at the destination station more sympathetically"

tically and should have weighment facilities for the purpose." (Bharat Coking Coal Ltd.)

(iii) "It is desirable that the weighbridges are replaced by weighto-metres set up at loading points for the following reasons:—

- (a) Wagons need not be weighed twice to obtain the correct weight of the Coal Consignments.
- (b) The rake need not be periodically stopped for the correct weight to be recorded.
- (c) Weighto-metres (1.5 lakhs) are cheaper than weighbriges (5 lakhs).
- (d) Weighto-metres are independent of the design of wagons. Introduction of the new Box, Wagon for instance would not affect the weighto-metres, it would, however, require all weigh-bridges to be modified."

(Central Mine Planning and Designing Institute Ltd)

- (iv) "Weighment of wagons is generally allowed by the Railways on the request of the consignee and after payment of weighment charges if there is any apparent sign of pilferage. In case however, there is no apparent sign of pilferage the railways do not permit weighment of wagons. It is suggested that whenever the consignee makes request for weighment and pays the requisite fee weighment should be made whether there is any apparent sign of pilferage or not." (Central Coalfields Ltd.)
- (v) "Recording of weight is some times found not correct and proper. There should be proper attention on this to record correct weight.

Goods|Parcel staff are generally reluctant to deliver small consignments after weighment, although rules provide for this. Necessary instructions are therefore, required to be issued to all concerned so that delivery may be effected after actual weighment if insisted upon by the consignee.

There should also be instructions for giving open delivery of consignments whenever demanded by the consignee." (Western Coalfields Ltd.)

- (vi) "There is scope for improvement in the procedure for reweighment of wagons and consignments. Requisition for

re-weighment of wagons should be acceded to by the railway station staff promptly wherever consignees requisition for re-weighment suspecting shortage. Although Railways may not accept the liability for reimbursement of the shortage|damages which will depend upon other factors such as the loading has been supervised by the Railways, whether sender's weight has been accepted, weighment has been done by Railway authorities, the process of re-weighment should be quickened." (Eastern Coalfields Ltd.)

- (vii) "The existing arrangements for weighment of wagons is generally satisfactory, however, more weighbridges should be installed at suitable sites for weighment of coal wagons. Weighments of wagons should also be witnessed by the parties concerned and provision should be made to have their signature on weighment slips, particularly at the weigh bridges." (Indian Chamber of Commerce).
- (viii) "It has been reported that sometimes some of the weighbridges remain out of order for a considerable period to the serious inconvenience of the trade and industry since during such period weights shown in the RRs. are found to be at variance with actual weight of goods carried. When weighbridges are out of order, the wagons are passed unweighed. The usual practice in case of coal traffic is to charge for carrying capacity plus two tonnes or five tonnes according to type of wagons. In all such cases actual weight is reported to be less than what is recorded in the RRs. This is unfair.

The Chamber would suggest that proper maintenance along with test checking of weighbridges at frequent intervals should be done. Some objective standard of correct measurement should be evolved so that neither consignors nor consignees nor even the railways suffer any loss"

In so far as the inspection of material at the time of loading and its delivery is concerned, it is observed that due to lack of railway weighbridges at all leading points, the Railways issue 'said to contain' RRs and have also made it a rule that the weight charged for is not acceptance of the correctness of the weight booked by the consignor. This additional proviso make claims settlement

dilatory and also raises considerable difficulties to the consigners and consignees. If all the important stations are equipped with weighbridges with self recording devices, it will eliminate a large number of doubtful cases both from the Railways' and the clients point of view. This will also help the Railways in watching the utilisation of the wagon capacities and to take appropriate steps to raise such utilisation." (Associated Chamber of Commerce & Industry of India)

### Over-Loading

3.113. It had been represented to the Committee during tour that coal wagons are loaded with 10 to 15 tonnes more coal than the standard carrying capacity of the wagons and there being no or inadequate weighing arrangements at destination points, the consignees are not in a position to verify the weight shown on RRs. A statement showing instances of over-loading of coal in May 1977 at Kumardihi and Goenka Kajore Collieries was handed over to the authorities of Eastern Railway during discussions at Calcutta. In a written note submitted by the Eastern Railway, it was stated "that loading of coal wagons was done in Colliery-sidings by the Collieries themselves. It was further stated that the wagons in the statement which have been shown as over-loaded had been cross-checked with the Railway records and the facts as stated in the statements are generally true with one or two exceptions...." The Eastern Railway furnished the following information for the months of May 1977 for the two collieries indicating the number of wagons, weight and the extent of over-loading:

#### "BOX: OVER LOADING

Name of colliery	No. of wagons weighed	No. of wagons over-loaded	% of over loading	Break-up of overloading beyond carrying capacity + 2 Tonnes.						Maximum quantity over loaded in the wagons
				0-1 (T)	1-2 (T)	2-4 (T)	4-6 (T)	6-8 (T)	Above 8 tonnes.	
Kumardihi	763	650	85.2	55	35	150	161	87	162	12.1
Goenka Kajore	230	165	71.7	44	35	39	34	11	2	8.2

That the weighment was shown properly stands proved by the fact that there was under-loading by the same collieries for the month of May, 1977 in 65 cases at Kumardihi and 37 cases at Goenka Kajora.

3.114. When asked as to why the Railways allow over-loading to such an extent the Ministry of Railways in a note have stated thus:—

"The existing instructions are that coal is to be loaded in wagons upto the permissible carrying capacity and freight charges are to be levied on the permissible carrying capacity of the wagons used i.e., carrying capacity plus two tonnes. Coal is normally loaded in colliery sidings and the same are to be weighed at weighbridges where provided. The excess load found on weighment is to be adjusted at weighbridge points. Where the wagon cannot be weighed due to absence of weighbridge or due to weighbridge going out of order, coal is to be loaded upto the prescribed loadline.

The existing instructions also provide that the staff at the forwarding points must ensure that the wagons are not allowed to go overloaded and the excess load is to be adjusted. Slight overloading, however, is prone to occur in cases weighbridge facilities are not provided or wagons due to some reasons or other, go unweighed from intermediate weighbridge points to which such wagons may be marked, even if the loading is done upto the marked loadline due to variance of density of coal from the mines even in the same area. Over-loading is not permitted but sometimes cases of minor overloading go undetected.

It is not possible to provide weighment facilities at all destinations. Nor is it possible to weigh all wagons at all stations due to operational constraints without serious effect on wagon availability."

#### *Weighment at Destination Points*

3.115. It had been brought to the notice of the Committee that at the time of delivery, consignments were not always weighed for lack of weighment arrangements at the destination points.

3.116. In a note submitted to the Committee, the Eastern Railway stated that:

"At all goods sheds and parcel offices, weighing machines are provided for weighment of 'smalls' consignments. So far as wagon-load consignments are concerned, weighbridges are provided at certain selected points based on the quantum of traffic dealt with. When wagon-load consignments are required to be re-weighed at a destination

station which does not have a weighbridge, arrangements are made for such weighment at the nearest weighbridge station, if the condition of the consignment so warrants."

3.117. Explaining the position in a written reply, the Ministry of Railways have added:—

"Weighing machines have been provided at all railway stations open for traffic. However, Railways do not undertake to weigh consignments at the destination as a matter of course. Such weighments at destination stations can only be considered in exceptional cases when the condition of the consignment or package warrants this."

3.118. Explaining the position further, the Ministry have stated:—

"Instructions already exist that request for re-weighment of consignments at destination are to be considered on the merits of each case and that genuine and deserving requests are not denied. In the case of wagon-loads re-weighment entails considerable detention to stock thereby reducing the availability of wagons for further loading. Moreover, in some places there are no weighbridges and if the requests for reweighment are invariably agreed to the loaded wagons will have to be hauled to different yards, weighed and brought back again to the booked destination.

In the case of small, reweighment is agreed to whenever packages are found broken or the outward condition shows that there is *prima facie* case of theft/pilferage etc. Reweighment in every case would lead to frauds by showing deliberate underweighment at the booking station or overweighment at destination. Besides, it would entail heavy increase in workload and serious delays before delivery without any corresponding benefit. In the circumstances, reweighment in each and every case is not considered feasible."

3.119. During evidence, the representative of the Ministry of Railways added:—

"If it is Small Consignment, we do it very very liberally. There is no problem in such cases because at every station we have the facility."



### *Working of Weigh-Bridges*

3.12. It had been represented to the Committee that weighbridges installed by Railways remain out of order for a considerable time to the serious inconvenience of the trade and industry. When asked whether any measures had been taken to ensure that weighbridges were properly maintained and kept in order, the Ministry of Railways have stated:—

“The weighbridges are inspected periodically and repairs carried out as required. In the case of weighbridges provided by siding owners, the responsibility for carrying out repairs is that of the siding owners and this is also ensured by regular periodical inspections by the Railways.”

3.121. When asked to comment on the reports about weighbridges remaining out of order, the representative of Ministry of Railways stated during evidence:—

“This was once true, when we were depending on the private contractors. Now we maintain them correctly. We no more have private contractors and so the position is now normal.”

### *Electronic Weighbridges*

3.122. It had been suggested to the Committee that for a more accurate and efficient service, the weighbridges or weight-o-metres should be replaced by electronic weigh-bridges which can record weight of moving wagons. The Committee enquired whether the question of installing electronic weigh-bridges or weight-o-metres had been examined. The Ministry have stated:

“No study has been made on the possibility of installing weight-o-metres on the railways, nor has any other new technique been developed. The Electronic weigh bridge manufactured by an Indian firm has, however, been examined by the ‘administration, and further investigations as to the possibility of its use in the Railway Marshalling yards is under examination.”

3.123. On being asked during evidence about the Electronic weigh-bridge manufactured by an Indian firm, the representative of the Ministry of Railways added:

“This firm is in coordination with RDSO....we are guiding them and helping them, but it is still in the nascent state. We are guiding them as to how to go about it and what to do. But so far it has not been possible for us to examine the efficacy of the type of weigh-bridge which they

have installed. We have already had one at Bokaro which is not working well."

He informed the Committee that the weighbridge at Bokaro was an imported equipment not manufactured by the Indian firm.

3.124. It has been represented to the Committee by the Steel Authority of India that weighbridges are not available at all loading points. At certain places weighbridges are provided by the siding owners and weightment is witnessed by the Railway staff, but the usefulness of the facility is defected unless weightment is again checked at the destination stations and witnessed by the Railway staff to determine the shortage. Moreover, requests for re-weightment are not always granted. The Committee are informed by the Railway authorities that while weighing machines are provided at all goods sheds and parcel offices for weightment of small consignments, weigh-bridges for weighing wagon load consignments are provided only at certain selected points based on the quantum of traffic. The Committee are further informed that Railways do not undertake to weigh consignments at the destination stations as a matter of course. Such weightments at destination stations are considered only in exceptional cases when the condition of consignment or package so warrants. In the case of small consignments, reweighment, it is stated, is agreed to "very liberally." In the case of wagon load consignments, re-weightment entails detention of wagons and, if weighbridge is not available at the station, haulage to and from different yards. As such reweighment in each and every case is not considered feasible by the Railways.

3.125. The Committee see no reason why reweighment of small consignments for which facilities are available at every station, should be refused at all. Even in respect of consignments which do not bear any outward sign of pilferage or damage, requests for re-weightment should be granted to satisfy the consignees; if necessary, in such cases, in order to discourage frivolous requests, a re-weightment fee may be charged.

3.126. As regards wagon load consignments, the Committee also feel that the purpose of providing the facility of weighbridge at loading stations is defeated if there is no such facility at the unloading stations. In such cases, the consignees may, in many cases, be left guessing and unsatisfied as they will not normally be able to check the weight of the wagons with reference to the Railway Receipts.

3.127. The Committee feel that all major stations which have a heavy originating or terminating goods traffic should progressively be provided with facilities for weighing wagons. If suitable incen-

tives are given, the Committee have no doubt that local trading interests at unloading points might agree to install wagon weighing equipment at their own cost in the same way as they have done at loading points. The Committee would like the Ministry of Railways to take initiative and draw up a model scheme in this regard and encourage Zonal and Divisional authorities to explore the possibility of setting up community weighbridges in collaboration with the organisations of local traders and industrialists for a more harmonious relationship between the big consignees and the Railways.

3.128. The Committee are not happy to note that coal wagons at Kumardihi and Goenka Kajora were allowed to be overloaded in 71 to 85 per cent of cases in May 1977. In certain cases loading was 10 to 14 tonnes more than the carrying capacity of the wagons though the maximum overloading allowed under the rules is only 2 tonnes. This not only imperils the safety of the goods train but may also affect consignees interests adversely especially at places where there are no re-weighment facilities. The Committee would like corrective steps to be taken in this regard expeditiously.

3.129. The Committee are informed that though previously weighbridges remained out of order for a considerable time as the Railways depended on private contractors for their maintenance, the position is now satisfactory. The Committee would like that maintenance schedules should be drawn up, for each weighbridge and steps taken to ensure that these are observed in actual practice. They would also like the Railways to see that, in the event of a weighbridge going out of order, the weighbridge is attended to without loss of time.

3.130. It has been suggested to the Committee that for a more accurate and efficient service, mechanical weighbridges should be replaced by weight-o-metres or electronic weighbridges which, it is stated, can record the weight of moving wagons also. The Committee are informed by the Ministry of Railways that Railway Designs and Standards Organisation is in touch with the indigenous manufacturers of an electronic weighbridge and is, in fact, guiding and helping them in this venture but so far it has not been possible for the Railways to examine the efficacy of the electronic weighbridge. An electronic weighbridge, on the face of it, certainly has the advantage of accelerating the process of weighment of wagons and thus speeding up the movement of goods traffic. The Committee would like to be informed of the outcome of the efforts being made by the RDSO in this field.

3.131. The Committee are concerned to note that recording of weight of consignments is stated to be "not correct and proper" in

certain cases. This may be due to defective functioning of weighing machines, all of which, the Committee suggests, should be tested periodically to ensure that these give accurate weight reading. The Committee feel that possibility of recording incorrect weight by mistake or otherwise will remain until the weighing equipment with Railways is fitted with automatic weight recording device. They would like the Ministry of Railways to explore the possibility of fitting such a device to the weighing equipment already in service and in future consider purchasing equipment already fitted with such a device.

### (e) Open delivery of Consignments

3.132. On the system of making open delivery, and the measures taken to avoid delay, the Ministry of Railways have stated that open/assessment deliveries for ordinary consignments are not generally delayed and they are granted soon after receipt of applications from the consignees therefor. With a view to ensuring that there is no delay in the matter of grant of open/assessment delivery, powers have been delegated to Station Superintendents, Station Masters, Chief Goods Clerks and Head Parcel Clerks at important Stations up to certain monetary limits. At unimportant wayside stations, open/assessment delivery is granted by Commercial/Claims Inspectors who attend without any avoidable delay. A close watch is kept to ensure that there are no delays for granting open assessment deliveries."

3.133. During evidence the representative of the Ministry of Railways stated:—

".....This is a case only where it is a high value consignment because we have to call our senior inspectors. For small value consignments the Station Master grants it."

3.134. When asked whether any time limit had been prescribed for giving open delivery, the witness added:—

".....the idea is to do it within a couple of days. May be that at that particular point of time, the Inspector was not available. We may take one or two days extra but that would be an exception...."

3.135. During the tours of the Estimates Committee to some of the Zonal Railways the following views were *inter-alia* expressed on the question of time taken for granting open delivery/assessment:—

## **I. Northern Railway**

"Since the power to grant open delivery has been extended to the Station Masters/Commercial Supervisors at most of the claims-prone stations on this railway, the present system appears to be adequate. In order to ensure such delivery within 24 hours at the remaining stations, it will be necessary to delegate such powers to the supervisory staff at a few more stations after a detailed review. At present, the senior subordinates are authorised to grant assessment delivery of consignment upto a financial limit of Rs. 2500/-. The raising of this limit is under consideration."

## **II. Eastern Railway**

"Since the power to grant open delivery has been extended to the Station Masters/Commercial Supervisors at most of the claims-prone stations on this railway, the present system appears to be adequate. In order to ensure such delivery within 24 hours at the remaining stations, it will be necessary to delegate such powers to the supervisory staff at a few more stations after a detailed review. At present, the senior subordinates are authorised to grant assessment delivery of consignment upto a financial limit of Rs. 3000/-. The raising of this limit is under consideration."

## **III. South Eastern Railway**

"At present, it has been found that at big stations, after receipt of the request from the consignee and when the necessary papers are available, assessment deliveries are being granted within 24 hours. For granting open and assessment delivery at way-side stations where the same has to be granted by the Inspector serving that area, the time taken is generally 72 hours. But whenever technical assistance is required for granting assessment and open delivery of machinery parts etc. the time taken is, on an average 7 days, as an official from either Mechanical, Electrical or Engineering Department has to be nominated for the purpose. However, the possibility of further reduction in the time of assessment or open delivery at way-side stations to the maximum extent possible will be explored by suitably redistributing the jurisdiction of the officials empowered in this respect."

### *Shortage Certificate*

3.136. The One Man Expert Committee on compensation claims in its report had observed:—

- (i) "It is understood that on some Railways shortage/assessment certificates are issued only on applications from the consignees. While an application from the consignee for granting of open/assessment delivery is necessary, issue of shortage/assessment certificates should automatically follow open/assessment delivery and no separate application need be insisted upon for the purpose."
- (ii) "It is also complained that in many cases considerable delay takes place in issuing shortage certificates without which claims cannot be preferred."

3.137. When asked whether any instructions have been issued in this regard the Ministry of Railways have stated that instructions already exist that there should be no delay in issuing shortage certificates without which claims cannot be preferred. It has also been laid down that no separate written application need be insisted upon for issue of shortage/assessment certificates and that this should automatically follow open/assessment delivery.

3.138. The Committee are informed that, with a view to avoiding delay in the grant of open delivery of consignments, powers have been delegated to Station Superintendent, Station Masters, Chief Goods Clerk and Head Parcel Clerks at important stations and to commercial/claims Inspectors at wayside stations. The representative of the Ministry of Railways (Railway Board) stated during evidence that open delivery should normally be granted "within a couple of days" and in exceptional cases "one or two days extra" may be taken. The Committee find that in South Eastern Railway, at big stations, open deliveries are granted within 24 hours and at wayside stations, the time taken is generally 72 hours. But, whenever technical assistance is required for granting open delivery of machinery parts etc., the time taken, in South Eastern Railway, is on an average 7 days. This shows that there is a communication gap between the Railway Board and the Zonal Railways. The Committee see no reason why, in other Zones also, at stations where duly authorised officers are available, open assessment delivery should take more than 24 hours. The Committee suggest that the Railway Board should progressively and after due preparation extend the scheme of delegation of powers to grant open/assessment

delivery to Officers of other stations where the goods traffic so warrants in order to provide efficient service to the consignees there. The Committee would like that a time-schedule to grant such deliveries should be laid down and necessary steps taken to ensure that the time schedule is adhered to. The Committee would also like the Railway Board to ensure that their instructions enjoining upon the field staff to issue shortage certificates automatically and without delay are carried out in letter and spirit.

#### (f) Insurance of Consignments

3.139. In a number of memoranda submitted by the various Chambers of Commerce and Public Sector Undertakings, it has been represented to the Committee that:—

- (i) "Some parties get their consignments booked by rail insured and the insurance company takes over the work of following up the claims cases with the Railways, filing law suits etc. It may relieve the parties of the burden of work. But it will add to the overall bill as in addition to the freight and other expenses an additional charge, the insurance premium has cropped up" (Fertilizer Corporation of India)
- (ii) "Steel Plants at present have adequate open coverage from the Insurance Companies for transit losses and most of the consignments booked by Rails except a few commodities like cement, steel etc. The Railways have a system of declared value insurance scheme for certain type of consignments and the same can also be extended to cover the other commodities." (Steel Authority of India Ltd.)
- (iii) "For costly consignments, we think, insurance has to continue as is the practice with other transporting agencies, though the packing conditions for getting packages insured with the Railways are rather rigid." (Bharat Coking Coal Ltd.)
- (iv) "Insurance of Railway consignments would help provided the money collected is used in measures to reduce claims. Fences or walls can be constructed around yards and a watch post can be provided so that stolen goods cannot be easily moved." (Central Mine Planning and Designing Institute).

- (v) "As the damage/loss of materials in rail transit is very common, Insurance of railway consignment is considered essential. W.C.I. have all along taken open general transit insurance policy for this." (Western Coalfields Ltd.)
- (vi) "In case the Railway Claims are settled expeditiously as per the suggestions already made namely delegating the powers to settle the Railway claims at various levels and expand the departments dealing with Railway claims etc. so as to enable them to give attention to the Railway claims of individual organisations, there would not be any necessity for the consignees to take insurance policy for Railway consignments. We have taken the open policy with Insurance Company to cover the Railway consignments only with a view to obtain expeditious settlement of the claims and pass on the relevant documents to the Insurance Company to obtain the settlement of the claims by pursuing with the Railways, by stepping into our shoes." (Eastern Coalfields Ltd.).
- (vii) "The insurance of Railway Consignments is welcome subject to the disposal of claims more expeditiously on the lines of the General Insurance Corporation. Generally, Insurance Corporations advise the parties to settle their claims with the Railways first and thereafter their claims are entertained by the Corporation involving considerable delay in settlement. Hence, the general insurance policy is not quite popular so far as claim consignments are concerned." (Bharat Chamber of Commerce).
- (viii) "Under the present law, the railway is liable for loss, destruction, damage, deterioration or non-delivery of animals or goods carried by railways arising from any cause except the following:—
- (a) Act of God;
  - (b) Act of War;
  - (c) Act of Public Enemies;
  - (d) Arrest, restraint or seizure under legal process;
  - (e) Orders or restrictions imposed by the Central Government or a State Government or by any officer or authority subordinate to the Central Government or a State Government authorised in this behalf;



- (f) Act of commission or negligence of the part of the consignor or the consignee or the agent or servant of the consignor or the consignee;
- (g) Natural deterioration on or wastage in bulk or weight due to inherent defect or quality of the goods;
- (h) Latent defects;
- (i) Fire, explosion or any unforeseen risk.

We feel that even where such loss, destruction, damage, deterioration or non-delivery is proved to have arisen from any one or more of aforesaid causes, the Railway Administration should normally accept responsibility unless the administration is able to prove that it has used reasonable fore-sight and care in the carriage of the animals or goods. When the rate structure was revised to provide for increased liability amounting to insurance, freight levels were enhanced and hence the Railways liability at present should be as much as an Insurer itself unless exempted by law under special circumstances." (Associated Chamber of Commerce and Industry of India.)

3.140. When asked whether there was any system of insurance of Railways consignments, the Ministry of Railways have stated that there is no system of freight insurance on the Railways. The consignors who desire to have their goods insured, can do so on their own initiative with the Insurance Companies concerned. It may however, be stated in this connection that section 77-B of the Indian Railways Act, lays down that when any article mentioned in the Second Schedule of the Act *ibid* is contained in any parcel or package, the value of which exceeds Rs. 500/-, the Railways are not liable for loss, damage etc., unless the value has been declared in writing and percentage charge on the declared value of the consignment has been paid at the time of booking by way of compensation for the increased risk. According to the provisions of the Act, payment of percentage charge is optional.

3.141. Explaining the 'percentage charge' provision further, the Ministry have further stated that:—

"In terms of Section 77-B of the Indian Railways Act, the articles mentioned in the second Schedule to the Indian Railways Act and costing more than Rs. 500/- are required to be declared and a surcharge known as percentage charge on value is to be paid by the parties for the increased risk

and towards extra care required to be taken for such goods. If, however, party does not declare the nature and value of the articles mentioned in the Second Schedule and or declines to pay percentage charge, the Railway Administration would not be liable to pay any compensation for loss, damage, deterioration etc. as provided under Section 77-B of the Indian Railways Act. The 'insurance charge' or that is known 'percentage charge on alue' is charged for the increased risk involved in the carriage of valuable articles and also for special arrangements required to be made to carry such goods."

3.142. On being asked about the views on issuing of goods on the railways as to why the proposal was not found workable, the Ministry of Railways in a note have stated:—

"In the year 1973 the then Railway Minister desired that the question of introducing freight insurance scheme for goods carried by the Railways be examined. With a view to evolving a freight insurance scheme on the Railways it was decided to obtain the services of a senior officer of the General Insurance Corporation of India. However, the General Insurance Corporation of India could not make a suitable officer available for investigation and formulation of the scheme. The matter was pursued further with the General Insurance Corporation of India, Bombay through personal discussions with the Managing Director and other officers of the Corporation. According to the opinion tendered by the officials of the General Insurance Corporation, introduction of freight insurance scheme for goods booked on Railways was not feasible in view of the magnitude of the problem.

However, it may be mentioned that the consignees are free to insure their goods through General Insurance Companies on their usual terms in specific cases."

3.143. Giving their views on the proposal for insurance of railway consignments, the representatives of the Ministry of Railways stated during evidence:

"In 1973 we brought the General Insurance Corporation into the picture. In fact, they created a special cell under an officer. He investigated into this and went into the question of formulation of a scheme. But they said that it is not possible....".

3.144. When asked to state the reasons therefor, the Financial Commissioner (Railways) stated:

"They said that the number of transactions involved is such that it was not possible. If an individual wants it, they said, he can always get it insured."

3.145. The Committee are informed that there is no system of freight insurance on the railways but in many cases consignors at their own initiative insure their consignments for transit losses with the insurance companies who, in the event of loss, pursue the matter with the railway authorities to obtain settlement of claims on behalf of their clients. According to the Eastern Coalfield Ltd., a public sector undertaking, if the railway claims are settled expeditiously, there would not be any necessity for the consignors/consignees to take insurance policy for railway consignments. The fact that a number of enterprises and institutions have felt the necessity of an insurance cover for their consignments and are prepared to pay an extra charge for it, is a meaningful comment on the efficiency of the claims settlement organisations in the railways.

3.146. The Committee note that the question of introducing freight insurance scheme for goods carried by railways was examined in 1973 in consultation with the General Insurance Corporation of India but the scheme was not found feasible in view of the magnitude of the problem. The Committee feel that, in view of the widely felt need for insurance cover, the feasibility of introducing freight insurance scheme in a limited sphere, to start with, say, for consignments of high value and full wagon load consignments may be re-examined and the result of such examination may be communicated to the Committee within six months.

3.147. The Committee note that in respect of articles mentioned in the Second Schedule to the Indian Railways Act and costing more than Rs. 500/-, an 'insurance charge' or what is known as 'percentage charge on value' is collected for the increased risk involved in the carriage of valuable articles and also for special arrangements required to be made to carry such goods. The payment of percentage charge is optional. The Committee would like that, while re-examining the feasibility of freight insurance scheme referred to in preceding para, the Ministry of Railways may also consider whether

the "percentage charge on value" scheme already in vogue for certain articles mentioned in the Second Schedule to the Indian Railways Act cannot be converted into a sort of general freight insurance scheme and progressively extended, on an optional basis, to a larger number of consignments. In such cases, however, the Railway authorities would have to make sure that, in the event of loss or damage of a consignment, the consignees/consignors get the benefits and services which at present are provided by the Insurance Companies.

## **CHAPTER IV**

### **ROLE OF RAILWAY PROTECTION FORCE**

#### **Role of RPF and GRP in checking loss, damage and pilferage of consignments, Role of Railway Protection Force**

4.1. The primary function of the Railway Protection Force (RPF) is the protection of Railway property which includes any goods, money or valuable security or animals belonging to or in the charge or possession of a Railway administration.

4.2. The functions of the Force may broadly be categorised as follows:

- (a) Protection of Railway premises and trains to safeguard railway property.
- (b) Prevention of crime involving loss of Railway property.
- (c) Assistance to other departments.

4.3. For functions under (a) the Force has, *inter alia*, the following duties to perform:

- (i) Watching and checking wagons when being loaded or unloaded. Any shortage or damage etc. detected at the time of unloading are to be certified by a member of the Force not below the rank of Sr. Rakshak.
- (ii) Checking of seals/rivets and lock of all loaded wagons and packing conditions in r/o iron and steel, full wagon loaded consignments loaded in open wagons at starting and terminating stations as well as in transit and also when necessary the checking of their contents and later getting them released.
- (iii) Collecting intelligence about subversive and other objectionable activities on the Railways.

4.4. In performance of these duties all the superior officers and members of the Force are required to work in close cooperation and co-ordination with other departments of Railway Administration so

that maximum results could be achieved with the minimum strength of the Force. The Railway Administration is required to arrange to provide basic security arrangements, both in railway premises and trains on the recommendation of the Chief Security Officer or where necessary under instruction from the Board.

4.5. For functions under (b) the Force has, *inter alia*, the following duties to perform:

- (1) To collect intelligence regarding movements of active criminals and suspects within railway premises.
- (2) To make enquiries into special cases of theft of railway property or cases of loss of railway revenue arising from misappropriation, cheating etc. specially handed over to them.
- (3) To collect information and organise raids with the help of the local police to cause the arrest of culprits and recovery of stolen property.
- (4) To undertake preventive measures by way of patrolling in beats, posting of guards and pickets at black spots, escorting of affected trains.
- (5) To hold periodical crime meetings with the State Police for better prevention of crime on the railway.
- (6) To keep an unobtrusive watch at goods shed and parcel offices to detect thefts, pilferages, frauds etc.

#### *Role of Government Railway Police*

4.6. The Government Railway Police (GRP) mainly deals with law and order and crime pertaining to travelling public. It also conducts investigation into cases of thefts of railway property. The GRP keeps watch over railway criminals, patrols railway stations, checks trespassers, launches drives against ticketless travellers, alarm chain pullers and escorts important trains. It maintains law and order between two outer signals of railway station premises and ensures security of VIPs.

#### *Role of Claims Prevention Organisation*

4.7. The functions of the Claims Prevention Organisation are to guide the field staff who are concerned with acceptance, booking, loading, transport, and delivery of goods offered for carriage. This

organisation deals with all aspects of claims prevention arising out of compensation claims, maintenance of claims statistics, tracing of unconnected consignments, functioning of lost property offices disposal of unclaimed goods, coordination with Security Department.

4.8. The Committee enquired about the precise demarcation of functions of Claims Prevention Organisation and Railway Protection Force|Government Railway Police and how coordination was maintained between these agencies. The Ministry of Railways in a note furnished to the Committee explained the position thus:—

“The function of Railway Protection Force is to guard and protect public property entrusted to Railways for carriage and also the property belonging to Railways. While the Railway Protection Force is responsible for prevention of crime resulting in payment of claims|compensation, the Claims Prevention Organisation is responsible to check and remove all causes|irregularities which contribute to payment of claims. Where criminal interference is notice RPF becomes responsible. Railway Protection Force maintains close cooperation with Claims Prevention Organisation and GRP and Civil Police Authorities to prevent thefts and pilferages of Railway properties. Periodical meetings are held at different levels to discuss mutual problems and device methods to curb criminal activities.”

4.9. In the memoranda submitted to the Committee by various Chambers of Commerce and Industry and Public Sector Undertakings it has been represented that:

(i) “Cases had been there, though rare, when RPF and other Staff has been in collusion with gangs that loot trains, etc.....” (Fertilizer Corporation of India)

(ii) “There was need of cross check on the working of the Railway Protection Force by isolating and identifying areas where theft had occurred.....”

(Central Mine Planning & Design Institute Ltd.)

(iii) “The role played by the Railway staff, the railway Protection Force and the police is not at all satisfactory. These personnel are not very keen to prevent losses and

damages to the consignments; in fact, connivance is often suspected. As regards loss of consignments, there is no clear cut demarcation of responsibility between the Railway Staff and the RPF and the Police. As a result one tries to shift the responsibility on to the other..." (Indian Chamber of Commerce).

- (iv) "...the efficiency of the RPF left much room for improvement in respect of recruitment, training and placement...." (Bharat Chambers of Commerce).
- (v) "...A system of recognition for meritorious service by watch and ward personnel and overall toning up of efficiency of this wing of railway administration may lead to reduction of losses and damage to goods as well as rail property....." Associated Chamber of Commerce & Industry)
- (vi) "...Much is still to be desired from the Railway Protection Force and the Police. They have to be educated to be cooperative, honest and watchful. Also stringent punishment should be meted out to them in case of gross negligence. We would even suggest to recover the partial/entire amount of claim from the delinquent staff....." (Bharat Coking Coal Ltd.)
- (vii) "...the role played by RPF|GRP and other concerned railway personnel in preventing loss and damage is considered inadequate and unsatisfactory and these can be considerably reduced if they take active interest and reasonable care in prevention of such loss or damage of the consignment while in the custody of the railways..." (Western Coalfields)

4.10. When asked during evidence, about the role of RPF|GRP the representatives of a Chamber of Commerce stated that:

"The RPF is not upto the mark. If they are strict, perhaps lot of pilferages could be stopped....We have to select the right type of persons." (Bharat Chamber of Commerce)

4.11. Explaining the various factors responsible for the loss and damage of consignments booked by rail, the Ministry of Railways (Railway Board) stated in a note:

"....The single biggest factor counting for nearly half of the amount paid as claims for compensation is pilferage of



goods while they are in rail custody. Small quantities of goods are stolen or taken out of miscreants and anti-social elements through door crevices and body holes of the wagons. Sometimes goods are also pilfered from the platforms of the stations, goods sheds, parcel offices as also from the custody of guards."

4.12. The One-man Expert Committee (Kirpal Singh Committee), 1976, giving the comparative analysis of the total claims paid and those paid against criminal activities during the years 1973-74 and 1974-75, highlighted the following figures in its report: --

	1973-74	74-75
1. Gross amount of claims paid (all clauses) (Rs. in lakhs) .	1362.06	1465.46
2. Amount of claims paid for loss/theft (Rs. in lakhs) .	366.67	388.78
3. Amount of claims paid for pilferage (Rs. in lakhs.) .	617.44	674.32
4. Total of item 2 & 3 .	984.11	1063.10
5. Percentage of claims for thefts/losses and pilfrages over the total amount of claims for all causes. . . . .	72.3	72.5

4.13. On the aspect of co-operation between the GRP and RPF the representative of the Ministry of Railways stated during evidence:—

"They do not quarrel. The functions of the GRP are quite different from the RPF, RPF is there to look after our goods, services and equipments whereas GRP is looking after general crimes in trains. If there is a crime against an individual, e.g. if somebody is bodily harmed, if there is a crime in case of goods and property in the railways, they look after them. So, the jurisdiction is quite separate and between the two, there is close cooperation...."

### Transfer Policy

4.14. The representative of another Chamber of Commerce stated during evidence that one of the essential remedies would be quicker transfer of RPF/Goods staff, so that they were not able to create vested interest at one particular place of their posting.

4.15. On the question of transfer policy of RPF personnel, the Ministry of Railways (Railway Board) in a note furnished to the

Committee have stated that these transfers are regulated in accordance with RPF regulations which stipulate that:

"No member of the Force shall be retained in the same station for a period of more than three years. If it becomes necessary to transfer a person due to adverse report or any other reason before the expiry of his three years' stay at that station, the specific orders of the Chief Security Officer should be obtained, in respect of Class III staff and Security Officer in respect of Class IV staff. If it is considered necessary in administrative interests to continue a member of the Force for a longer period than three years also, the specific orders of the Chief Security Officer should be obtained. This extension should in any case not exceed one year ordinarily."

4.16. Stating the policy of the Ministry of Railways regarding the suggestion that RPF personnel should not be allowed to remain at the same station for too long a period the representative of the Ministry of Railways (Railway Board) stated during evidence:

"...we had rules of transfer after three years and they have been liberalised to four years on human consideration. Now the exceptions to four years are very few. We do have exceptions to transfer of persons after an interval of more than four years, but in each case, an exemption has to be granted by an officer for special reasons. There are cases where somebody has been paralysed; there are cases where somebody's mother has been paralysed; there are cases of T.B. I think it would not be proper to transfer a man to a place where there are no hospital facilities. There are hardship cases...."

4.17. The Committee drew the attention of the Ministry of Railways to a case in the year 1975 where bags of rice, bicycles and some other things were reportedly found in the possession of an RPF personnel at Kodrama. The Committee enquired during evidence as to how long the person involved in that case had been there at that particular station. The representative of the Ministry stated that he was there for more than four years. When the Committee enquired as to what were the exceptional circumstances justifying the long stay in this case, the representative of the Ministry stated:

"...None. I think the local officers, right up to the Chief Security Officer tried to transfer him but, somehow or other, some pressure was brought to bear."

4.18. When asked whether there had been any such cases anywhere else also, the witness added:

"...this was a particular bad case. There are a series of them but one or two are very very bad...."

#### **Involvement of RPF personnel in crime etc.**

4.19. As regards the personnel of the Railway Protection Force|Government Railway Police held responsible for negligence in discharging their duties resulting in thefts, pilferages, etc., the Ministry of Railways (Railway Board) furnished the following figures:

Railway	1972	1973	1974	1975	1976
Central Railway	35	43	99	74	63
Northern Railway	1726	(Total figures for 1972 to 1976 Break-up not given)			
Southern Railway . . .	..	7	22	35	13
South Central Railway . .	..		—	184	193
Western Railway	183	195	169	214	127
South Eastern Railway .	372	359	370	415	371
(Financial years 1972-73 to 1975-76)					

4.20. The information in respect of Eastern, North East Frontier and North Eastern Railway were not furnished to the Committee, till the time of finalisation of the report.

4.21. Replying to the point whether there had been any cases in which the personnel of Railway Protection Force|Government Railway Police had been found guilty of pilferages, losses, damage of Railway consignment, the Ministry of Railways have stated that there have been cases of Railway Protection Force personnel who have been apprehended for involvement in cases of pilferages|losses of Railway consignment. They have been either punished under

the Departmental Rules or prosecuted. The figures of arrests were stated to be as under:—

*No. of Railway Protection Force staff arrested*

Railway	1972	1973	1974	1975	1976
Central Railway	21	37	28	23	18
Eastern Railway	9	8	19	11	17
Northern Railway	18	18	16	30	6
North Eastern Railway	9	5	10	11	2
Northeast Frontier Railway	29	37	27	31	6
Southern Railway	12	1	13	28	17
South Central Railway	18	9	26	32	16
Western Railway	10	20	23	21	3
South Eastern Railway	25	15	14	3	9

4.22. Figures in respect of Government Railway Police personnel were not available.

4.23. Subsequently, during evidence the representatives of the Ministry of Railways informed the Committee that out of a total force of 64,000 RPF personnel, the number of departmental staff punished in 1976 was 1327. About 200 of them were removed from service. Apart from that, there are people who were challenged in the Court. . . . In 1976 we had 136 RPF arrests both in connection with theft of railway property as well as booked consignments."

### **Strength of RPF**

4.24. The Committee pointed out that pilferage, loss and thefts of consignments took place even in the case of goods trains escorted by RPF personnel and enquired whether RPF personnel were held responsible in such cases and what action was taken against them. The Ministry of Railways (Railway Board) in a note furnished to the Committee in March, 1978 have stated the position as follows:—

- (a) In bigger yards, number of loads of goods trains consisting 300 wagons or so are stabled at a time, and for operating/marshalling reasons, wagons are shunted from one place to other; and, it is not always possible to prevent crime incidence. Even during the run of the train, RPF

Rakshak escorting the train who sits on guards-van attached to the train, sometimes cannot notice the interference by the criminals climbing over the buffers of wagons, unloading goods and jumping off the train when it slows down. The main causes are as under:—

- (i) Inadequate deployment of escorting staff due to insufficient man-power of RPF.
- (ii) Negligence/indulgence in malpractice by Railway staff.
- (iii) Inability of the insufficient staff to prevent attack by mobs or armed gangs of criminals on stabled loads.
- (iv) Unavoidable reasons, e.g.

- 1. Long loads are escorted by small party of RPF generally consisting of 3 Rakshaks/Head Rakshaks.
- 2. Insufficient lighting arrangements in Yards.
- 3. Unscheduled stoppages of speed restrictions on account of the operational reasons.
- 4. Deterioration of Law and Order situation in the States affecting crime situation on the Railways.

However, in such cases of thefts/pilferages responsibility is invariably fixed and staff found at fault, negligent, conniving, or indulging in malpractices are suitable punished."

4.25. Explaining further the incidence of theft and pilferage, the representative of the Ministry stated during evidence:—

"...it is possible that something may happen in the case of unescorted consignments. We have not got enough RPF people to escort all the trains. In those trains which are escorted we normally do not have any pilferage, but there are also trains which are unescorted."

4.26. The One-Man Expert Committee (Kripal Singh Committee) 1976, which studied the growth and organisation of the Railway Protection Force came to the conclusion that:—

"Although the size of the Force consisting of nearly 64 thousand all ranks, appears to be quite large, yet when viewed in the light of the vast and widespread assets of the Indian Railways, it is in fact not so large and I am in-

clined to agree with the observations made by the General Managers of all the railways that the Railway Protection Force at their disposal is not adequate to meet their requirements."

4.27. The Expert Committee also found that "whenever the services of any law enforcing agency are required, the Railway generally look to the Railway Protection Force, which is most conveniently available, being under the control of the General Manager, for assistance. The Railway Protection Force are thus required to perform duties which do not fall within the scope of their operations as visualised in the Railway Protection Force Act.

4.28. After a detailed study of the size of the Force employed on such unsanctioned and unscheduled duties, the One-Man Expert Committee found that from March 1975 to August 1975, the average number of men employed per day on such duties were 4256. The Expert Committee observed:—

"This amply indicates the extent to which the already inadequate strength of the Railway Protection Force is being diluted almost continuously; the staff for these varied purposes has, of necessity, to be withdrawn from the men on duty for protection of railway property, leaving it open to the mercy of the criminals. I feel that this sort of withdrawal of man-power from property protection work is not desirable and if the zonal railway administrations feel that Railway Protection Force men have to be deputed for these various other purposes, a special force must be created to meet all such requirements and kept at strategic points on the railways. There should be strict orders that staff from protective duties are not to be withdrawn for duties of this nature under any circumstances."

4.29. The Expert Committee concluded that:—

"(a) The growth of the Railway Protection Force has not kept pace with the growth of traffic and the creation of new or expanded assets of the Railway needing protection.

(b) The Force is inadequate to meet the requirements of the present day volume of traffic.

It therefore, seems to be high time that a proper assessment of the requirements of man-power for the protection of

the vast Railway assets and the public property which the Railways have to carry, is made. I strongly recommend that the Railways should without loss of time undertake a detailed work-study of the man-power requirements and draw up yardsticks which could be applied to various types of duties performed by the Railway Protection Force."

### Casualties among RPF personnel

4.30. Regarding the number of RPF personnel who died in encounters while protecting railway property and consignments booked by rail and the assistance given to the bereaved families, the Ministry of Railways have stated the position as follows:—

#### Central Railway

One Rakshak died in 1975 in encounter while protecting Railway property and consignments booked by Rail in Bhusaval Division. Rs. 19,200/- was given to bereaved family as relief/assistance.

#### North Eastern Railway

One Assistant Security Officer of Lucknow Division died in encounter while protecting Railway property and consignment and Rs. 19,200/- was given to bereaved family as relief/assistance.

#### South Eastern Railway

1972-73 1973-74 1974-75 1975-76 1976-77

(a) No. of  
RPF staff  
died in

encounter — 3 1 2

(b) Relief/Assistance given to the bereaved families:

1974-75: In one case Rs. 18,000/- was given as relief/assistance and in other 2 cases Rs. 500/- as exgratia and Rs. 10,000/- as relief was given to each family.

1975-76: Rs. 14,000/- was given as relief assistance to the bereaved family.

1976-77: Rs. 5,000/- was given to each family as relief/assistance from Kalyan Nidhi.

4.31. Information in respect of Eastern, South Central, Northeast Frontier Railways was not furnished to the Committee till the time of the finalisation of the Report.

4.32. The Committee enquired whether the working of Railway Protection Force/GRP had been studied by any Expert Committee and if so, what were the findings of the Committee with reference to their role in preventing loss and damage of consignments booked on Railways and what follow up action was taken thereon. The Ministry of Railways (Railway Board) in a note furnished to the Committee have stated the position thus:

"The working of the Railways Protection Force was studied by a High Powered Committee on Security and Policing on the Railways, the findings of which were submitted in September, 1968. The recommendations are being implemented in a phased manner. Besides, One-Man Expert Committee headed by Shri Kripal Singh, ex-Chairman, Railway Board submitted his findings on 31-5-1976. The recommendations are being implemented in a phased manner."

4.33. Some of the important recommendations having a bearing on prevention of loss and damage of consignments made by the One-Man Expert Committee headed by Shri Kripal Singh are as follows:—

- (i) Steel Plants are very keen that a speical force should be raised in the Railway Protection Force for escorting loads bringing coal and other raw materials to them. Railways should consider this suggestion and work out a procedure or sharing of the costs thereon.
- (ii) The existing procedure for departmental proceedings in the case of railway employees, particularly members of the Railway Protection Force, needs to be revised to enable speedy and drastic punishment being imposed for involvement in crime against Railway property.
- (iii) In cases of acts of commission or omission involving moral turpitude which resutl in finanical loss or are likely to result in such a loss to the Railway, the punishment should, invariably be termination of service.
- (iv) The work of crime prevention on the Railways should be divided between the Railway Protection Force and the State Governments on the basis of "Security and Protec-



tion" of Railway property including booked goods, parcels and luggage being the responsibility of the Railways and "Policing" that of the States. To discharge this function more efficiently the powers of the Railway Protection Force should be suitably enlarged.

- (v) Every Railway Protection Force escort with a Goods Train should carry with them a list, in duplicate, giving details of body/panel cuts of the wagons and the condition of the contents thereof. The Railway Protection Force escort should bring back one copy of this list from the station where they leave the train, under signatures of either the Guard or the Railway Protection Force staff, indicating variations, if any, in the condition of the load. No mercy should be shown to the escort if any fresh defects are recorded.

### Legal Powers

4.34. The Administrative Reforms Commission in its report had recommended that powers of investigations and prosecution vested with the Railway Protection Force under the Railway Property (Unlawful Possession) Act should be enlarged to cover offences of theft etc. in respect of railway property and that their jurisdiction should be clearly demarcated.

4.35. The One Man Expert Committee on Railway Security and Protection in its Report (May 1976) had also observed that under the Railway Property (Unlawful Possession) Act, 1966, the Railway Protection Force was granted some very limited powers of investigation and prosecution. The Railway Protection Force had still to depend on the State Police organisations, mainly the Government Railway Police, for the investigation of cases of theft reported to them which according to the Railways were many times not even registered by the Police. The Expert Committee had further observed that the existing pattern of dual control of Railway crime did not meet the security requirements satisfactorily. The Expert Committee recommended that:—

"The legal powers conferred on the Railway Protection Force should be enhanced. They should have concurrent jurisdiction with the State Police in the matter of investigation and prosecution of offences against "railway property". The draft legislation in this regard which is already under consideration should be got finalised quickly."

4.36. The Committee note that the primary function of the Railway Protection Force is to guard and protect public property entrusted to Railways for carriage and also the property belonging to the Railways. The Railway Protection Force is also responsible for the prevention of crime resulting in payment of claims compensation. From the memoranda submitted to the Committee by public sector organisations and Chambers of Commerce etc., the Committee note that role played by RPF is considered to be not at all satisfactory and some of the organisations suspect sections of RPF even colluding with the criminals. The Ministry of Railways (Railway Board) have admitted that the single biggest factor counting for nearly half of the amount paid as claims for compensation was pilferage of goods while they were in rail custody. The One Man Expert Committee (1976) in its report has also highlighted the fact that the percentage of claims paid for thefts/losses and pilferages over the total amount of claims paid during the years 1973-74 and 1974-75 worked out to staggering figures of 72.3 per cent (Rs. 984.11 lakhs) and 72.5 per cent (Rs. 1063.10 lakhs) respectively

4.37. The Committee note that the railways have a total force of 64,000 RPF personnel. They regret to observe that thefts etc., of consignments take place even from trains escorted by RPF personnel. While explaining the incidence of thefts etc., even from trains escorted by RPF, the Ministry of Railways have stated that this is partly because of "inadequate deployment of escorting staff due to insufficient manpower of RPF." The One-Man Expert Committee which went into the question of growth and organisation of RPF has also come to the conclusion that "the force is inadequate to meet the requirements of the present day volume of traffic." But the study made by the One-Man Expert Committee also reveals that the RPF personnel are also required to perform duties which do not fall within the scope of their operations as visualised in the Railway Protection Force Act. It was found by the Expert Committee that during the period of 6 months from March to August, 1975, on an average 4256 RPF personnel were employed on such unsanctioned and unscheduled duties, as helping the ticket checking staff in raids against ticketless travelling and unauthorised alarm chain pulling, escorting of passenger trains, removing beggars and unauthorised vendors from railway premises, security arrangements for melas and festivals, track patrolling during emergencies, assisting the police in making security arrangements during the journeys of VIPs." The diversion of such a large force from their main job and their deployment elsewhere in the face of reported insufficiency of manpower of RPF shows that the Railways have not been taking as much care of public property entrusted to them for

carriage as they could and should have taken or as Parliament expected them to take while sanctioning funds for the maintenance of this Force. The Committee are strongly of the view that the withdrawal of RPF personnel from property protection work is not at all desirable and such a practice must be stopped.

4.38. The Committee also feel that, as suggested by the One-Man Expert Committee, the Railways should, without loss of time, undertake a detailed work-study of the manpower requirements, draw up yardsticks which could be applied to various types of duties performed by the Railway Protection Force and make the most effective use of the Force by deploying its personnel in a more systematic and imaginative manner.

4.39. The Committee were informed by the Ministry of Railways that the thefts etc., taking place from trains escorted by RPF personnel were, inter alia, also due to negligence/indulgence in malpractice by railway staff, insufficient lighting arrangements in yards and unscheduled stoppages or speed restrictions on account of operational reasons. The Committee are unable to appreciate as to why the escorting RPF personnel cannot effectively deal with the railway staff and others committing or abetting in the commission of thefts and pilferages from running trains or at unscheduled stoppages and why lighting arrangements in the yards cannot be improved to a satisfactory level. If even the trains escorted by RPF personnel are not safe from criminals, the fate of unescorted trains is not difficult to imagine. This only shows that not only the RPF personnel but also others who are responsible for safeguarding public property do not take their duties seriously. The Committee would like the Ministry of Railways to look into this matter seriously and take urgent steps to plug the loopholes in the security arrangements of trains so as to ensure their absolute safety from criminals.

4.40. The Committee were also informed by the Ministry that during 1976, 1327 members of the RPF were punished and 200 out of them were removed from service. There have also been cases in which RPF personnel were apprehended for involvement in cases of pilferages, thefts and loss of railway consignments. The numbers of RPF personnel arrested on this ground were 176 in 1974, 190 in 1975 and 94, 136 in 1976. That such a large number of RPF personnel were found negligent in the discharge of their duties and had to be punished and arrested for involvement in thefts, etc., is a sad commentary on the working of the Railway Protection Force. The Committee strongly urge that the Railways should systematically identify RPF and other personnel with doubtful integrity and keep them under careful and constant surveillance. The Railway authorities should attach the highest importance to the integrity of their

personnel while evaluating their performance for the purpose of career advancement and should not appoint personnel of doubtful integrity in positions of responsibility. Those who are found guilty of acts of commission and omission involving moral turpitude resulting in financial loss should be speedily and severely punished.

4.41. The Committee note that the One-Man Expert Committee has come to the conclusion that the existing procedure for departmental proceedings in the case of Railway employees, particularly Railway Protection Force, needs to be revised to enable speedy and drastic punishment being imposed for involvement in crime against railway property. The Committee would like the Railways to go into this matter expeditiously and make necessary changes in the procedure for departmental proceedings to enable speedier and appropriate punishment being awarded to such of the railway employees as are found guilty of crime against railway property and public property entrusted to railways for carriage.

4.42. The Committee also recommend that training and refresher courses should be organised for the RPF and other personnel responsible for handling and protecting public property in order to improve their efficiency. Training should also be imparted to supervisory officers to enable them to improve the quality of supervisions and to detect cases of negligence well in time so as to minimise loss to railways on account of pilferage and theft of railway consignments.

4.43. The Committee are informed that at present under the Railway Property (Unlawful Possession) Act, 1966, the Railway Protection Force has been conferred with limited powers of investigation and prosecution. The Railway Protection Force has still to depend on the State Police Organisations, mainly the Government Railway Police, for the investigation of theft cases reported to them. The existing pattern of dual control of Railway crime does not meet the security requirements satisfactorily. The Committee would, therefore, recommend that as suggested by the Administrative Reforms Commission and also the One-Man Expert Committee (Kirpal Singh Committee), the aforesaid Act be amended and the Railway Protection Force which is a statutory organisation for the protection of the railway property and property entrusted to the railways for carriage, be vested with adequate legal powers of investigation and prosecution of the offences against such property to make the Force more effective and purposeful.

4.44. It has been brought to the notice of the Committee that as regards loss of railway consignments there is no clear-cut demarca-

tion of responsibility between the railway staff and the RPF and the Police and that one tries to shift the responsibility on to the other. The Committee would like the Ministry to go into the matter and define the responsibilities of the Railway staff, the RPF and the GRP in clear-cut terms so that in case of loss, damage, pilferage or theft, the responsibility could be appropriately fixed.

4.45. The Committee are informed that one member of the RPF staff of N.E. Railway, one Rakshak of Central Railway and 6 members of the RPF staff of South Eastern Railway died in encounters while protecting railway property and consignments booked by rail and the bereaved families were given suitable financial assistance. The Committee feel that besides giving cash assistance in such cases atleast one dependent member of the bereaved family should be provided with a suitable job in the railways and also the facility of residential accommodation so as to mitigate the hardship which such a family has inevitably to face after the demise of its bread earner.

4.46. The Committee note that according to RPF Regulations no RPF personnel can normally be retained at the same station for a period of more than 3 years. The period of 3 years can, however, be extended to four years with the approval of Chief Security Officer on human considerations. Such cases were stated to be very few. The Committee hope that exceptions to three-year rule are granted sparingly and only in very genuine cases and with the prior approval of the Chief Security Officer. The Committee would like that a maximum period of posting at the same station even in exceptional circumstances should be fixed and it should not be exceeded in any case.

4.47. The Committee are distressed to note that in 1975, 3 RPF personnel were apprehended at Kodarma for being in possession of Rs. 1 lakh (approx.) in cash, 3 wrist watches, gold ornaments weighing about 160 gms. and some other things. As admitted by the Ministry of Railways the persons concerned in this case had been there for more than 5 years and there were no exceptional circumstances warranting their unduly long stay at that station. The representative of the Ministry informed the Committee during evidence that the local officers right up to the Chief Security Officer tried to transfer them but "some how or the other some pressure was brought to bear." Viewing this as a typical case and not an isolated case, the Committee are unhappy that the highest officers succumbed to pressure as they did and allowed RPF personnel to stay at the same station for unduly long period in violation of the policy laid down in this regard. Such instances are sure to undermine the morale of

honest workers and create dissatisfaction in their ranks. The Committee would like the Ministry to enquire into the circumstances of the case and draw appropriate lessons for future guidance and inform the Committee of the outcome.

4.48. The Committee would also like the Ministry to undertake a review of all such cases in which the stay of RPF personnel at the same station continues to be for a longer period than permitted under the official policy in this regard and rectify the situation.

4.49. The Committee were informed that the working of the Railway Protection Force was studied by a High Power Committee on Security and Policing on the Railways (which submitted its report in 1968) and also by the One-Man Expert Committee (which submitted its report in 1976). It is seen that both these Committees have made a number of useful suggestions for the more efficient utilisation of Railway Protection Force with special reference to their role in the prevention of loss and damage to railway property and the public property entrusted to the railways for carriage. The recommendations of both these Committees, it is stated by the Ministry, "are being implemented in a phased manner." The Committee would like the Ministry of Railways to draw up a time-bound programme for the implementation of their recommendations as this would go a long way in minimising the incidence of loss and damage of consignments booked by railways.

4.50. From all that has come to their notice, the Committee cannot but agree to the view expressed by a number of public sector enterprises that the performance of RPF personnel leaves much to be desired and that the theft and loss of railway consignments can be considerably reduced if only the RPF personnel discharge their duties honestly and conscientiously. The Committee stress that it is absolutely essential for the railways to revamp the image of the RPF and establish its credibility in the eyes of the public as an effective instrument for safeguarding public property entrusted to railways for carriages. Needless to say, the public will judge the effectiveness of the steps taken to improve the efficiency of RPF by the success it achieves in controlling the incidence of theft, pilferage and loss of consignments booked by rail. The Committee would like the Ministry of Railways also to evaluate the performance of RPF in terms of annual compensation claims bill and compensation paid on account of theft, pilferage and loss of railway consignments vis-a-vis the total expenditure on RPF and its strength. They would also like the ministry to publish such evaluation results in their Annual Report.

## CHAPTER V

### SETTLEMENT OF CLAIMS

#### (a) Procedure for Settlement of Claims

5.1. The procedure followed in regard to examination and settlement of compensation claims for goods lost, damage etc., is explained in the following paragraphs:—

- (i) The liability of the Railway Administration for loss, damage, deterioration, destruction and non-delivery of booked consignments has been statutorily down in Sections 73 to 80 of the Indian Railways Act.
- (ii) As soon as a letter preferring claim is received in the claims office of a Zonal Railway, it is registered and a separate file is opened on the subject. A letter of acknowledgement giving the case number is sent to the claimant asking for necessary documents such as shortage certificate, beejuck and other relevant information required for expeditious settlement of the claim, if these are not already furnished. After calling for Missing and Damage Reports from stations or connecting them if already received in advance, the claim is examined taking into consideration the factual and legal position and processed for settlement. If it is a case of non-delivery of complete consignment or part of a consignment, effort is made to trace and deliver the consignment, Notice is also served on the adjoining Railways to trace and despatch delayed or missing consignments.
- (iii) The title of the claimant and the amount of compensation payable is verified. If necessary, an inspector is deputed to verify and collect the required information from the claimants.
- (iv) In cases where the amount of compensation payable is Rs. 8000 and above, prior concurrence of the associated Accounts Officer is obtained before the payment is made. In cases involving payment below Rs. 800 prior concurrence of the Accounts Officer is not necessary.

- (v) It is the constant endeavour of the Railway Administration to settle the claims without forcing the claimants to seek their remedy in the Courts of Law. Under the law, every claimant is free to file a suit after giving notice to the Railway Administration but the expenses and delays involved in civil litigation are prohibitive hence the Railway Administration have set up a machinery under a Chief Claims Officer on each Zonal Railway for settling claims. The Claims Officers of the Railways act as a quasi judicial officers. The claimant is not required to engage any lawyer. Even his presence|appearance before the Claims Officer is not required. Every effort is made to settle all claims as expeditiously and with as little inconvenience to the claimants as possible.

5.2. It has been further stated that the Railway Administration is fully liable for loss, theft, damage etc., to the consignments booked for carriage by the Railways except under some special circumstances which are mentioned in the Act. The Railways are not liable if:—

- (i) a claim is not preferred within six months from the date of booking;
- (ii) a claim has arisen due to improper packing or loading by the consignor or any fraud practised by the consignor;
- (iii) luggage is not booked;
- (iv) value of accepted articles is not declared and percentage charge is not paid;
- (v) damageable goods are carried in open vehicles at the request of the sender; and
- (vi) loss and damage has taken place due to riot, civil commotion, strike, lockout or stoppage of labour.

5.3. For the following causes also the Railway Administration is not liable if it has used reasonable foresight and care—

- (a) act of God;
- (b) act of war;
- (c) act of public enemies;
- (d) arrest, restraint or seizure under legal process;



- (e) orders or restrictions imposed by the Central Government or a State Government;
- (f) act or omission or negligence of the consignor or consignee;
- (g) natural deterioration or wastage in bulk or weight due to inherent defect, quality or vice of the goods;
- (h) latent defects; and
- (i) fire or explosion or any unforeseen risk.

5.4. As the Claims Officers do not examine any witnesses it is necessary that the claimants furnish all necessary information and documents on the basis of which the claims officers can take a decision. The Claims Officer has to verify full facts of the case before a decision is taken to pay the claim. The disposal may be delayed if the requisite information is not promptly forthcoming. Generally the small valuation claims take much lesser time and higher valuation claims take more time to enquire, verify and process them.

#### *Work Study*

5.5. When asked to state whether any work study/job analysis has been undertaken with a view to rationalising and streamlining the procedure and deployment of staff and with a view to speeding up the settlement of claims, the Ministry of Railways have stated that work studies and job analysis have been undertaken on the Railways with a view to rationalise and streamline the procedure and to see what improvements can be effected for speeding up the settlement of claims cases with the existing staff. As a result certain improvements have been effected which are as follows:—

- (i) In the settlement of claims cases a system of level jumping cases meant for senior officers and are directly put up to them by the dealing clerks concerned instead of going through the usual routine of passing through every official.
- (ii) Targets have been laid down for dealing of claims cases by each official. This results in expeditious settlement of small value claims and reduces the closing balance.
- (iii) The powers of claims settling officers at every level have been enhanced from time to time.

- (iv) The monetary limit of claims which is subject to pre-check by Accounts Department has also been enhanced.
- (v) Mobile Claims Officers are arranged for settlement of claims on the spot.
- (vi) Powers of the Station Masters of important stations and Claims Inspectors have been increased from Rs. 100/ to Rs. 200/- to settle claims at the station.
- (vii) Each Claims Officers in the Claims Office is given charge of settlement of claims arising on one or two Divisions to expedite enquiries and dispose of claims and to localise areas which give rise to claims with a view to take appropriate preventive action.
- (viii) Claims Offices on some Railways have been decentralised, for example, on Northern Railway additional claims offices are functioning at Varanasi, Bikaner, Jodhpur, on Eastern Railway at Patna, on Western Railway at Ahmedabad on Southern Railway at Madras and Tiruchirappali. Recently instructions have been issued to open a claims office at Bangalore also.
- (ix) Separate cells have been opened for high valuation claims and claims for wagon load consignments.

5.6. As far as possible work has been managed within the existing staff strength of the claims organisation, however, wherever job analysis has revealed creation of additional posts, new posts have been created with the concurrence of the Finance Department. Use of these measures have resulted in speedy settlement of claims and reducing the closing balance of the pending claims on the Railways.

### *Claims Pending*

5.7. The Ministry have stated that the following further measures have been taken to expedite the settlement of claims. Missing Goods Reports are prepared before hand at the stations and sent to the Claims Officers so that the moment the claims letters are received they are promptly connected with the evidence of shortages, or damage and the claims expeditiously settled.

5.8. Claims for smaller valuation pertaining to perishables, fruits etc., are settled promptly on the basis of rates already maintained in the Claims Offices without waiting for verification or ori-

ginal beejuck. In case of missing consignments Inspectors and Tracers are deputed to trace and arrange delivery of the consignments or make other necessary enquiries so that the claims are expeditiously disposed of.

5.9. On being asked to state as to how it is ensured that the targets of claims cases laid down for each official are fulfilled by the officials concerned, the Ministry of Railways have informed the Committee that the Ministry of Railways have laid down a target for settlement of 650 claims cases for each Assistant Commercial Superintendent per month. No target has been laid down for officers above the level of Assistant Commercial Superintendent. By and large, the target laid down in this regard is fulfilled. The position in regard to the fulfilment of the target is watched by the Deputy Chief Commercial Superintendent (Claims) and the Chief Claims Officer.

5.10. Some of the Public Undertakings and the Chambers of Commerce in their memorandum submitted to the Committee, regarding the procedure for settlement of claims have stated as follows:

"The present procedure for settling claims is time-consuming....The system is inhibited by the in-built constraints, as under the existing procedure the claim is paid only after the Railways have located the consignments and realised the cost from the recipient.

The exact procedure at the various stages is not known to us. However, considerable time is taken by the Railways in—

- (i) Opening of claim case files;
- (ii) Verification of station records;
- (iii) Obtaining clearance from Rates/Compensation section;
- (iv) Verification of records at the intermediate stations;
- (v) Pre-auditing by Accounts;
- (vi) Issuing refund advices; and
- (vii) Issue of cheques in settlement of claims.

Settlement of claims take considerable time and even more than 10 years sometimes." (Steel Authority of India)

"We are not very much satisfied with the procedure followed by Railways for settlement of claims. There are inordinate delays and also improper assessment of loss and damage....delays are sometimes abnormal.

The dealings of Railway Officers are generally cordial but mostly they express their helplessness in absence of the reports not coming from the lower authorities.

There is scope for improvement in the matter of exercising power fairly and promptly. The Officers can be fair only if they follow the spirit of the rule, rather the letter only as at present. For promptness, we suggest a time-bound programme be laid down for each Railway official to complete his portion of report to the higher authority." (Bharat Coking Coal Ltd.)

"We are not satisfied with the procedure followed by the Railways for settling claims.

Claims are to be lodged within six months from the date of R.R. according to the present procedure. We would suggest that this should be amended to six months from the date of actual delivery because of two reasons:

Open delivery in case of apparently damaged packages takes very long time and even more than six months after they are received at the destination station. The issue of short certificate is further delayed after effecting the open delivery....No claim can be lodged in the absence of the short-certificate and so the stipulation that the claims must be lodged within six months from the date of R.R. is not correct....No response is received from the Railways regarding notices served for settlement of claims even if they are sent by Registered post." (Central Coalfields Ltd.)

"It is a very lengthy and time-consuming procedure. There is inordinate delay in settlement of claims even when the requirements of the railways are complied with in full. There appears to be lack of proper appreciation of the sentiment of the aggrieved parties and also a general

tendency for repudiation of claims either by inaction or long silence and claims are seldom settled until threat is held out for legal action. The procedure is required to be simplified and streamlined and there should be time bound programme for (i) submission of required documents; (ii) scrutiny/inspection thereof; and (iii) settlement and/or repudiation of claims on merits of the cases." (Western Coalfields Ltd.)

"The letters of protest in respect of claims, either repudiated or partially settled written at the normal level by the FCI Claims Cells are not promptly attended." (Food Corporation of India)

"...while it is understandable that the Railway authorities would want to satisfy themselves about the genuineness and admissibility of the claim, what irks the customer is having incurred loss or damage due to no fault of his, he is put to further inconvenience on account of cumbersome procedure in the settlement of claims." (Associated Chambers of Commerce)

"The procedure followed by railways for settlement of claims leaves much room for improvement. .... The usual grievances against settlement of claims may be briefly summed up as follows:

(f) Sitting tight over claim cases till legal notices are served or legal proceedings initiated;

(i) Overall tendency to reject claims on one plea or the other;

(j) Holding up of payments of claims due to non-receipt of foreign railway's acceptance or confirmation even though claims on merit are admissible.

(k) Rejection of claims on the plea of being time barred." (Bharat Chambers of Commerce)

"The Railways do not generally care to finalise the claim at the Departmental level. The cases are either repudiated or allowed to drift on, forcing the parties to take recourse to Law courts." (Indian Chamber of Commerce)

"The Railways have a tendency of not settling the complicated claim cases unless the claimants file suits in the Court." (Bharat Chambers of Commerce)

"The delay and indecision in settlement of claims have become so endemic that apparently the railways prefer certain types of cases to be taken by the parties to the courts.... This is probably because the official machinery as a whole would like to avoid acceptance of liabilities or responsibility for the decision and the settlement is normally effected only in compulsive circumstances such as filing of a suit...." (Associated Chamber of Commerce and Industry)

Some of the suggestions to tackle the situation are:

(i) formulation of guidelines in clear and unambiguous terms for close adherence by all concerned;

(ii) Streamlining of settlement procedure to save time particularly submission of reports by Inspectors whose work needs constant chasing by Senior Supervisors;

(iii) Increasing recourse to settlement of claims across the table in discussion with claimants;

(iv) Enlisting the active services of recognised Chambers of Commerce and Trade and Industrial Associations for settlement of claims of their members;

(v) Preparation and wide circulation of pamphlets written in English as well as in regional languages for guidance in correctly preferring claims as also plugging origin of claims to the extent possible.

(vi) Special review and audit of outstanding claims by the Railway Board at periodic intervals; (Bharat Chamber of Commerce).

5.11. The representative of the Bharat Chamber of Commerce stated during evidence:—

By and large, even today, there is no improvement in the settlement of claims. The reason being that Officers are very hesitant to take decision especially where the claims are for higher value, viz. rupees ten thousand or more. They prefer to let them go to the court level and not take the responsibility of deciding themselves."

5.12. On a point raised by the Committee whether it is not possible for the Chambers to invite the attention of the General Manager in this respect, the witness added:

"We do. When they come to Chamber, they send three or four officers and then the claims are finalised very quickly. But, Sir, the Chamber cannot cater to the entire public. The idea is that the public at large should get the benefit."

5.13. When asked whether Railways should pay interest on claim amount in case of inordinate delay in respect of an admitted claims, the witness added:—

"Yes Sir, in the case of a small firm it operate on the capital got from the bank at the rate of 18 per cent so it can create havoc for them."

5.14. Replying to a similar question the representative of the Associated Chamber of Commerce and Industry stated during evidence that "this would certainly expedite the claims....this would certainly be helpful."

5.15. When asked to give their views on the question of payment of interest for the period of delay in paying the amount due in respect of admitted claims, the Ministry of Railways stated that:—

"The suggestions regarding payment of interest in case of delay in payment of admitted claims cannot be agreed to in view of a specific provision contained in section 78(d) of the Indian Railways Act which provides *inter alia* that a railway administration shall not be responsible for any indirect or consequential damages or for loss of particular market.

However, the procedure for issuing cheques|pay orders to pay claimants after the claim is passed for payment is being further streamlined to reduce all avoidable delays."

5.16. The Estimates Committee in para 62 of their 19th Report (Fourth Lok Sabha) on the question of procedure for submission of claims observed as follows:—

"It has been pointed out to the Committee that the public is not properly guided as to the procedure required to be followed for submission of claims, with the result that preferment of claims is either delayed or not done in the proper form."

5.17. The Committee had made the following recommendation:

"The Committee consider that there is need for giving more publicity to the procedure for submission of claims in Railway Time Tables and through Notice Boards at important stations and in parcel and goods offices. The Committee also suggest the compilation of Handbook giving full information about the procedure for filing claims for the guidance of the trading public."

5.18. The Ministry in their action taken replies in 1968 stated that "A Guide for Claimants" has been prepared and arrangements are being made to publish it. Arrangements are also being made to incorporate a suitable notice in the time table and display it at parcel offices and goods sheds."

5.19. In the course of present examination when the Committee asked the Ministry of Railways whether any pamphlet for the guidance of consignors/consignees advising them about the procedure for filing claims for loss and damage had been issued the Ministry stated that procedures for booking, packing, loading etc. of consignments are contained in the Current Goods Tariff and Coaching Tariff published by the Indian Railway Conference Association, New Delhi. These tariffs are priced publications and are available from the General Secretary, Indian Railway Conference Association, New Delhi and also from the Zonal Railway Administrations, on payment. As regards the procedure for preferment of claims, it may be stated that a pamphlet titled 'Principal Rules and Procedure for the Preferment and Disposal of Claims on Railways' has been published by the Ministry of Railways for information of rail users. From a copy of the pamphlet sent by the Ministry along with the reply, it was seen that the pamphlet was published in 1965.

#### *Supporting Documents*

5.20. It had been suggested to the Committee that claims should be admitted with the submission of "true" copies of required documents and the "original" documents may be required to be submitted at the stage of final settlement for the purpose of verification. Giving their views in the matter, the Ministry of Railways have stated thus:—

"There is no objection to accepting applications for claims for compensation for goods lost, damage etc., accompanied by certified copies of the original documents. In fact the practice is already in force and applications for claims accompanied by certified copies of the original



documents are being duly accepted. However, at the time of final settlement the original documents have to be submitted to the concerned claims office to prevent duplicate claim or any spurious claims being preferred."

### *Complaints from Public*

5.21. It had been stated by the Ministry of Railways that complaints from the public in connection with the claims for compensation where the claimants were not satisfied with the decisions of individual Railway Officers and represent the matter to the Minister for Railways or the Railway Board, were looked into in consultation with the concerned Railways. Wherever necessary, suitable directions were issued to the Zonal Railways.

5.22. As regards the number of complaints received by the Railway Ministry/Board during the last 5 years (Year-wise and the number disposed of), the Ministry of Railway have stated that the number of complaints received from the trade and public regarding claims for compensation during the last five years is given below:

Year	No. of complaints received	No. of cases disposed of
1972-73	9499	9499
1973-74	8877	8877
1974-75	7909	7909
1975-76	7620	7620
1976-77	6878	6878

5.23. Settlement of claims for compensation is done by the concerned Zonal Railway. In so far as dealing with the complaints received in the office of the Ministry of Railways is concerned, it may be mentioned that all complaints received during the past five years (*viz.* 1972-73 to 1976-77 have been disposed of).

5.24. When the attention of the Ministry of Railways was drawn to the representation made to the Committee that there "is a general tendency for repudiation of claims either by inaction or long silence and claims are seldom settled until threat is held out for legal action", the Ministry in a note have stated:—

"This allegation is not correct. It is the constant endeavour of the railway administration to settle compensation claims as expeditiously, as possible. It is not their intention to force the claimants to resort to legal action."

5.25. It has been represented to the Committee by a number of reputed enterprises and organisations that the procedure for settling claims is lengthy and time consuming. There are inordinate delays and improper assessment of loss and damage. Letters and notices are not promptly attended to. From what they have heard from the representatives of the Chambers of Commerce and other organisations during the course of their study tours, the Committee gathered the impression that all is not well with the procedure for settling claims. The Committee would, therefore, suggest that a critical study of the procedure of working of the claims settlement organisation should be made through an Organisation and Methods expert and the procedure simplified and streamlined in the light of the study. The Committee also suggest that guidelines should be laid down clearly to ensure speedy disposal of work and the role and duties of each category of staff and officers should be properly defined so that the performance of each one of them can be properly evaluated and bottlenecks, if any, removed.

5.26. It has been suggested to the Committee that a time-bound programme should be laid down by the Railways for each stage of work to be done by the staff in the process of examination and settlement of a claim and officers should ensure observance of the time-schedule. This, in the opinion of the Committee, is a good suggestion and should be suitably incorporated in the detailed procedure of working of the claims settlement machinery as it will introduce an element of urgency at each stage and ensure expeditious disposal of claims.

5.27. The Committee note that, while acknowledging receipt of a claim, the claimant is asked to submit necessary documents such as shortage certificate, beejuk and other relevant information, if not already furnished. In order to avoid unnecessary correspondence in this regard, the claims authorities should insist on all the relevant documents to be appended to the claim application at the time of schedule. This, in the opinion of the Committee, is a good suggestion required and other instructions in this regard should be printed at an appropriate place in the application form and also put up at prominent places in the claims and other offices of the Railways and given due publicity by other means for the guidance of claimants.

5.28. The Committee cannot understand why Missing and Damage Report in respect of a booked consignment should be called from the station concerned only after the registration of a claim and why such a Report should not be sent automatically by the station concerned to the claim officer concerned after loss, damage or shortage comes to notice. Similarly, they are unable to appreciate why effort

to trace the missing consignment is initiated or notice on the adjoining Railway to trace the missing consignment is served only after the registration of a claim. If advance action is taken in such matters by the authorities concerned in anticipation of the claims being registered in due course, the disposal of claims can be speeded up. The Committee hope that this aspect will be taken care of while streamlining procedure.

5.29. It has been represented to the Committee that payments of claims are held up due to non-receipt of other railways' acceptance or confirmation even though claims on merit are admissible. The Committee would like the Railways to look into the matter and consider taking necessary steps to simplify the procedure in this regard.

5.30. The Committee are glad to note that the Ministry of Railways have responded favourably to the suggestion made by the trading circles that the Railways should accept applications for claims accompanied by "certified" copies of original documents and not insist on "originals" which may be submitted at the time of final settlement. The Committee hope that publicity will be given to this facility for the benefit of the public and necessary instructions in this regard will be issued to claims offices in all zones to ensure that this facility is extended to all the claimants without any hesitation.

5.31. It has been represented to the Committee that the period of 6 months allowed for lodging a claim should be counted from the date of delivery of the consignment and not, as provided at present, from the date of booking of consignment, as grant of open delivery and issue of shortage certificate by the Railway staff take time and consequently the time left at the disposal of the claimant is much less than six months. There is force in the reasons advanced in support of the suggestion. The consignments lost or mis-directed in transit would, of course, have to be dealt with differently. The Committee would like the Railways to extend the period so as, to give a clear margin of 6 months from the date of consignment for filing the claim.

5.32. The Committee have recommended elsewhere in this Chapter that payment in respect of a claim should be made within a day or two of the date on which decision to admit or pay the claim is given by the Claims Officer. The Committee find that, while the traders would like interest to be paid on unpaid amounts in respect of admitted claims in case of inordinate delay, the Ministry of Railways are not agreeable to this suggestion. In support of their stand, the Ministry have referred to Section 78(d) of the Indian

Railways Act which provides, inter alia, that a railway administration shall not be responsible for "any indirect or consequential damages or, for loss of particular market." The Committee see no bar in Section 78(e) to the payment of interest in such cases. There is hardly any excuse for inordinate delay in making payments after a claim has been admitted by Claims Settlement Officer or decreed by a court of law and in all fairness the Railways should make amends for the delay in such cases. If inordinate delay takes place, the responsibility for the delay should in any case be fixed and action taken against the defaulters. The Committee would also like the Railways to examine the practice obtaining in other Government Departments like Income-tax Department, where similar or near similar situations arise, and consider introducing a system of paying interest or giving compensation in some other form to the claimants.

5.33. A number of private sector organisations have stated that the Railways sit tight over claims cases till legal notices are served or legal proceedings are initiated. A public sector undertaking, while making a similar complaint has stated that there appears to be a "general tendency for repudiation of claims either by inaction or long silence and claims are seldom settled until threat is held out for legal action." The Ministry of Railways have stated that "this allegation is not correct." The Ministry have added that it is their constant endeavour to settle compensation claims as expeditiously as possible and it is not their intention to force the claimants to resort to legal action. The Committee consider it unfortunate that such an impression about the attitude of Railway Administration towards claimants, even if it is unjustified, prevails among trading and industrial circles in private and public sector. The Committee would like to reiterate that the Railways should give wide publicity to the measures taken by them to speed up claims settlement work and encourage public and private sector enterprises and organisations to bring long pending claims and other matters to the notice of highest Railway authorities in the respective zones who should look into them and take prompt and conclusive action.

5.34. The Committee find that an impression prevails amongst traders that the officers are hesitant in taking a decision on high value claims and they prefer such cases to go to courts. It is stated that when such cases are brought to the notice of the General Manager of the Zone concerned by the Chambers of Commerce and Industry, these are finalised "very quickly". The Committee are not happy at the senior officers evading the responsibility for deciding high value claims. They would suggest that, as is the practice in some places already, General Manager or other senior officers of

a zone should periodically hold meetings with the representatives of recognised organisations of traders and industrialists to discuss outstanding claims cases and to expedite their settlement across the table.

5.35. The Committee note with concern that the Minister of Railways and Railway Board have been receiving a large number of complaints regarding settlement of claims vide para 5.22 of the Report. The Committee would suggest that, after disposing of the complaints, the Ministry should critically analyse these complaints to find out the basic factors which give rise to these complaints and take steps to avoid similar complaints in the future.

5.36. Though the Committee in their 10th Report (1967-68) had recommended that there was need to compile a handbook on claims procedure for the guidance of the trading public and the Ministry in their Action Taken Note had informed the Committee in 1968 that "A Guide for Claimants has been prepared and arrangements are being made to publish it," the Committee regret to note from the handbook containing principles, rules and procedure for the preferment and disposal of claims which was supplied to the Committee along with Supplementary Material (February 1978) that it was published only in 1965. This clearly shows that not only has the Railway Administration done precious little to keep the claimants informed of the prevailing procedure for preferring claims, but it has also failed to implement an earlier recommendation of the Committee accepted by the Ministry. This is reprehensible. The Committee would like the inordinate delay in bringing out a handbook of rules and procedure for the preferment and disposal of claims to be enquired into and the Committee informed of the result. Responsibility should also be fixed for the lapse. The Committee would also like that the handbook may now be brought out without any further delay and copies made available to the trading public on payment and also supplied to scores of members of the Railway staff who are scattered all over the country and trying to grapple with the problems of claims on their own. The Committee expect that the handbook would be kept up-to-date by bringing out revised editions or issuing correction slips from time to time.

#### (b) Time taken for Settlement of Claims

5.37. It has been represented to the Committee by a number of public and private sector institutions that the time taken by Railways in settling claims is generally very long.

Fertilizer Corporation of India says:

"The time taken to settle claims in many case is inordinately

long; sometimes claims are not settled even upto 3 years which leads the claimants to file law suits to get their dues."

According to the Steel Authority of India:

"...The minimum time taken for settlement of claims is generally not less than one year. There are cases where claims have not been settled even after a period of 5 to 10 years from the time of preferring of claims."

The Indian Chamber of Commerce has stated:

"Railway Officers at lower levels take inordinately long time to prepare the ground work for disposal of claims cases by themselves and by higher officers as well.....Settlement of cases within the time limit is the exception rather than the rule."

Bharat Chamber of Commerce says:

"...The usual grievances against settlement of claims may be briefly summed up as follows:—

- (a) Inordinate delay in settlement of claims;
- (b) Unusual delay in payment even after settlement;"

According to the Associated Chamber of Commerce:

"The duration taken for settlement of claims shows considerable variation from one claimant to another. Barring the case of a sanitaryware manufacturer in north who has had no major difficulty in getting his claims settled in about a month or two, in all other cases the time taken was considered unduly high running from 8 months to over two years."

5.38. With regard to the time taken for settlement of claims, representatives of Chambers of Commerce and Public Undertakings stated during evidence that:—

"No doubt, they say instructions have been issued to do it in three months. They justify by figures also. But, by and large, even today there is no improvement in the settlement of claims.....We would suggest that the period of 90 days should be sacrosanct. If the claim is field fulfilling

all requirements then it should be accepted or rejected within 90 days. In such claims where two or three railways are involved the time-limit should be 20 days. They say that they have done it but there is no checking." (Bharat Chamber of Commerce).

"We have been insisting from time to time that there should be time limit for settling certain claims. We have not given any cut and dried time limits, but these could be arrived at." (Associated Chamber of Commerce).

"By and large, the experience seems to be that it takes about 2 years. I feel, six months or so should be the normal time to settle the claims." (Coal India Ltd.).

5.39. When asked to state whether any time limit had been prescribed for settling claims, the Ministry of Railways have stated that according to extent Instructions issued by the Railway Board average time taken for settlement of claims should not exceed 30 days. These instructions have been reiterated to the Zonal Railways recently. The Minister for Railways in his Budget Speech for 1977-78 also stated that even in individual claims cases the time taken for settlement should not normally exceed six weeks.

5.40. A table showing the average time taken in days in the settlement of claims on each Zonal Railway during the last five years is given below:—

Railway	1972-73	1973-74	1974-75	1975-76	1976-77
Central	39	35	38	36	35
Eastern	66	67	65	58	56
Northern	43	43	44	47	76
North-Eastern	79	61	50	44	45
North-East Frontier	38	39	39	38	44
Southern	29	29	33	38	48
South Central	30	30	30	30	45
South Eastern	67	93	93	83	93
Western	30	31	44	44	44
All Railways	49	50	51	50	55

5.41. The Ministry have further stated that by and large compensation claims are disposed of at a reasonable speed and all possible steps are taken by the Zonal Railways to ensure that there are no avoidable delays in disposal and settlement of claims. However, in certain types of cases, particularly involving heavy amounts, settlement is prolonged for unavoidable reasons. For instance, claims arising from traffic booked over a number of railways in succession and involving transshipment en-route take a longer time to complete enquiries. Settlement in some cases is also held up on account of non-submission of essential documents such as original railway receipt, beejuck, letter of authority etc., which are essential for verification of claims. Delays also occur in cases where some criminal offence is suspected and the matter is investigated by police. It is the consent endeavour of the railways to settle claims as early as possible.

5.42. The following statement shows the number of claims which remained pending for more than (i) three months, (ii) six months, (iii) one year; and (iv) more than one year for each of the last 5 years Zone-wise and the total number of such cases pending at the end of each year:—

*Central Railway*

	As on 31-3-73	As on 31-3-74	As on 31-3-75	As on 31-3-76	As on 31-3-77
1. Claims over three months but less than six months old .	1062	1572	1623	838	912
2. Claims over six months but less than one year old .	148	311	309	158	215
3. Claims over one year old .	36	50	49	55	57
TOTAL . . . . .	1246	1933	1981	1051	1184

*Eastern Railway*

1. Claims over three months but less than six months old .	4673	3181	4035	3196	1581
2. Claims over six months but less than one year old . .	2557	1967	2614	2419	1190
3. Claims over one year old	1139	1275	1630	1195	386
TOTAL . . . . .	8369	6423	8279	6810	3157



*Northern Railway*

1. Claims over three months but less than six months old .	1333	1334	1408	3513	1852
2. Claims over six months but less than one year old .	257	309	255	1346	788
3. Claims over one year old	42	43	9	123	253
<b>TOTAL . . . . .</b>	<b>1632</b>	<b>1686</b>	<b>1672</b>	<b>4982</b>	<b>2893</b>

*North Eastern Railway*

1. Claims over three months but less than six months old .	834	637	737	515	216
2. Claims over six months but less than one year old .	787	382	990	298	147
3. Claims over one year old	386	157	09	47	26
<b>TOTAL . . . . .</b>	<b>2007</b>	<b>1176</b>	<b>236</b>	<b>860</b>	<b>389</b>

*North-East Frontier Railway*

1. Claims over three months but less than six months old .	2072	2142	1031	620	101
2. Claims over six months but less than one year old .	1086	460	295	77	130
3. Claims over one year old	7	..	..	..	150
<b>TOTAL . . . . .</b>	<b>3165</b>	<b>2602</b>	<b>1326</b>	<b>697</b>	<b>381</b>

*Southern Railway*

1. Claims over three months but less than six months old .	308	865	873	1246	560
2. Claims over six months but less than one year old .	169	287	545	687	506
3. Claims over one year old .	34	31	95	254	81
<b>TOTAL . . . . .</b>	<b>511</b>	<b>1813</b>	<b>1513</b>	<b>2187</b>	<b>1147</b>

*South Central Railway*

1. Claims over three months but less than six months old .	517	830	705	1113	356
2. Claims over six months but less than one year old .	223	331	457	622	145
3. Claims over one year old .	54	51	100	156	100
<b>TOTAL . . . . .</b>	<b>794</b>	<b>1212</b>	<b>1262</b>	<b>1891</b>	<b>601</b>

*South Eastern Railway*

1. Claims less than over three months but less than six months old	3463	2947	3525	1731	1446
2. Claims over six months but less than one year old	5451	3525	3427	2343	1505
3. Claims over one year old	3378	4899	4425	2965	869
<b>TOTAL</b>	<b>12292</b>	<b>11371</b>	<b>11377</b>	<b>7039</b>	<b>3820</b>

*Western Railway*

1. Claims over three months but less than six months old	397	764	879	944	526
2. Claims over six months but less than one year old	157	142	245	470	132
3. Claims over one year old	13	2	4	54	4
<b>TOTAL</b>	<b>567</b>	<b>908</b>	<b>1128</b>	<b>1468</b>	<b>662</b>

*All Indian Railways*

1. Claims over three months but less than six months old	14659	14272	15416	13716	7550
2. Claims over six months but less than one year old	10853	7714	8537	8420	4758
3. Claims over one year old	5089	6508	6421	4849	1926
<b>TOTAL</b>	<b>30583</b>	<b>28494</b>	<b>30374</b>	<b>26985</b>	<b>14234</b>

5.43. When asked to indicate the position of over 3 months old claims cases as on 31-12-1977, the Ministry furnished the following information:

Railway	3-6 months old	6-12 months old	over 12 months old	Total
Central	511	71	19	601
Eastern	833	517	334	1684
Northern	911	239	22	1172
North Eastern	63	21	9	93
North-East-Frontier	87	46	23	156
Southern	19	1	13	33
South Central	38	3	3	44
South Eastern	944	1113	340	2397
Western	164	3	..	167
<b>TOTAL</b>	<b>3570</b>	<b>2014</b>	<b>763</b>	<b>6347</b>

5.44. The Ministry of Railways have stated that the number of over 3 months old claims cases pending with the Railways has been brought down by over 50 per cent from 31.3.1977 to 31.12.1977.

5.45. The Ministry of Railways have also stated that the average time taken for settlement of claims on the Indian Railways during April—December 1977 has been 48 days. As regards the total number of claims cases registered during April—December 1977, the number of cases settled within a period of 6 weeks, the Ministry of Railways have stated that 2,96,974 claims were registered during April—December, 1977. It is not possible to indicate the exact number of cases settled within the period of 6 weeks. However, 67 per cent cases on Central and Eastern Railways, 70 per cent cases on Northern Railway, 64 per cent cases on Southern Railway, 74 per cent cases on Western Railway and 80 per cent cases on South-Central Railway were settled within 6 weeks during April—December, 1977.

5.46. When asked whether the Ministry have taken any further measures to ensure that claims are settled within the prescribed period of 30 days, the Ministry of railways have stated that the Mobile Claims Offices have been introduced to facilitate quick and 'on the spot' settlement of claims cases, which do not present any complicated features, at the important stations themselves. The machinery for settlement of claims has been streamlined through decentralisation and enhancement of powers of claims settlement officers to enable them to take on the spot decisions.

5.47. During the course of Railway Budget in Feb., 1978, the Minister of Railways spoke thus on the settlement of claims:—

"While introducing the Railway Budget in June 1977, I had assured the House of a qualitative improvement in the disposal of claims. In June 1977, we had nearly 13,500 claims cases pending for three months or more. I am happy to inform the House that in the last seven months this figure has dropped down to 6,347. Settlement of these cases has been held up for compliance by the claimants in regard to production of documents or establishment of title. The machinery for settlement of claims has been streamlined through decentralisation and enhancement of powers of Claims Settlement Officers. As a result of this drive, the average time taken for settlement of claims has now come down to 48 days and we will soon reach our objective of settling claims within 6 weeks."

5.48. It had been suggested to the Committee that there should be a review Committee consisting of local officers and representatives of traders at every major station which should review the cases of delay in settlement of claims every 3 months with a view to expediting their settlement. While appreciating the suggestion, the Ministry of Railways have offered the following comments:—

“...If a reviewing Committee is formed at Divisional level/ each major station, it may not be possible to achieve effective coordination between the claims office and the various units. As it is, there are Station Consultative Committees at important stations on which representation is given to Rail Users, including trading community. At periodical meetings of Divisional Railway Users' Consultative Committee, all aspects of commercial working including matters pertaining to compensation claims are raised and discussed for corrective action. In addition, frequent discussions of pending cases are often held between the representatives of major industrial units and such other organisations as Food Corporation of India, State Trading Corporation etc. This apart, claimants are always welcome to discuss their pending claims with the claims officers. In view of the position explained above, formation of a separate Reviewing Committee is not considered necessary.”

5.49. Elaborating the point further, the representative of the Ministry of Railways stated during evidence:

“I think we should not get into this sort of thing. The responsibility is clearly on the Railways, and that is where it should rest. The Railways should not run away from it. They should accept the claim and pay it—We are coming down to 42 days. We would not like to have a claim hanging on for three months. It is only in exceptional cases, and there also three months is outside. At all our big stations we have consultative committees. They centre round goods and parcel so those committees will take them. In fact they do it.”

5.50. On a suggestion made to the Committee that if decision on a claim is not communicated to the claimant within a reasonable period, to be prescribed by the Railways, the liability to pay compensation for the claim should *ipso-facto* devolve on the Railways, the

representative of the Ministry of Railways during evidence before the Committee stated:

"It would be a very dangerous thing to do. The liability would be very great. We will see that payments are made on time."

*Payment of Claim amounts to Claimants after Settlement*

5.51. Asked to state whether any time limit has been prescribed or making payment of claims amounts to claimants after—

- (i) the case is settled by the railway authorities;
- (ii) the case is decreed against the Railways, by the courts; and
- (iii) whether payments are actually made within the prescribed period;

the Ministry of Railways in their replies have stated that no definite time limit is prescribed for making payment after the claim has been accepted and final sanction given by the competent authority. But according to extent instructions pay orders/cheques/money orders for the accepted amount of claim must be despatched without delay. This aspect is also specially watched by the Claims Officers. In respect of cases decreed by the courts, attempts are made to obtain the copies of judgements from the courts as expeditiously as possible. The judgements are thereafter scrutinised and if considered necessary, action is taken to file appeals in consultation with the Law Officers. If however, a decision is taken not to go in for an appeal, payment in satisfaction of the decree is made without delay. The special drive to expedite settlement of claims has a salutary effect on actual payment of claims also at every stage.

5.52. Elaborating the point further, the representative of the Ministry of Railways stated during evidence:—

"...there is no time limit as such. The moment the decision is taken to pay a claim, then we pay it as fast as we can. It should be in about 10 days time if a pay order is given, and in the case of a cheque being issued, it will be about 20 days...."

5.53. On the question of time schedule for settlement of claims and the average time taken for finalisation of cases, some of the Zonal Railways informed the Committee as follows:—

## I. Northern Railway

On the Northern Railway the average time taken for finalisation of cases is as follows:

Year	Average time taken (in days)
1976-77	76·2
April, 1977	67·3
November, 1977	43·8
December, 1977	52·9

While administrative orders for finalisation of claims cases are in 42 days yet in this there are constraints.

At present payment of compensation claim is restricted to budgeted amount. No extra payment is possible even to the extent the railway is able to realise value of the goods from the parties to whom the consignment has been misdelivered or to the extent amount is realised by disposal of unconnected and undelivered goods. It is suggested that the Railways be empowered to make payment over and above the budgeted amount to the extent it is able to realise from the parties to whom consignments have been misdelivered and to the extent sale proceeds are realised from sale of unconnected and undelivered goods within the same year.

## II. Eastern Railway

The average time in days for settlement of a claim on the Eastern Railway has come down sharply in the recent months as the followings figures will indicate:

	1974-75	1975-76	1976-77	1977-78
April	66 days	61 days	56 days	50 days
May	69 days	59 days	59 days	50 days
June	66 days	60 days	55 days	51 days
July	64 days	52 days	59 days	50 days
August	65 days	59 days	58 days	49 days
September	67 days	58 days	54 days	48 days
October	67 days	60 days	55 days	45 days
November	65 days	56 days	53 days	36 days
December	63 days	55 days	54 days	36 days

It will be seen that during November, 1977 and December, 1977 the average time taken has been as low as 36 days as compared to 53 and 54 days during the corresponding months of last year. The average time taken for disposal of claims in Danapur Division is even better; in Patna Claims Office the average time is at the level of 11 days for the last few months.

5.54. The Committee are informed by the Ministry of Railways that according to extant instructions average time taken for settlement of claims should not exceed 30 days. Even in individual claims cases, according to the announcement made by the Minister for Railways in his budget speech in 1977, the time taken for settlement should not normally exceed 6 weeks. The Committee find that in 1976-77 the average time taken for settlement of claims was 55 days, which was the highest during the last 5 years. The Minister of Railways, in his budget speech in 1978, has stated that the machinery for settlement of claims has been streamlined through decentralisation and enhancement of powers to Claims Settlement Officers and as a result of this drive the average time taken for settlement of claims has now come down to 48 days and that "we will soon reach our objective of settling claims within 6 weeks." This reinforces the view of the Committee expressed elsewhere in this Report that instead of ruling out further decentralisation as intended by the Ministry, the process of decentralisation should be carried further judiciously in order to accelerate the speed of settlement of claims and also to provide relief to the claimants staying for off from the zonal Headquarters.

5.55. In spite of the improvement claimed by Railways in reducing the average time taken in settling claims from 55 days in 1976-77 to 48 days in 1977-78, the Committee cannot but take cognizance of the common complaint of public and private sector enterprises and institutions that Railways take unduly long time in settling claims. It is stated that the "settlement of claims within the time limit is the exception rather than the rule" and that generally the time taken ranged "from 8 months to over two years." Some cases, according to a prominent public sector undertaking, have and been settled even after a period of 5 to 10 years from the time of preferring claims. It is unfortunate that what the Railways claim to have achieved in this field has left the trade and industry unconvinced

and unsatisfied. Obviously much more has yet to be done to see that the results of efficiency brought about the Railways percolate down to the ground level and are seen by their clients. The Committee feel that public and private sector enterprises and institutions should be informed of the efficiency brought about by the Railways in the working of claims settlement machinery and these institutions and enterprises encouraged to bring to the notice of high authorities in the respective zones the cases of inordinate delay in the settlement of claims. The Zonal authorities should then direct all their energies at disposing of the pending cases without delay as it is only by practical demonstration rather than by claims on paper that the Railways' claim to have brought down the average period of settlement of claims to 48 days can carry conviction with the trade and industry.

5.56. The Committee are happy to note that the number of claims pending for over 3 months in 1976-77 was the lowest in last 5 years though they cannot reconcile it with the fact that the average time of 55 days taken to settle claims in this year was the highest. As against 30,374 such cases pending at the end of 1974-75 and 26,985 at the end of 1975-76 the number of such cases pending at the end of 1976-77 declined to 14,234. The position as on 31-12-1977 has shown further improvement in that the number has slumped to 6347. While the Committee are satisfied at this improvement in the efficiency of the claims settlement machinery, they find that the performance on all the Zonal Railways has not been uniformly good during 1976-77. In Central Railway, for instance, the number of claims pending for over 3 months at the end of 1976-77 was higher by 12 per cent than that at the end of 1975-76. In Northern Railway the number of cases pending for over one year in 1976-77 increased by more than 100 per cent as compared to previous year. In North-East Frontier Railways, the number of cases pending for over six months but less than a year showed an increase of 69 per cent and number of cases pending for over 1 year was 150 as against nil during the last 4 years. The Committee, however, note that the position on these Railways also has improved in 1977-78. The Committee feel that if continuous improvement has to be ensured so as to achieve the target of settling claims within an average period of 30 days and a maximum period of 42 days, the Railway Board should keep the performance of claims settlement organisations of Zonal Railways under constant review and not relent until each one of the Zonal Railways reaches the targetted level of efficiency and is in a position to maintain that level.



5.57. The Committee considers that it would be helpful if the details of average time taken in the settlement of claims zone-wise are published in the Annual Report of the Ministry of Railways.

5.58. From the information furnished by the Northern Railway and the budget speech (1978) of the Minister of Railways, it appears there is some mix-up about the average and maximum time limits laid down by Railway Board for settlement of claims. While according to the instructions issued by the Ministry of Railways, "the average time taken for settlement of claims should not exceed 30 days", and according to the budget speech of the Minister of Railways (1977) as reported by the Ministry in Preliminary Material, "even in individual claims cases, the time taken for settlement should not normally exceed six weeks", the note furnished by the Northern Railway and the Budget Speech of the Minister (1978) conveys an impression that the objective before the Railways is to settle claims within an average time of 6 weeks. The Committee would like the apparent confusion in this regard to be removed forthwith for the guidance of the Zonal Railways and the position made clear beyond any doubt that while the objective is to dispose of claims within an average time of 30 days, the individual cases, the time to settle claims may exceed 30 days but not 2 days.

5.59. The Committee are informed that at all big stations there are Station Consultative Committees at important stations who among things, review and discuss matters regarding movement of goods traffic. The Committee suggest that these Consultative Committees should be enabled to review specific cases of delay in settlement of claims every 3 months and the extension of their jurisdiction in this regard should be made specifically known to them.

5.60. The Committee are informed that though no definite time limit has been fixed for making payment after a claim has been accepted, "pay order" for the accepted amount is expected to be remitted in about 10 days time and the cheque in about 20 days time after the decision has been taken to pay a claim. The Committee see no reason why it should take 10 to 20 days to remit "pay order" or cheque and why it cannot and should not be done within a day or two after the claim is admitted. The Committee would like the Ministry of Railways to streamline the system of making payments for accepted claims so as to ensure that payments are made without delay.

5.61. The Committee are also informed that in respect of cases decreed by the court, the judgment of the courts are scrutinised and if it is decided not to go in for an appeal, payment in satisfaction of the decree is made without delay. The Committee are strongly of the opinion that a time limit should be fixed within which a judgment of the court after receipt of a copy thereof is scrutinised and decisions taken as to whether or not an appeal has to be filed against the decree of the court or not. Without such a time limit the matter within the Department may not be pursued with due sense of urgency and any delay at this stage will be doubly unfair to the claimant if, after having lost his consignment and won the court case, he is required to wait indefinitely for receiving payment.

5.62. The Committee also note from the information furnished by the Northern Railway that a present payment of compensation claims is restricted to budgeted amount and no extra payment is possible. This lends credence to the representation made to the Committee, that, even after claims are admitted or decreed, payments are delayed by the Railways. In the opinion of the Committee, there is no legal or moral ground to delay payment of Compensation to the claimants whose claims are admitted by Claims Settlement Officers or decreed by courts, at a time when budgeted amount with the Railways might have been exhausted. The Committee strongly urge that delay on this ground is wholly indefensible and should never be allowed to occur and additional funds must be arranged to settle the accepted claims of such claimants.

5.63. The Committee are not in favour of the suggestion made by some representatives of trade and industry that if a decision on a claim is not communicated to the claimant within a reasonable period, the liability to pay compensation should, ipso facto, devolve on the Railway. But they do feel that the Railways should devise a system that in case a decision is not taken on a claim within a reasonable period, say 6 months, detailed reasons for the delay and the time likely to be taken in coming to a decision on the claim are explained to the claimant soon thereafter.

### (c) Rejection of Claims

5.64. The tables at Appendices III and IV indicate the number of claims received, amount claimed and the number of claims admitted and the amount paid, in all the Indian Railways during the years 1972-73 and 1976-77.

5.65. The following are the main reasons for the rejection of the claims, according to the Ministry of Railways:

1. Under Section 73 of the Indian Railways Act, the railway is not liable for loss, damage, etc. arising out of the 9 causes listed in Chapter I of the report except when any loss, damage etc., arising due to any of these causes could have been avoided had the Railway used reasonable foresight and due care.
2. When goods are booked at 'Owners Risk Rate' and no negligence or misconduct on the part of the Railway is proved.
3. When prescribed packing condition is not complied with by the consignor and forwarding Note bears a remark to that effect.
4. Claims in respect of certain valuable and/or fragile articles like Silk, Nylon, Terrycot, Camera, Photographs, Transistors, Radios, TV sets etc. which are included in the Second Schedule of the Indian Railways Act are not admitted for payment if the value of such goods in any particular package or box exceeds Rs. 500/- unless the contents/value thereof has been declared in writing at the time of booking of these goods by the consignors and a surcharge (generally known as percentage charge/insurance charge) is paid on these goods.
5. Claims are also repudiated when it is found that the claimants have not actually suffered any loss or when they have no title to receive a claim.
6. When it is proved that damage is due to the inherent vice of the commodity.
7. When claims are not preferred within 6 months from the date of booking as stipulated under Section 78B of the Indian Railways Act.
8. When 'said to contain' Railway Receipt has been issued and the loss is noticed from booking station Seals Intact wagon.
9. When the goods have reached destination within the normal transit time.

10. Where the loss, damage, etc., has taken place directly on account of short loading, negligence or act of omission or fraud on the part of the consignor or consignee.

5.66. The statistics pertaining to the claims received and paid and the balance left over at the end of a particular financial year, are given below:

Year	No. of claims received	No. of claims settled by payment	Closing Balance as on 31st March
1972-73	6,76,917	3,10,778	83,290
1973-74	6,27,113	2,90,065	75,993
1974-75	6,68,896	2,84,320	84,287
1975-76	6,32,973	2,69,674	68,128
1976-77	3,77,129	1,65,119	37,947

5.67. In a number of memoranda submitted to the Committee by some of the Public Sector Undertakings and Chambers of Commerce and Industry, the following views have been expressed about rejection or reduction of their claims:

"Many of the claims officers try to repudiate claims by adducing reasons like "the claim is time-barred", "loading not supervised by the Railway", "The R/R was a qualified one with the remark 'said to contain'", "the wagon in which the consignment was loaded was fit in all respects; therefore the goods must have been damaged before loading" and so on. Whilst these replies may be correct in some cases, in several cases the reasons may not be correct and are mere excuses to repudiate a claim." (Fertilizer Corporation of India).

"The reasons indicated to the parties are of routine nature and do not reveal that adequate attempt has been made by the Railways to exercise full powers vested with them in settlement of claims." (Steel Authority of India).

"All railway officials do not give reasons and the reasons when given are not always convincing.... The reasons should be made more detailed and to the point." (Bharat Coking Coal Ltd.)

"The reasons furnished for rejection/reduction of claims are often not sound and arbitrary. Most common reasons for rejection of claims are:—

- (i) The claim was not preferred within 6 months from the date of booking;
- (ii) Packing conditions P. 17 were not complied with." (Central Coalfields)

"Railway Officers do not always give reasons; in cases where reasons are given they do not have any bearing or relation with facts." (Indian Chamber of Commerce)

"It is observed that no reasons are given when claims are settled for lower amounts. The railway authorities do not give a convincing answer as to the reduction in the amount of claim settled despite repeated representations which only confirms the suspicion of the trade that such settlements were purely on *ad hoc* basis or on subjective considerations." (Associated Chamber of Commerce and Industry).

5.68. Explaining the position with regard to the percentage of claims rejected, the representative of the Ministry of Railways added:

"In the case of rejections, I would suggest that rather than the basis that has been adopted of rejections against the number of registrations, we should take the rejections against the total number of claims settled in a year. That is really the percentage that matters. Even there, there has been an increase...."

"The number of claims registered is merely what is preferred by claimants and what is entered into our books. They may not be the claims disposed of in the year. Some claims may be relating to earlier years. The statistics by which we can really go by are, out of the claims disposed of in a year, firstly, how many we have paid; secondly how many are closed by other than payment; that is,

delivery of goods; and thirdly how many by repudiation, that, is, rejected. That is the figure that we should go by. The figure was 36.7 per cent in 1974-75; it went upto 39.8 per cent in 1975-76 and it went up further to 42.3 per cent in 1976-77. Certainly there has been increase.

...we have gone into it. In fact, what we did was that we took up the railways where we thought the rejections were going up rather sharply or where they were already high or where the position was not quite satisfactory. The reasons for rejection may not have been very sound or on a very ethical ground. We do not want this thing to happen. We have written to the railways that they must be very honest in dealing with the claims. If it is a due claim, it must be paid and, if it is not, and the railways are satisfied, then only should it be rejected.

...As I said, the figures of rejection certainly show that there is a small increase from 36.7 per cent to 39.8 per cent and rose upto 42.3 per cent. I have got with me the latest figure for 1977-78 and we are back again below 40 per cent actually it is 39.9 per cent. As I said, there were some railways in which the increase was rather precipitous and we are investigating into it."

**5.69.** From the memoranda submitted to the Committee by public sector and private sector institutions, the Committee find that these institutions have a grievance that the reasons for repudiation or reduction of claims are not given in all cases and where all the reasons are given, these are often not sound and convincing. It is unthinkable that a claims officer who is supposed to act in quasi-judicial manner while disposing of a claim should repudiate or reduce the claims without recording adequate reasons. The Committee would urge upon the Ministry of Railways to look into this matter and ensure that no claim is repudiated or reduced arbitrarily and reasons in support of the decision of the claims officer are recorded and communicated to the claimant to enable him to decide the future course of action on such claims.

**5.70.** From the statistics furnished by the Ministry, the committee find that out of over 6 lakhs claims received every year during the four years from 1972-73 to 1975-76, only about 3 lakhs claims were settled by payments during each of the respective years. In 1976-77 out of nearly 377000 claims received only about 165000 were settled by payment. It is also seen that as against an amount ranging bet-

ween Rs. 160 crores and Rs. 87 crores claimed every year as compensation, the amount actually paid ranged between Rs. 12 crores and Rs. 15 crores. This gives an impression that a very large percentage of claims are rejected every year, and amount of compensation is substantially reduced even in those cases where claims are admitted. The representative of the Ministry of Railways explained during evidence that as all claims registered in a particular year are not settled during the same year, the percentage of rejected claims should not be worked out with reference to the claims received in a particular year but it should be worked out with reference to the claims settled in that year. Even according to this criterion the representative of the Ministry admitted that percentage of rejection went up from 36.7 per cent in 1974-75 to 39.8 per cent 1975-76 and to 42.3 per cent in 1976-77. It came down to 39.9 per cent in 1977-78. The Ministry of Railways have written to the Zonal Railways asking them to be very honest in dealing with the claims. The Committee feel that even a rejection rate of nearly 40 per cent appears to be rather abnormal especially when it is viewed in the background of the amount of compensation paid vis-a-vis the amount claimed. The Committee feel that the Ministry of Railways should make a study of this phenomenon to satisfy themselves as well as the business and trading circles that the claims are not arbitrarily repudiated or reduced. The Committee would like the result of this study to be communicated to them as soon as the study is over.

#### (d) Claim Settlement Machinery

5.71. The Claims Organisation at the level of Railway Board comprises of Member Traffic, Additional Member Traffic, Director Traffic assisted by a complement of other staff. In the case of Zonal Railways, the position is as follows:

##### *I. Northern Railway*

The Claims work on the Northern Railways is being done in the Headquarters Office at New Delhi, Varanasi, Jodhpur and Bikaner.

##### *II. Southern Railway*

The Claims Organisation of the Southern Railway is functioning at two places, viz., Madras and Tiruchirappalli.

In the case of Central Railway, North Eastern Railway, North-East Frontier Railway, South Eastern Railway and Western Railway the claims work is centralised in the Headquarters Office.

5.72. In addition, the following officials in the Western Railway have been delegated powers to settle claims as under:

- |  |  |
|--|--|
| 1. Area Superintendent   | All claims (excepting coal) upto Rs. 5000/- pertaining to traffic booked to stations in Ahmedabad area.                                    |
| 2. Divisional Commercial Supdts./Asstt. Comml. Supdts.<br>Ratlam, Kota, Jaipur, Ajmer, Bhawnagar and Rajkot. | Claims upto Rs. 500/- (excepting coal) in respect of their Headquarter stations in some cases other important stations on their Divisions. |
| 3. Goods Superintendent/Carnac Bridge.   | Claims upto Rs. 100/- on the goods traffic terminating at Carnac Bridge.   |
| 4. Station Masters of 29 principal stations.   | Claims upto Rs. 200/- in each case in respect of traffic booked to their stations.   |

### *Railway Board.*

5.73. The Railway Board functions as a corporate body, to advise the Minister on all major questions of Railway policy. So far as payment of compensation claims on account of loss, damage etc., of goods booked on Railways is concerned, the financial budget for the expenditure to be incurred in each financial year is finalised by the Railway Board in consultation with the Zonal Railways and sanction of the Parliament for incurrence of expenditure is obtained and communicated to the Railways.

5.74. With a view to ensure proper settlement of claims and prevent loss and damage to consignments carried by the Railways suitable directives are issued to the Zonal Railways from time to time.

5.75. In the matter of settlement of claims for compensation guidelines are issued to the Zonal Railways from time to time. Whenever any clarification is sought for by the Zonal Railways, the matter is considered in Board's office and suitable clarifications are issued to the Zonal Railways.

5.76. Periodical meetings are held by the Railway Board with the General Managers of the Indian Railways and at times questions relating to claims for compensation are also discussed in these meetings.

5.77. Cause-wise and Commodity-wise statistics of compensation claims, received from the Zonal Railways, are properly maintained and analysed in the Board's Office for watching the trend of payment of compensation claims and taking appropriate preventive measures.



5.78. The Computer Centre of the Railway Board helps in linking missing wagons with unconnected wagons on the basis of information sent by the Divisional Offices. A fortnightly movement of all B.G. wagons across the Interchange points and selected yards on the Indian Railways system is also printed and sent to the Zonal Railways for tracing movement of any individual wagon which is delayed in transit.

### *Zonal Railways*

5.79. In respect of consignments booked on Railways, Indian Railways Act clearly spells out the liability of the Railways in the event of loss, theft, pilferage, damage, deterioration etc. Keeping in view the statutory liability of the Railways, all representations against delay in settlement, short payment, repudiation of claims etc., are to be dealt by the concerned Zonal Railway Administration. With a view to ensuring prompt and correct disposal of claims and to ensure that the incidence of claims arising out of various causes are reduced to a minimum, the following role is played by the Zonal Railway Headquarters:

- (i) to see that all claims letters are acknowledged and cases opened without any delay.
- (ii) to ensure that there is no delay in expeditious and correct settlement of payable claims.
- (iii) to see that the powers for settlement of claims vested in Officers/Station Masters and Inspectors are exercised in a judicious manner.
- (iv) to keep a watch on the claims work done in offices other than the Headquarters office on some Railways.
- (v) to review from the claims statistics the position regarding the receipt of new claims and pending claims and their expeditious disposal.
- (vi) To see that clear and prompt instructions are given to the Railway Advocates for dealing with court cases.
- (vii) to hold periodical meetings with the sub-ordinate officers/Inspectors in matters of settlement of claims and prevention of claims.
- (viii) to arrange seminars where the field staff is given the opportunity of discussing all matters connected with prevention of claims.

- (ix) to arrange Claims Prevention Weeks on the Zonal Railways for educating staff in the correct observance of various claims prevention measures.
- (x) to arrange spot checks by Officers/Inspectors at various goods sheds, parcel offices, transshipment points and yards, to ensure that the staff follow the rules for acceptance, booking, loading, transit and delivery of goods booked by the Railways.
- (xi) to issue from time to time instructions to the staff for dealing with claims etc.
- (xii) co-ordination meetings are held by the Chief Claims Officers with the other Heads of Departments namely Mechanical, Operating and Security. Similarly coordination is maintained by other officers of the Claims Organisation with their counterparts in the other departments from the claims prevention aspects.
- (xiii) coordination meetings to be held by the Chief Claims Officer of one Railway with the Chief Claims Officers of the other Railways to discuss claims prevention matters as well as expedite settlement of old pending case.
- (xiv) to prepare a monthly Claims Prevention Review to be submitted to the Railway Board, highlighting therein various aspects of Claims Prevention work and action taken on the irregularities in working of staff, which give rise to claims, also indicating therein the studies or surveys made from time to time for identifying the trend in claims on the individual railway.
- (xv) to watch the matching of overdue and unconnected consignments and arrange for expeditious tracing of overdue consignments.
- (xvi) to exchange important measures adopted by a Railway leading to the reduction in the incidence of claims with other Railways for their adoption.

### *Claims Prevention Organisation*

5.80. The Claims Prevention Organisations on the Zonal Railways are functioning under the overall control of a Senior Administrative Grade Officer designated as Chief Claims Officer. The functions of the Claims Prevention Organisation are to guide the field staff who are concerned with acceptance, booking, loading, transport and delivery of the goods offered for carriage. This organisation deals with all aspects of claims prevention arising out of compensation claims, maintenance of claims statistics, tracing of unconnected consignments, functioning of Lost Property Offices, disposal of unclaimed goods, coordination with Security Department. Claims Prevention Inspectors are deputed to make on-the-spot checks to see whether the staff understand the instructions about observance of claims prevention measures issued from time to time, guiding and educating staff in their observance, arranging seminars etc., arrange safe and speedy carriage of goods booked on the Railways, through proper coordination with the Operating, Mechanical and Security Branches of the Zonal Railways.

#### **(e) Decentralisation of Claims Work**

5.81. The following comments have been made by certain Chambers of Commerce and Public Sector Undertakings on the question of delegation of powers to officers at various levels with a view to expediting settlement of claims:

- (i) "...it is suggested that Assistant Claims Officer, Senior Claims Officer, Deputy Chief Commercial Superintendent (Claims), Chief Commercial Superintendent (Claims) should be delegated powers to settle the claims upto certain limits without concurrence of Finance and full powers at the level of Chief Claims Officer for settling the claims with the concurrence of Finance. The financial limits may be decided by the Railways but these should be such as to avoid delays in settlement of majority of the small cases at the lower level. (Steel Authority of India)
- (ii) "We feel that under the divisional system of operation of the Zonal Railways the settlement of claims should be preferably at divisional headquarters. Registration of claims should be at the Divisional level and so also the final settlement of claims. Even the location of various

offices of the claims settlement section causes considerable delay as for example in the case of South Eastern Railways while the claims office is situated at Dalhousie Square, the Office of the Chief Claims Officer is at Strand Road and that of FA and CAS's Section at Garden Reach." (SAIL)

- (ii) "We are not quiet satisfied with the present system of delegation of powers to officials at various level to entertain and settle claims.....we would like greater delegation to lower levels. In fact, we suggest that the claims cases valuing upto Rs. 5,000/- atleast be decentralised at the Divisional Headquarters level and petty cases upto Rs. 500/- at the Station Masters/Head Goods Clerks/ Head Parcel Clerk's levels." (Bharat Coking Coal Ltd.)
- (iv) "The present system of delegation of powers may continue. The claims cases should be dealt with from the initial point by an Officer who enjoys the requisite delegated power. Putting up of cases from below to higher officers is the root causes of red-tapism. Further, it is suggested that as far as possible powers should be delegated to one Officer at one level to entertain as well as to settle claims." (Indian Chamber of Commerce)
- (v) "Apart from better staffing of the Claims Division/ Section, there should be greater delegation of authority and wider decentralisation of power down the administrative hierarchy with reasonable safeguards. In view of steep rise in prices and valuation of goods, the financial authority at different level prescribed several years back need upward revision." (Bharat Chamber of Commerce)

5.82. On the question of greater delegation of authority and wider decentralisation of power down the administrative hierarchy with reasonable safeguards, the President of the Bharat Chamber of Commerce during his evidence before the Committee stated:

"....The decentralisation of power with adequate monetary authority is very essential. Our suggestion is that at the Station Master's level, claims upto one thousand rupees should be decided. Beyond this limit, the power of settlement of claims beyond the value of Rs. 1000/- is concentrated on the Headquarters. The power of settling the claims should also be vested at the district level."

5.83. The Ministry of Railways have stated that the powers delegated to various officers for settlement of claims on the Zonal Railways are as under:

Designation of Officer	Extent of powers delegated
	Rs.
General Manager .	Unlimited
Chief Claims Officers/ Chief Comml. Supdts.	20,000
Addl. Chief Comml. Supdt. .	12,000
Dy. Chief Comml. Supdt.	8,000
Sr. Comml. Officer	4,000
Asstt. Comml. Supdt. . . . .	2,000

5.84. Station Masters of selected important stations/Inspectors have been empowered to settle claims upto Rs. 200/-. So far no case has come to the notice of the Ministry of Railways in which delegated powers have not been exercised by the Claims settling officers judiciously.

5.85. On the question of decentralisation of claims settlement work at Divisional level and delegation of powers to settle claims to Divisional Officers, the Ministry of Railways have stated that claims settlement work has been decentralised to the extent, it is possible in the interest of expeditious settlement, need for economy and efficiency as well as the convenience of the claimants. As a measure of decentralisation settlement of small claims is done by Station Masters and Inspectors at important stations of all Railways. Mobile Claims Offices are functioning at a number of important stations which is a step further than decentralisation of the claims settlement work to the Divisional Headquarters. It is not possible to further decentralise claims work and open claims offices at all Divisional Headquarters due to the following reasons:

- (i) The Railway Administration is spending more than Rs. 3 crores per year on the existing claims settlement machinery to verify and settle claims. If the claims settlement work is further decentralised and a claims office set up in all the Divisional Headquarters, it will cost

much more without giving much benefit to the public or improving the quality of work in claims offices.

- (ii) Any decentralisation would require to be accompanied by a parallel complement of field staff and clerical staff at Divisional level which would result in considerable additional amount of overlapping expenditure without ensuring a satisfactory improvement.
- (iii) Heavy value claims, and claims pertaining to missing wagons and consignments and claims regarding missing consignments originating on other Railways require detailed investigations, communication facilities and a number of trained Inspectors and Tracers which are at present available in centralised zonal claims offices of the Railways. This work cannot be effectively done from the Divisional Claims Offices.
- (iv) The claims officers act as quasi-judicial officers and the claims are disposed of according to the Railways' liability under the law and in consultation with the associated Finance and the Law Officers wherever necessary. It will be difficult to provide these facilities in the Divisional Offices.
- (v) The main purpose of decentralisation has already been served by allowing small value claims to be settled at the stations and by introducing Mobile Claims Offices for important stations. According to the exigencies of the situation different Zonal Railways have set up subsidiary claims offices at important stations or Divisional Headquarters where necessary and feasible. However, some Divisional Officers have been delegated powers to settle claims upto Rs. 500/- pertaining to their Headquarters or nearby stations.

5.86. During the tours of the Estimates Committee to the Zonal Railways, some of railways gave their views thus on the question of delegation of powers to the Divisional Superintendents or other offices of the Division:

## I. Eastern Railway

The table below indicates the number of claims finalised during 1976-77 by the officers to whom powers to settle claims have been delegated:

"Designation of Official"	Cases finalised during 1976-77
(1) Station Masters/Sr. Subordinates	624
(2) Asstt. Comml. Officers	24,423
(3) Sr. Comml. Officers	9,358
(4) Dy. Chief Comml. Supdts.	2,202
(5) CCO/CCS	582
(6) G.M.	175
TOTAL	37,364

It has already been pointed out that steps have been taken to cover almost all the trading centres of this Railway by organising mobile claims offices and subsidiary claims offices at Patna and Dhanabad. Separate claims offices are also functioning at Chitpur Sealdah and Howrah under the administrative control of the Chief Claims Officer as a measure of decentralisation. Station Masters of important stations and Claims Inspectors are also authorised to settle low value claims cases. In other words, adequate steps have been taken towards decentralisation of authority for settlement of claims cases by delegation of powers to Station Masters and Supervisory Staff, setting up subsidiary claims offices at important focal points and it will not be expedient or necessary to saddle Divisional Superintendents and their officers with additional responsibility who are over-burdened with day to day operation, in the general interest of the administration and trading public."

## II. Northern Railway

The data regarding claims received against each officer delegated with powers to settle claims is not available. However, the data has been compiled for claims paid for various slabs of powers as dele-

gated to officers which is as under for the year 1976-77:—

Value slabs	No. of cases	Total amount
Upto 1500	66079	4271260
1501 to 3000/-	1168	2473797
3001 to 6000/-	729	2999201
6001 to 15000/-	252	2100461
15001 and above	64	3949497
TOTAL	68292	15794216

So far as the Northern Railway is concerned there are 7 divisional offices located at Delhi Ferozepur, Allahabad, Lucknow, Moradabad, Bikaner and Jodhpur. There are four Claims offices located at Varanasi, IRCA/New Delhi, Bikaner and Jodhpur. Thus in the case of three divisional offices, viz. Bikaner, Jodhpur and Delhi, the claims offices are located at the same headquarters as the divisions. In the case of Claims Offices at New Delhi/IRCA, however, there is a separate organisation for dealing with only claims whereas in the case of Bikaner and Jodhpur, claims are dealt with by the Divl. Officers, viz. Divl. Comml. Supdts./Asstt. Comml. Supdts, Claims are not being dealt with by the Divl. Officers of Lucknow, Allahabad, Moradabad, Ferozepore and Delhi divisions.

It was never intended that the Divl. Supdts. be given powers for settlement of claims as they already have large functions to perform. For the sake of uniformity and conformity with the policy in vogue from time to time regarding settlement of claims, it was intended that the claims work should be concentrated at one or at the most two places and the claims offices were accordingly set up under the Dy. Chief Comml. Supdt. (Claims) and the claims were required to be settled by the officers under him on the basis of powers delegated. If it is intended that the claims settlement powers should be given to Divisional Supdts. and his officers, it would only mean additional requirement of staff in all these divisions as similar work of receipt, despatch, statistics etc. will have to be multiplied in each of these offices in addition to the claims offices. There might be some reduction in the strength of centralised claims offices, but it would be only marginal and even the staff working there would not appreciate being transferred outside from the place they are working for years together. This suggestion of decentralising further was mooted and each of the divisions of Northern



Railway desired that additional staff be posted for Asstt. Comml. Supdts. and Divl. Comml. Supdts. to settle claims within their powers. There is yet another draw back in decentralisation and that is that uniformity in finalisation of claims may not be there as each of the sub-Divl. Claims Offices may be implementing the policy in different ways and over-all checking and supervision which is now available at close quarters would then not be there."

### III. South Eastern Railway

"So far as the South Eastern Railway is concerned there are no claims offices outside Headquarters. The nature of claims work is such that detailed enquiries have to be undertaken not only over the home railway but also on adjoining railways. Hence if separate claims offices are set up on the Divisions each of such office will have to be provided with machinery for enquiring into claims cases and this, in addition to increase in expenditure, will lead to wasteful duplication of work....."

### IV. Southern Railway

On the Committee asking a Divisional Superintendent about his views on the question of delegation of powers to settle claims to Divisional Office, the Divisional Superintendent *inter-alia* suggested that:—

- (i) The machinery for investigation and settlement of claims should be decentralised to a large extent to the divisional level in order to build up cordial customer relationship and good-will with customers.
- (ii) To start with, all claims arising of traffic originating and terminating within the same division, can be fully dealt by the Division itself. Also all claims of local traffic i.e., within the same railway zone, upto a specified monetary value, should also be processed by the division. The division should also have powers to settle claims on the spot in cases where *prima facie* responsibility of the Railways is established beyond doubt. Claims of complicated nature needing inter-railway investigations should only be dealt at headquarters level.

5.87. On the question of delegation of powers to lower levels and decentralisation at the Divisional headquarters, the representative of

the Coal India Ltd. during evidence before the Committee stated:

"The existing procedure of settlement of claims may be streamlined to eliminate and reduce unnecessary delays. The station masters of important stations should be empowered to give open delivery, issue short-certificates and settle the claims upto a minimum of Rs. 500/-, the Divisional Commercial Superintendent upto Rs. 5,000/- and the Chief Commercial Superintendent upto Rs. 5,000/-. This will off-load the work from the Chief Commercial Superintendent down the chain at various levels."

5.88. Powers to settle claims have been delegated to Station Masters and Inspectors but not to Divisional Superintendents or any other Senior Officers at Divisional level. Asked to give his views on the question of delegating powers to Divisional level officers, the Member (Transportation) of the Railway Board in his evidence before the Committee stated:—

"We have spent a substantial amount in maintaining centralised claims office. But the point is if we distribute all these claim settlement works spread over the country, we will have to trace the consignment by contacting the people all over the country. It is a time consuming process. Whereas if we have a centralised office, they can take up all the claims in a bulk number and economise the tracing operations and the correspondence between one railway and another can be saved. If we have a centralised office, we have an overall picture where unconnected consignments are and we can connect them with the claims. If you distribute it, that will become difficult and you may have to increase the strength of the staff.

There are one or two officers that have traditionally been there. For example, Varanasi, Jodhpur etc. were already having this set-up and we allowed them to continue. When the Southern Railway was formed we left the South Indian Railway claims office at Tiruchirappalli; it was a going concern; in the Mysore State/Railway also, we left it and they are all working quite satisfactorily. I do not think there is a case for centralising these offices nor do I think there is a good case for decentralising the other, existing ones. I think both can co-exist. If for instance we decentralise, we will have to shift the staff and create additional posts; it will cost us money."

5.89. The Committee note that the Railway Board issues directives and guidelines to the Zonal Railways in the matter of prevention of loss and damage to consignments, and settlement of claims, analysis of the cause-wise and commodity-wise statistics of compensation claims for watching the trend and taking appropriate preventive measures. The actual work regarding scrutiny and settlement of claims and all allied matters is done at the Zonal Railways level keeping in view the statutory liability of the Railways which has been clearly spelt out in the Indian Railways Act. Periodical meetings are held by the Railway Board with the General Managers of the Zonal Railways and "at times" questions relating to compensation claims are "also" discussed in their meetings. The Committee feel that matters regarding loss and damage to consignments and compensation claims, which cost the exchequer a heavy amount of over Rs. 13 crores annually, should receive a more serious attention and should be a subject of regular and periodical review at the Railway Board's meetings with General Managers as such reviews will provide valuable opportunities to the policy makers at the Centre and the Chief Executives in the zones to benefit from one another's experience and to evolve, in their collective wisdom, solutions to problems that they may be facing in their respective regions in this regard.

5.90. From the discussions held with various Zonal Railways in the course of their tours, the Committee found that the procedural improvements and experiments made in one zone in regard to booking, handling and delivery of consignments (i.g. stencilling of names of destination stations on wagons, issue of duplicate copies of forwarding notes) were not widely known in other zones. The Committee have also seen that in regard to certain matters (e.g. time taken to grant open delivery), the Railway Board did not have full information about the practice followed in certain zones. The Committee feel that the Management Information System at the Board's level needs to be streamlined and the Board should not only make arrangements to monitor information on all the important aspects of claims settlement and claims prevention work done in the zones but also act as a centre to disseminate information about the experiments and innovations made in one zone to other zones.

5.91. The Committee note that the claims work is, by and large, centralised at the Zonal Headquarters of the Railways except in the case of Northern, Southern and Eastern Railways where claims work is also done at Varanasi, Jodhpur, Bikaner (all Northern Railway), Tiruchirappali (Southern Railway) and Patna, Dhanbad, Chitpur,

Sealdah and Howrah (all Eastern Railway). It has been represented to the Committee by some public and private sector institutions that under the Divisional System of operation of Railways the claims settlement work should preferably be done at Divisional Headquarters and powers delegated to the Divisional level officers to settle claims upto a prescribed limit. A similar suggestion to decentralise claims work to Divisional level with powers to Divisional officers to settle claims arising out of traffic originating and terminating within the same Division, to start with, has also been made by a Divisional Superintendent of a Zonal Railway. According to the Ministry of Railways, however, claims settlement work has been decentralised to the extent possible in that Station Master and inspectors at important stations are also authorised to settle small claims (upto the value of Rs. 200/-) and Mobile Claims Offices headed by Assistant Commercial Officers who have powers to settle claims upto the value of Rs. 2000/- (in some zones Rs. 1000/-) are functioning at a number of important stations and that "it is not possible to further decentralise claims work and open claims offices at all Divisional headquarters" as such a step will entail additional expenditure on staff etc., without commensurate benefits and will also effect efficiency and quality of service.

5.92. On perusal of statistics furnished by Eastern Railway, for example, which show that only 624 out of 37364 claims cases in 1976-77 fell in the jurisdiction of Station Superintendents and Commercial Inspectors and the rest were dealt with at the Headquarters level the Committee cannot but feel that the present level of decentralisation is illusory and does not go far enough to provide relief to small claimants upto Rs. 2000/- whose number runs into thousands, (e.g. on the Eastern Railway their number was 24428 out of a total of 37364 in 1976-77). Having already decentralised the claims work to some extent the Committee feel that the Ministry should keep an open mind on this question and should not peremptorily rule out any further decentralisation of claims work. In the opinion of the Committee whenever volume of work justifies or other criteria laid down by Railways are fulfilled, the Ministry should not hesitate carrying the process of decentralisation further by raising the powers of Station Masters and Inspectors and delegating powers to more Station Masters with proper safeguards, extending the coverage and frequency of visits of mobile claims offices or opening subsidiary claims offices at important centres. In this context they may also consider empowering Divisional level officers to deal with claims arising on account of movement of goods within the Division. But in doing so the Ministry should not lose sight of the need to avoid unnecessary expenditure on staff and to ensure quality of service.

### (f) Working of Mobile Claims Offices

5.93. The Ministry of Railways have stated in ¶ note that with a view to decentralising claims work and expediting disposal of compensation claims, the One-Man Expert Committee on Compensation Claims recommended that the scheme of Mobile Claims Offices be introduced over all Zonal Railways. Accordingly instruction was issued to all the Zonal Railways on 20-8-1970 to introduce the scheme.

5.94. The main features of the scheme are indicated below:—

- (i) One Assistant Commercial Officer (Claims) accompanied by necessary staff holds his camp office periodically at important railway stations to settle claims on the spot.
- (ii) Outstanding claims files of that area are taken from the Claims Office to the station where by Mobile Claims Office is held for checking and examining the station records necessary for disposal of claims and obtaining necessary documents from the claimants and holding direct discussions with them.
- (iii) Where Assistant Commercial Officer (Claims) is the sanctioning authority, pay order is handed over to the claimant on the spot. If the payable amount is higher, the file is put up to the competent officer for orders.
- (iv) Fresh claims received in Mobile Claims Offices are immediately disposed of after obtaining the Missing Goods Reports from the stations.
- (v) If a claim is repudiated, grounds for repudication are clearly and personally explained to the claimant to avoid unnecessary further representations. ....
- (vi) Publicity of Mobile Claims Offices to be held at important stations is given in advance through local newspapers and also by addressing letters to the Chamber of Commerce of the area, members of the Railway Users' Consultative Committee and through notification exhibited at conspicuous places within the station premises.
- (vii) Individual regular customers are identified and addressed in advance to furnish a list of their pending claims and on receipt of such lists, those cases are also progressed or disposed of on the spot.

5.95. Under the existing orders the Assistant Commercial Officers (Claims) heading Mobile Claims Office is empowered to settle claims upto Rs. 2,000/- in each case.

5.96. The number and value of claims settled by Mobile Claims Offices on the Zonal Railways during the last five years are given below:—

	claims settled	claims (Rs.)	claims were settled by Mobile claims Offices	
Central	1,516	1,26,873	Five years	(Total No. of claims recd. 3,41,015 from 192 -
Eastern	Information is await d*			
Northern	4,250	7,47,369	1974-75 to 1976-77 Mobile claims offices were not held dur- ing 1972-73 and 1973-74.	(Total claims recd. 2,88,715).
N. Eastern	2,262	2,36,291	1973-74 to 1976-77	(Total No. of claims recd. 1,28,802).
North east Frontier	4,438	13,05,054	1972-73 to 1976-77	(Total No. of claims recd. 1,81,046).
Southern	8,777	20,34,236	1972-73 to 1975-76 Mobile claims Offices remained suspended during 1976-77. On this Railway Mobile Claims Offices settle Claims upto Rs. 1000/- in each case.	(Total No. of claims recd. 2,87,706).
S. Central	8,762	12,50,453	1972-73 to 1976-77	(Total No. of claims recd. 1,87,642).
S. Eastern	Due to objections raised by the organised labour unions, Mobile Claims Offices could not be held.			
Western	4,367	2,74,155	1972-73 to 1976-77	(Total No. of claims recd. 3,59,914).
			On this Railway Mobile Claims Offi- ces settle claims upto Rs. 500/- in each case.	
<b>TOTAL</b>	<b>34,372</b>			<b>Total no. of claims recd. in the Zones (excluding Eastern &amp; South Eastern Rly) during the relevant years—17,67,840.</b>

\* At the time of factual verification of the draft report, the Ministry of Railways (Railway Board) have sent information in respect of Eastern Railway. as follows :—

Railway	No. of claims settled	Value of claims (Rs.)	Period during which claims were settled by Mobile Claims Offices
Eastern	17,540	31,13,406	1972 to 73 to 1976-77

5.97. On being pointed out that though publicity to the programme of Mobile Claims Offices at each station was given in advance through local newspapers etc., no notice was sent directly by post or otherwise to the parties concerned with the claims cases, the Ministry of Railways have stated:—

“Experience has shown that the publicity given in the newspapers as also through recognised Chamber of Commerce attract a good deal of attention. The claimants by and large do come to know about these visits by the publicity so given and also through the local staff and notices put on the notice board in the good sheds and parcel offices. Nevertheless the suggestion to send personal notices to the claimants having pending claims at the time of such visits will be appreciated by the claimants and will be helpful to them. Suitable instructions in this regard will be issued to the Railways.”

5.98. On being asked about the latest position regarding Mobile Claims Offices which, it was learnt, could not be introduced on South Eastern Railway due to objections raised by organised labour unions, the South Eastern Railway, in a note, explained that:—

“Several meetings were held with the Organised Labour who are of the opinion that mobile claims office will not help in expeditious settlement of claims, on the other hand, it will lead to corruption as under that system claims dealing officials will have greater scope to come in direct contact with the claimants and thereby the possibility of emergence of exaggerated/false claims will be more. On S.E. Railway as an alternative to opening of Mobile Claims Offices a system of periodical meetings with the various Chambers of Commerce has been introduced. In these meetings with the Chambers of Commerce a list of pending claims is obtained which are specially looked into and are discussed in the subsequent meetings. Several such meetings have been held with the Nag Vidarbha Chambers of the Commerce, Nagpur. Similar meetings with the Bankura Chamber of Commerce is going to be held soon. It is also being contemplated to organize camps of the claims dealing officers at important destination stations so that the claims can be settled expeditiously by obtaining documents etc. through personal contacts with the claimants concerned.”

5.99. On the question of functioning of the mobile units, the representative of the Bharat Chambers of Commerce stated:—

“The amount of claims is so large and there are so many stations where claims are pending. By movement of one Deputy CCO, these cannot be settled. There should be one separate office for this purpose. At present a person operating his business in an important district or town has to come to the headquarters for settlement of his claims. Or he has to appoint an agent to look after the claims with the Railways. So, I would suggest that there should be a separate office for this purpose at the district level.”

5.100. The Committee find that the Mobile Claims Offices stated to have been introduced “with a view to decentralising claims work and expediting disposal of compensation claims” headed by Assistant Commercial Officers (Claims) visit important railway stations to settle claims on the spot. They are, however, disappointed to note that these officers settled only 2 per cent of the claims (34372 claims out of a total number of 16,27,430 claims) received during the last five years (1972-73 to 1976-77) on all Railways, except Eastern Railway in respect of which figures were not furnished by Railway Board\* and South-Eastern Railway where this system does not operate. This number is woefully small and can hardly justify the Ministry’s claim of decentralisation of claims settlement work through Mobile Claims Offices. The Committee strongly recommend that the system of Mobile Claims Office should be made more active and the number of such offices considerably increased so as to cover all those places which have a sizeable number of claims. Till more Claims Offices are opened, the number and frequency of visits of Mobile Claims Offices should be progressively increased to enable them to dispose of on the spot the maximum possible number of small claims upto the value of Rs. 2000/- arising at places away from the headquarters.

5.101. The Committee are informed that publicity to the visits of Mobile Claims Offices is given in advance through local newspapers and also by addressing letters to the Chambers of Commerce of the Area, members of the Railway Users’ Consultative Committee and through notifications exhibited at conspicuous places within the Station premises. The Committee would like the Ministry to ask the Zonal Railways to examine whether the expenditure incurred on advertisements through local newspapers is commensurate with the results achieved and whether the purpose cannot be served equally

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\*Please see footnote below para 5.96.



well by despatching notices to the local organisations of the traders etc. The Committee are happy to learn that the Railways have accepted the suggestion to send personal notices to the claimants having pending claims at the time of such visits.

5.102. The Committee are informed that Mobile Claims Offices could not be held in South-Eastern Railway due to objections raised by organised labour unions who are stated to be of the opinion that "Mobile Claims Office will not help in expeditious settlement of claims, on the other hand, it will lead to corruption . . . . The Committee suggests that a sample study of the working of Mobile Claims Offices in other zones may be got made through an independent unit of the Railway's Accounts Department, with special reference to the fairness or otherwise of the cases settled by these offices and, in the light of the results achieved, further efforts to introduce Mobile Claims Offices, with suitable safeguards, may be made.

#### (g) Court Cases

5.103. On the question of filling cases and appeals in courts, some of the Public Undertakings and Chambers of Commerce in their memoranda (1977) submitted to the Committee gave their views as follows:—

"Filing of cases in court becomes necessary when the Railway Offices do not dispose of cases satisfactorily. In many cases the inordinate delay in the settlement of claims prompts the parties to have recourse to legal action so that the cases are not time barred. Unless a law suit is filed within 3 years of the incidence of the claim, the case becomes time-barred.

.... In the last five years 271 cases have been filed in respect of claims against the Railways, involving an amount of Rs. 8,69,815.41. Of these 147 were decided against the Railways involving an amount of Rs. 3,04,076.04, 2 cases were decided against the Fertilizer Corporation of India involving Rs. 22,287.65. 122 cases are pending, involving an amount of Rs. 5,43,451.72". (Fertilizer Corporation of India).

5.104. The table below indicates the (i) number of claims contested; (ii) value thereof; (iii) number of cases won by railways; (iv) amount involved; (v) number of cases lost by railways and (vi) amount involved by each of the Zonal Railways during the years 1972-73 to 1976-77:

	No. of claims contested	Value thereof Rs. in lakhs	No. of cases won by Railways	Amount involved Rs. in lakhs	No. of cases lost by Railways	Amount involved Rs. in lakhs
Central Railway	14520	206.16	1568	18.41	1116	15.87
Northern Railway	6071	107.98	1626	26.99	2186	99.11
Eastern Railway	15341	281.32	2080	54.13	13261	226.19
North Eastern Railway	3326	53.16	1600	23.24	1726	29.92
North East Frontier Railway	6315	107.55	2201	53.91	4114	53.65
Southern Railway	5882	88.82	2323	44.08	3559	42.73
South Central Railway	4475	170.24	543	12.82	1711	42.42
South Eastern Railway	10764	216.01	4077	102.07	6532	86.26
Western Railway	3362	68.22	1776	27.17	1687	40.97
<b>GRAND TOTAL OF ALL RAILWAYS</b>	<b>70,056</b>	<b>1299.46</b> lakhs	<b>17,794</b>	<b>362.82</b> lakhs	<b>35,802</b>	<b>577.12</b> lakhs

5.105. The Ministry of Railways have in March 1978, furnished the following statement showing the position regarding compensation claims on account of loss and damage to consignments contested in courts:

	1972-73	1973-74	1974-75	1975-76	1976-77
1. Number of claims rejected by Railways . . . . .	251349	242775	253053	272120	184770
2. Number of claims contested in Courts . . . . .	9759	11160	12850	14798	21589
3. %age of contested cases to rejected cases . . . . .	3.88	4.60	5.08	5.44	11.68

5.106. On being asked whether the Zonal Railways/Railway Board had analysed the reasons for the cases decided against them, the Ministry have stated that the reasons for the suits decided against the Railways are analysed from time to time by the Zonal Railways as also by the Board. If the suit has been lost due to non-attendance of witnesses or non-production of documents, defaulting staff is suitably taken up. Steps are taken to get witnesses from other Railways examined in the courts. Performance of the Railway advocates is also constantly watched and services of such advocates as are lacking in professional ability or are found indifferent/inattentive are dispensed with. Decisions given by the courts are considered as guidelines for formulating the policy regarding settlement of claims in future. Adverse judgements of courts are scrutinised. When the rulings given by the courts are found to be just and reasonable, settlement officers are given instructions to follow them in subsequent cases so as to prevent unnecessary litigation. Appeals and revisions are being filed whenever it is found that the suit ought not to have been decreed against the Railway. On some Railways, Law Assistants are posted at places where the litigation is heavy. They assist Railway advocates and remain present in the courts on the dates of hearing so that the plaintiff and his witnesses are thoroughly cross-examined and the documents scrutinized effectively.

5.107. When asked to state whether any study had been made by the Railways to analyse the reasons for larger number of cases being decided against Railways, the Ministry of Railways have stated that the problem has been examined at various times. The following factors are by and large responsible for a large number of cases be-

ing decreed against some of the Railways:—

- (i) Different courts take different views on certain legal issues while deciding cases. The administrative view taken by the Railways does not always conform to the strictly legal view taken by the courts.
- (ii) Non-attendance of Railways, witnesses, especially from foreign Railways.
- (iii) Non-production of documents at the appropriate time.
- (iv) Lapses on the part of the Railway Advocates.

### *Madras High Court Judgement*

5.108. During evidence attention of the representatives of the Ministry of Railways was drawn to the following press report titled "Madras High Court raps Railways for negligence" appearing in *Financial Express* dated 13-3-1978:

"The Madras High Court has criticised the action of the Railways in spending money for an appeal in a case in which negligence on the part of the Railways in dealing with a party's consignment 'has been clearly established in the trial court'.

A firm of hides and skins exporters instituted a suit for recovery of about Rs. 20,000 from the Southern Railway as damages in respect of a consignment of wet-salted goat-skins.

According to the firm, the goods were sent from Shalimar (Calcutta) to Salt Cotaurs (Madras) availing of the 'quick transit service' scheme of the Railways.

While the goods were booked on August 3, 1965 they arrived after considerable delay *en route* and was available to the consignee only on August, 29. The Railway undertaking was to deliver the goods in nine days. The firm obtained open delivery of the goods as they were in a damaged condition.

The firm filed a suit claiming damages of Rs. 19,765 in the court of the First Assistant Judge, City Civil Court. The Railways contended that the alleged damage was only due to

improper curing of the wet-salted goatskins and not due to any delay in transit or negligence on the part of the Railway. If at all, the consignee was only entitled to a refund of the quick transport charges paid by him.

A division bench constituting Mr. Justice M. M. Ismail and Mr. Justice Nainar Sundaram said when the authorities knew that the goods were perishable they should have taken diligent steps for carrying the goods without avoidable delay.

It was clear there had been negligence on the part of the Railway which had put forward untenable defence without any material to substantiate the same. There was indifference on the part of the carriers and even when the owner was the Union Government, the Railway had put forward a 'frivolous and untenable defence'.

The bench said that even after the trial court had passed a decree in favour of the plaintiff and even in the context of the facts that the Railway had not been able to make out any of its defence, the Railway had chosen to file the present appeal."

5.109. After the evidence, the Ministry of Railways submitted the following background note in regard to the case:—

"The details of the case as furnished by the Southern Railway are that 142 bags of wet-salted goatskins were booked under Inv. No. 1090 of 3-4/8-1965 Ex. Shalimar to Madras (Salt Cotaurs) to be despatched under Quick Transit Service. The wagon containing the subject consignment was damaged and detached on 5-8-1965 at Jhadrupudi, a station on the South Eastern Railway from the Salt Cotaurs Express, for wheel changing. The consignment was transhipped on 11-8-1965 in wagon No. CR-28251 and left on 12-8-1965 for Madras. The said wagon was received at Madras on 27-8-1965 and the consignment was delivered on assessment. The claim of the party was repudiated by the Southern Railway on the ground of inherent vice and improper curing and salting, since as per expert opinion, properly cured skins can withstand transit upto 8 weeks, whereas the consignment in question had reached destination within 23 days. The claimant filed a suit in the court which was

decreed against the Railway on 23-3-1972 on the grounds that detention at Jhadhupudi for 7 days and further transit of 15 days from Jhadhupudi to Madras was unreasonable. An appeal was filed by the Southern Railway in the Madras High Court but the same was dismissed."

The copy of the judgement from the Madras High Court was not furnished to the Committee till the finalisation of the report.

5.110. The Committee note that during the last 5 years from 1972-73 to 1976-77 the Railways contested 70056 cases in courts out of which they won 17794 cases involving an amount of nearly Rs. 363 lakhs and lost almost double the number of cases (35892 to be precise) involving an amount of Rs. 577 lakhs approximately. This means that in 2/3rd of the cases contested in courts, the Railways were proved to be in the wrong. Contesting such cases in courts not only causes unavoidable expense and harassment to claimants but also results in infructuous expenditure on courts' and pleaders' fees and the staff processing such cases in courts, which as mentioned elsewhere in this Report, amounts to Rs. 90 lakhs per annum. It will be in the interest of Railways if the cases are not contested in courts unless there are sound grounds for contesting them. Incidentally this would be a good gesture towards harassed claimants. The Committee would suggest that as soon as a notice of a suit is received, the relevant case should be critically re-examined, not by the officer who had decided that case initially, but by a senior officer, independently to determine whether or not it should be contested in the court. The Railways should not fight shy of coming to a settlement out of courts in deserving cases. They should remember that the performance of the Railways in this particular sphere will be judged by the number of cases the Railways contest and lose every year in the courts.

5.111. The Committee note that non-attendance of Railway witnesses, non-production of documents at the appropriate time and lapses on the part of Railway advocates are some of the factors responsible for a large number of cases being decreed against the Railways. Obviously the choice of advocates is not based on merit and the cases are not pursued seriously by the concerned officers and staff. This reveals a very shocking state of affairs in the court sections of the claims settlement machinery. The Committee would like the Ministry of Railways to take a serious note of the lapses on the part of the staff because of whose negligence the cases are lost and also ensure that only competent and dedicated advocates are engaged to defend the cases in the courts and their performance is kept under watch.

5.112. The Committee note that the litigation is unusually heavy on certain Railways. For instance, the number of claims contested during the last five years was as high as 14520 on Central Railway, 15341 on Eastern Railway and 10764 on South-Eastern Railway as compared to about 6000 on Northern, North-East Frontier and Southern Railways and still less on other Railways. The Committee would suggest that the reasons for unduly high number of cases contested and lost in the Central, Eastern and the South-Eastern Railways should also be analysed at a high level and corrective action taken to set the matters right.

5.113. The Committee are informed by a public sector undertaking that in many cases inordinate delay in the settlement of claims prompts the parties to have recourse to legal action so that the cases are not time barred and they become time barred if the law suit is not filed within 3 years of the incidence of the claim. This again is a reflection on the efficiency of the claims settlement machinery.

5.114. The Committee are informed that the reasons for the suits decided against the Railways are analysed from time to time and corrective action taken to avoid similar mistakes in the future. Decisions given by the courts are considered as guidelines for formulating policy regarding settlement in future and the Claims Settlement Officers are given instructions to follow the rulings of the courts in subsequent cases so as to prevent unnecessary litigation. The Committee find that despite professed efforts of the Ministry to avoid unnecessary litigation, the litigation instead of coming down, has gone up during the last five years. The number of cases contested in courts has risen from 9759 in 1972-73 to 11160 in 1973-74, 12850 in 1974-75, 14798 in 1975-76 and 21589 in 1976-77. The percentage of contested cases to claims rejected by Railways have also gone up from 3.88 per cent in 1972-73 to 11.68 per cent in 1976-77. The Committee are constrained to conclude that the claims are repudiated in majority of the cases on insufficient grounds and lessons are not learnt in the light of the decisions of the Courts. In the opinion of the Committee there is need to take more serious measures than taken hithertofore to minimise litigation and to keep this aspect under constant review. It will also be helpful to compile and circulate an abstract of court rulings in claims cases to Claims Settlement Officers for their guidance.

5.115. The Committee would like to draw attention to a press report appearing in the 'Financial Express' dated 13 March, 1978, under the heading "Madras High Court raps Railways for negligence", in which the Madras High Court had criticised the action of the Railways in spending money for an appeal in a case in which negligence on the part of the Railways in dealing with the party's

consignments "has been clearly established in the trial courts." Certain goods in this case were booked ex-Shalimar to Madras on Southern Railway on August 3, 1965, under 'Quick Transport Service' and these reached the destination (Madras) on 27 August 1965, after considerable delay en-route and were found damaged on arrival. The claim of the party was repudiated by the Southern Railway on the ground of inherent vice etc. The suit filed by the claimant in the court was decreed against the Railways in March 1972 and the appeal filed by the Southern Railway in the Madras High Court against the decision of the lower court was dismissed in March, 1978. From the abstract of High Court judgment as reported in the press, it is seen that "it was clear that there had been negligence on the part of the Railway which had put forward untenable defence without any material to substantiate the same. There was indifference on the part of carriers and even when the owner was the union Government, the Railways had put forward 'frivolous and untenable defence'. The High Court is also reported to have observed that the Railways had filed the appeal even when they had not able to make out any of its defence in the lower court. All this makes a very sad reading. This also shows how innocent claimants can be harassed by the Railways by prolonged litigation. The Committee would like the Railway Board to go into this particular case to find out whether the case was dealt with judiciously in the Department and whether the decision to contest in the lower court and then to go in an appeal to High Court was taken after an independent and critical examination of the facts of the case. They would also expect the Ministry to take measures to void the recurrence of such cases in future as such cases bring a bad name to the Railways and inform the Committee of the measures taken.

*Settlement of Disputes Between one Government Department and another and one Government Department and a Public Sector Undertaking.*

5.116. In pursuance of the directive issued vide Cabinet Secretariat O. M. dated 19-12-1975 the Ministry of Finance through their O.M. dated 1-1-1976 (Appendix V) have enjoined upon Government Departments and Public Sector Undertakings not to take recourse to litigation against other Government Departments and Undertakings for the settlement of their disputes. In pursuance of this directive, certain Public Sector enterprises have withdrawn suits filed in Courts in regard to disputes claims against the Railways. When asked whether the Railways have set up any special machinery to settle claims disputes with the Public Sector Undertakings out of Courts, the Ministry of Railways have stated that the Railways have full fledged claims organisations with practical knowledge of the



various implications involved vis-a-vis the provisions of the Indian Railways Act. At the very outset, claim cases of the various Government Departments and Public Sector Undertakings are viewed broadly from a practical angle and settled as per railway's liability under the law. If further representations are received or new facts come to light, the cases are reviewed at a sufficiently high level and if necessary, discussions are held across the table to finalise disputed points. If, after necessary discussions and reviews etc., there are still some cases in which differences of opinion persists, these are considered at the Railway Board level and settled on merits without adopting a rigid or purely legal approach. In the circumstances setting up any special machinery to settle claims/disputes with the public sector undertakings is not considered necessary.

5.117. During evidence the representative of the Ministry of Railways elaborated the point as follows:—

“If they are not satisfied, then the Railways and the Public Sector Undertakings meet together and they try to solve it. If they are not able to solve it, then the matter is referred to the Bureau of Public Enterprises. If there is a question of costing, it can be referred to the Chief Accounts Officer of the Ministry of Finance. We want to keep it out of court.”

5.118. The Food Corporation of India in their memorandum submitted to the Committee have stated the position of cases filed during the last five years and subsequently withdrawn in pursuance of the Government instructions contained in Cabinet Secretariat O.M. dated 19-12-1975, is as follows:—

	No.	Amount
(i) Total No. of suits filed against Zonal Railways	290	9,66,889.00
(ii) No. of suits withdraw . . . . .	297	8,86,585.00
(iii) No. of suits pending . . . . .	13*	80,303.00

\*Under process of withdrawal.

The court cases mentioned above had been filed from 1974 onwards and none of them had been finalised before the action for their withdrawal was initiated.”

5.119. Similarly the Steel Authority of India have stated that the Steel Plants have refrained from filing suits against the railways in the Court of Law, in pursuance of the Government instructions on the subject. The Steel Authority of India has added that In-

Insurance Companies have however, lodged court cases wherein the steel plants have been made plaintiff. For example, in the case of Durgapur Steel Plant as many as 80 cases have been filed by the Insurance Companies. The court had given decisions so far in 30 cases which are still in favour of the consignee. This highlights the need for adopting an objective view in the matter of settlement of claims by the Railways.

5.120. The Food Corporation of India in a subsequent note furnished in February, 1978 on the subject have stated that:

"We approached the Railway Board to determine the procedure for amicable settlement of disputed cases. In reply, the Railway Board advised that the disputed cases should first be discussed by the FCI with the Zonal Railways right upto the level of Chief Claims Officer/General Manager of the concerned Railway administration and if the disputes are not resolved at that level, the cases should be referred to the Railway Board. In case the disputes are not settled even at Railway Board's level, the arbitration is to be sought for. Accordingly the matter was referred to the Ministry of Law for appointment of arbitrator for the settlement of such cases. The Law Ministry advised that individual cases shall have to be referred to the Law Ministry for nomination of Arbitrator who would be a serving Law Officer of the rank of Joint Secretary some of the cases are awaiting final decision at the level of Chief Claims Officers/General Managers for a long time. The Railway Board has been requested to fix a time limit of 3 months for giving their final decision in such cases."

5.121. The Committee find that under a directive issued by the Cabinet Secretariat in December 1975, all disputes between a Government Department and a Public Sector enterprise are to be resolved amicably by mutual consultations or through good offices of empowered agencies of the Government or through arbitration, and recourse to litigation has to be eliminated. In pursuance of this directive, the Food Corporation of India has withdrawn 277 suits involving a sum of Rs. 8,87,000 (approximately) out of the 290 suits for Rs. 9,67,000 (approximately) filed by it and the remaining suits are in the process of withdrawal. Steel Authority of India has stated that steel plants have refrained from filing suits against the Railways in view of the Government directive. As regards procedure to settle claims disputes, the Railway Board is stated to have advised the Food Corporation of India that disputed

cases should first be discussed with the Zonal Railways right upto the level of Chief Claims Officer/General Manager and, if not resolved at that level, these should be referred to the Railway Board and in the last resort for arbitration through the Ministry of Law. Food Corporation of India has informed the Committee that some of the cases are awaiting final decision at the level of Chief Claims Officer/General Manager for a long time. The Ministry of Railways do not consider it necessary to set up any special machinery to settle such disputes with Public Sector enterprises. The representative of the Ministry of Railways added another dimension to the procedure when he stated in evidence that if a dispute cannot be resolved by discussion between the Railways and the Public Sector Undertakings, the matter can be referred to Bureau of Public Enterprises and if there is a question of costing, it can be referred to the Chief Accounts Officer of the Ministry of Finance. All this leads the Committee to conclude that procedure for settling disputes between the Railways and the Public Sector Undertakings is in a fluid state and the parameters of the machinery for settlement of disputes are yet to be finally defined.

5.122. In view of the Cabinet directive to Public Sector Undertakings not to take recourse to litigation, an additional responsibility devolves on Railways to give them a fair deal in the matter of claims. In the opinion of the Committee reference of a dispute to the Railway Board after the decision of the Chief Claims Officer/General Manager is an avoidable stage as the Railway Board is not normally expected to show an approach different from that of the Zonal Railways where claims are settled in accordance with the directives of the Board. If the experiment of resolving disputes between Public Sector Undertakings and the Railways, which because of the very nature of their inter-se dealing are bound to be large, without recourse to litigation is to be made a success, there is an imperative need to make standing institutional arrangements and lay down precise procedure to settle these disputes fairly and promptly. The Committee would suggest that institutional framework in this regard may be evolved and formalised in consultation with the Bureau of Public Enterprises. The Committee also suggest that a time limit may be fixed for each stage in the claims settlement process (including arbitration as otherwise the disputes may linger on indefinitely and this may erode the Public Sector Undertakings' faith in this system. The Committee would like to be informed of the details of the institutional framework within 6 months of the presentation of this Report.

**(h) Appellate Tribunals**

5.123. In the memoranda submitted by various Chambers of Commerce and Public Sector Undertakings it has been represented to the Committee:—

- (i) “..... the Railway Act should be amended and a separate claims Tribunals be established to deal with Claims.....”

(Associated Chambers of Commerce and Industry).

- (ii) “..... claims cases should be referred to the courts only in exceptional cases. If possible, a ‘sole arbitrator’, may be appointed through mutual agreement. This should be on the lines of ‘Sole Arbitrators’ appointed by the DGS&D. Such persons are taken from the Law Ministry. Suppliers to DGS&D have generally found that the judgement by sole arbitrators are fair....”

(Indian Chamber of Commerce and Industry).

- (iii) “..... there is need for introducing a system by which appeals can be addressed to an Independent Authority not under the administrative control of the railways, as this will enhance the confidence of the claimants in the machinery set up for purpose .....”

(Steel Authority of India).

5.124. Giving his views about appellate system to hear appeals against decisions of the railway authorities the representative of the Associated Chambers of Commerce and Industry stated during evidence:—

“In the first place, let the Railways, in the ordinary course, deal with the claim in a certain limited time. Then if I am aggrieved, I should have the facility to go to the Tribunal like the Sales-tax Tribunal or the Income-tax Tribunal. I should get the answer from the Tribunal before which I put the claim and the Railways also put their point of view. Lastly, my submission is that we should avoid court litigation at all costs. We should have the system of arbitration. In the last resort, if I am aggrieved, then I should refer the matter to the arbitrator who should be an independent person”.

5.125. During the tours of the Estimates Committee the Zonal Railways expressed the following views regarding the setting up of Appellate Tribunals:—

### *I. Eastern Railway*

“An independent Statutory authority in the form of a tribunal would be welcome, as that would enable the Railway Administration to concentrate its activities with that organisation only, resulting in substantial saving of manpower, as the Railways would not have to dissipate its strength in maintaining liaison with various courts and advocates on different States and Cities.

The tribunals may be made Zone-wise and State-wise to facilitate liquidation of outstanding court cases. The trade would, it is felt, positively welcome such a move. The Railways can then contest suits through their own departmental law assistance and not depend upon professional advocates. This would not only reduce court costs but would enable the Railway Administration to have greater executive control over conducting such cases.”

### *II. Northern Railway*

“We would appreciate setting up of appellate tribunal as this would be conducive to quicker finalisation of settlement of claims cases without the necessity of protracted legal proceedings. Even the plaintiff would also welcome this step.”

### *III. North East Frontier Railway*

“This is a good suggestion and will lead to expeditions settlements, if at least one expert member of the Tribunal is drawn from the Railways as in the case of Railway Rates Tribunal.”

### *IV. South Eastern Railway*

“It has been generally observed that the Appellate Tribunals, which are quasi-judicial in nature, tend to follow the same formalities as in a court of law as a result of which there is no significant reduction in the time taken for disposal.

of cases. It is, however, felt that if the tribunals can adopt summary procedures that would help the claimants as in that case time taken for finalisation of cases will be reduced."

5.126. The Ministry of Railways in a note stated that the issue relating to setting up of claims tribunals to substitute the jurisdiction of Civil Courts in the matter of claims for compensation against railway administrations was examined and the setting up of claims tribunals was not favoured on account of the following reasons:—

- (i) Suits for compensation are simple money suits. They do not require any special knowledge of law. As such, ordinary Civil Courts are quite competent to deal with such matter.
- (ii) Civil Courts are available in every town and, as such, claimants can seek legal remedy in the vicinity of their residence/business locations. If Tribunals are set up in a few important cities, the claimants will have to travel long distances to file and pursue their applications before such Tribunals.
- (iii) Constitution of Tribunals all over the country will result in extra expenses to be borne by the Central Government (Zonal Railways), without any corresponding decrease in the expenses of the civil Courts which are borne by the State Governments.

5.127. On the question of setting up of Tribunals, the representative of the Ministry of Railways during evidence stated:—

"This Appellate Tribunal is a source of harassment. . . . . at the present moment the Railway Rates Tribunal sits in Madras. I am looking at the small trader. Supposing he books a consignment from Bombay to Bhivavaram—a consignment worth just Rs. 200—and he does not get satisfaction from the Railways, he can go to court as the court is sitting right there. His destination is there, his lawyer is there, his agent is there and the Court is there. Do you want to drag a man all the way to Madras just for Rs. 200."

5.128. On the Committee enquiring his views on setting up an Appellate Tribunal in each Zonal Railway to deal with cases rang-

ing from Rs. 5000 to Rs. 20,000 and a Central Tribunal (Appeals) for Rs. 20,000 and above, the witness explained:—

“I would say that the small claims, low value claims of Rs. 5000 and less should be allowed to be dealt with as at present. Probably, the high value cases, upto Rs. 50,000 and above, there can be a railway tribunal.... For big claims, the suggestion is probably workable and a good idea.”

5.129. On this point, the Financial Commissioner (Railways) stated:—

“I would like to submit that it is this type of non-productive expenditure which is proliferating in the Government. The real solution is that the present machinery and the commercial officers should follow the rules properly and see that the claims are disposed of according to law within the time. In each zone, you want to have a tribunal. Even in the zonal headquarters the places are 400-500 Kms. where in the claims do arise. Then the question will be that there should be some man on the spot also, who should look into these things. I just wanted to caution that the solution is not by creating another small body. The commercial organisations are well established. If they do not do their job, it does not mean that we should have another organisation. .... in the broader economic sense, it is not proper to create new instruments for work which should be done by the existing people.”

5.130. Explaining further, the Financial Commissioner added that for settling high value cases, Railway Rates Tribunal can be tried. As to what will constitute cases of high value, he stated:—

“We can make it Rs. 1 lakh or Rs. 75,000 to begin with. That can be tried and if that is not successful, we should have some other forum like that.”

5.131. In a subsequent note (March 1978) furnished to the Committee after evidence, the Ministry of Railways have brought out the basic features of the Appellate Tribunals constituted to go into disputes arising from income-tax assessments. Assessment of income tax made by the authorised officers of the Income Tax Department are quasi-judicial in nature pertaining to the revenue of the

Government and are recognised as such by law of the land. The Civil Courts do not have any jurisdiction over such income tax assessments. The income-tax assessments, stated the Ministry, are basically different from decisions given by Claims Officer of the Railways on Loss and Damage claims in that such claims do not pertain to the revenue of the Government but arise from certain obligations undertaken by the Railway Administration as carrier of goods. Such claims when taken to courts of law are treated as simple money claims and the decisions of the Claims Officers are not quasi judicial, from this point of view. The Ministry have added that if disputes relating to loss and damage on Indian Railways are to be referred to a set of Tribunals as in the case of income-tax matters, the question that would arise initially is whether it would be in the fitness of things to exclude such disputes from the normal jurisdiction of the Civil Courts which are certainly not under the control of the railways. The Ministry of Railways have further stated that if it is decided to constitute claims Tribunals there will be in all 30 one-man Regional Claims Tribunal at the headquarters of each Zonal Railway and at other places and four Appellate Tribunals (single bench, double bench or bigger bench) one at a Central Place namely, Delhi, with at least 3 benches one each at Bombay, Madras and Calcutta. No civil court shall have jurisdiction to entertain any suit in respect of loss and damage claims and accident claims which the claims tribunals are empowered to adjudicate. Given a rough estimate of cost involved on these Tribunals, the Ministry have stated that ".....at the rate of Rs. 1.5 lakhs per annum per Tribunal, the total expenditure would not be less than half a crore of rupees".

5.132. The Ministry have not favoured the setting of claims Tribunals for the following reasons:—

- (i) Suits for compensation are simple money suits. They do not require any special knowledge of law. As such, ordinary Civil Courts are quite competent to deal with such matters.
- (ii) Civil Courts are available in every town and as such, claimants can seek legal remedy in the vicinity of their resident/business location. If Tribunals are set up in a few important cities, the claimants will have to travel long distances to file and pursue their applications before such Tribunals.
- (iii) Constitution of Tribunals all over the country will result in extra expenses to be borne by the Central Govern-



ment (Zonal Railways), without any corresponding decrease in the expenses of the Civil Courts which are borne by the State Governments.

- (iv) The Railway Administration is already spending a sum of more than Rs. 4 crores per year on machinery for settlement of claims cases. This amount includes a sum of about 90 lakhs consisting of expenditure on Court Sections of the claims offices including court fees, pleaders' fees and litigation expenditure etc."

5.133. The Ministry have further stated that:—

"During the course of the evidence before the Estimates Committee, it was recognised that apart from the constraints mentioned above, it will not be possible for the Railways to undertake the additional financial and other 'related responsibilities of setting up a large number of Tribunals to deal with Claims', cases. It was, therefore, agreed to explore the feasibility of empowering the Railway Rates Tribunals to deal with high value claims only. Incidentally it may be seen from the following table that the number of cases taken to courts is not unduly large justifying setting up of any special machinery for dealing with such cases.

*Statement showing the position regarding compensation claims on account of loss and damage to consignments contested in courts.*

	1972-73	1973-74	1974-75	1975-76	1976-77
1. Number of claims rejected by Railways.	251349	242775	253053	272120	184770
2. Number of claims contested in Courts	9759	11160	12850	14798	21589
3. Percentage of contested cases to rejected cases	3.88	4.60	5.08	5.44	11.68

5.134. Explaining further, the Ministry have added that:—

“Since the Railway Rate Tribunal as at present constituted, includes a retired judge of a High Court as its Chairman, the Railway Rates Tribunal, if entrusted with the work of dealing with loss and damage claims of Indian Railways, it can only be in an appellate capacity. This is so because it will be anomalous to vest the RRT with original jurisdiction over claims disputes. Nor is it possible to say that decisions of RRT can be appealed against only in the Supreme Court. Since it has been accepted that it is not feasible for the Railways to undertake the financial and related responsibilities of setting up a large number of Tribunals with original jurisdiction over claims disputes, the question of making the RRT as an appellate body would not, *prima facie*, arise. It does not also appear to be possible to make the RRT an appellate body against the original decrees of subordinate courts by integrating the RRT into the regular hierarchy of courts which function directly under the supervisory control of the High Courts.”

“The purpose of suggesting these Claims Tribunals”, states the Ministry, “is to minimise litigation regarding compensation claims. In view of a special drive to expedite settlement of claims cases and achieve qualitative improvement in their disposal, very good results have been achieved during the last two years. The closing balance of claims cases has come down from 84,287 on 31-3-1975 to 37,947 on 31-3-1977. There has been further reduction in this closing balance and the number of three months old cases has also been substantially reduced during the current year. Suitable instructions have been issued to all the Railway Administrations to effect qualitative improvement in the disposal of claims cases and to ensure that the cases are not repudiated merely on technical grounds without properly considering the merits of the cases. The Ministry of Railways and the Zonal Railways are determined to improve the correct and expeditious disposal of claims cases and to ensure customers’ satisfaction in order to earn goodwill for the Railways”.

5.135. The Ministry have, in conclusion, stated that:—

“In view of the various aspects discussed in the preceding

paragraphs, it does not seem to be feasible or necessary to create Tribunals to deal with claims cases or empower the RRT to deal with claim cases above a particular value."

5.136. A suggestion was made to the Committee by private and public organisations that claims tribunal or an independent authority might be established to hear appeal against the decisions of claims officers or 'Sole Arbitrators' might be appointed to decide disputes relating to claims. The idea underlying the suggestion was that litigation in courts of law should be avoided. The Zonal Railways with whose representatives the Committee discussed this suggestion during their tours, welcomed the establishment of independent Tribunals as this would, in their opinion, be conducive to quicker finalisation of claims cases without the necessity of protracted legal proceedings reduce court costs and will do away with the need to employ professional advocates. In the course of evidence before the Committee the representative of the Ministry of Railways, also agreed to the idea of having a Tribunal for hearing appeals provided no new organisation was set up for the purpose and the job could be entrusted to the already existing Railway Rates Tribunal and only high value cases involving Rs. 75,000 to Rs. 1 lakh were allowed to be taken before the Tribunal. The Committee are surprised to find from the note submitted by the Ministry of Railways after the evidence that the Ministry have now taken an entirely different stand. The reasons now advanced by the Ministry against the setting up of Appellate Tribunals are that (1) Ordinary Civil Courts are quite competent to deal with claims cases; (2) If Tribunals are set up, claimants will have to travel long distances to file and pursue their applications; (3) Constitution of Tribunals will result in extra expenses to be borne by Central Government (Zonal Railways) without any corresponding decrease in the expenses of Civil Courts and (4) the Railway Administration is already spending a sum of more than Rs. 4 crores per year on claims settlement machinery, including a sum of Rs. 90 lakhs consisting of expenditure on court sections, pleaders' fees and other litigation expenditure and it is not possible for them to undertake additional financial and other related responsibilities. According to the scheme of Appellate Tribunals outlined by the Ministry of Railways, there may be 30 Regional Appellate Tribunals and four Central Appellate Tribunals on which, estimated expenditure, at the rate of Rs. 1.5 lakhs per Tribunal, will be not less Rs. 50 lakhs per annum. The Ministry have also gone to

the extent of saying that the number of cases taken to courts is not unduly large to justify setting up of any special machinery for dealing with such cases. The Ministry have also pointed out some legal difficulties in entrusting any new responsibilities in regard to claims disputes to the already existing Railway Rates Tribunal.

5.137. The Committee are surprised at the shift in the stand of the Ministry. They are also constrained to note that some of the arguments advanced by the Ministry in support of their stand are either not relevant or not quite correct. The Ministry's assertion that number of court cases is not unduly large is not sustained by the figures produced by Railways which show that not only is the number of court cases large (12850 in 1974-75; 14798 in 1975-76 and 21589 in 1976-77) but the number is also increasing from year to year. Another disturbing feature noticed is that whereas the number of rejected claims came down substantially from 272120 in 1975-76 to 184770 in 1976-77, the number of court cases rose by 46 per cent from 14798 in 1975-76 to 21589 in 1976-77. This also reveals the weakness of the Railways' claim regarding "qualitative improvement in the disposal of claims cases."

5.138. The pleas of special drive to expedite settlement of claims cases and substantial reduction in the number of 3 month old cases during the current year is, in the opinion of the Committee, not quite relevant in the context of the proposal for establishment of Appellate Tribunal which has been made with the idea of reducing litigation in courts and expediting settlement of claims disputes after the claims are decided by officers of Railways.

5.139. The Committee feel that the legal difficulties pointed out by the Ministry are not insoluble and the proposal to entrust the work of hearing appeals in high value cases, to start with, against claims officers to a new Tribunal or to the already existing Railway Rates Tribunal by enlarging its jurisdiction merits a more dispassionate examination, especially when it has been widely welcome by Zonal Railways and the representatives of trade and industry. While examining this proposal, the Ministry should study comparative economics of the two alternatives—enlarging the statutory jurisdiction of Railway Rates Tribunal or setting up a new Tribunal (not 34 Tribunals as shown in the scheme outlined by Railway Board) at the Centre with powers to hold benches at Zonal headquarters, if necessary, to deal with high value cases, to start with—

**In the context of inevitable savings on pleaders' fees and other litigation expenses and inform the Committee of the outcome of the study within 3 months of the presentation of this Report.**

NEW DELHI;

April, 24, 1978.

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Vaisakha 4, 1900 (Saka).

SATYENDRA NARAYAN SINHA,

Chairman,

Estimates Committee

# APPENDIX I

(vide Para 3.2)

Statement showing gross amount of compensation paid cause-wise during 1972-73 to 1976-77 by each of the Zonal Railways  
(Amount in lakhs)

Railway	Year	Loss and theft	Pillage	Breakage	Leakage	Dam- age by wet	Delay in transit	Other causes	Total
Central	1972-73	36.40	39.68	1.99	5.59	18.84	7.84	3.95	114.29
	1973-74	43.52	53.98	3.11	8.52	49.92	5.56	4.38	161.99
	1974-75	50.99	63.79	2.64	7.01	31.66	6.67	3.98	166.74
	1975-76	45.13	54.74	1.28	6.89	34.26	2.58	4.43	149.31
	1976-77	38.67	29.14	1.13	6.67	41.31	2.10	5.20	124.22
Eastern	1972-73	61.64	159.90	1.62	3.06	17.82	8.21	9.64	261.89
	1973-74	76.26	192.75	3.13	3.85	24.29	5.61	9.13	315.02
	1974-75	81.85	178.22	4.95	4.67	32.23	6.63	35.18	343.73
	1975-76	91.80	218.57	2.71	6.09	39.05	5.40	19.23	382.85
	1976-77	84.43	175.71	2.88	7.46	43.67	4.60	21.90	340.05
Northern	1972-73	104.58	33.17	2.85	3.79	10.73	4.15	28.48	187.75
	1973-74	83.64	29.12	2.06	3.80	5.79	4.34	22.40	151.15
	1974-75	65.87	63.48	2.24	5.10	8.30	5.39	32.92	183.30
	1975-76	67.82	60.48	1.40	6.74	14.04	5.08	21.52	177.08
	1976-77	85.44	34.51	1.25	6.68	12.76	3.15	13.26	157.05
North Eastern	1972-73	27.68	20.50	0.03	0.46	0.29	0.81	5.25	55.02
	1973-74	27.36	32.54	0.01	0.42	0.50	0.55	6.19	67.57
	1974-75	26.12	34.24	0.08	0.80	1.56	2.64	6.01	71.45
	1975-76	28.28	29.98	0.17	1.01	2.76	2.62	10.21	75.03
	1976-77	23.88	16.48	0.05	0.83	2.24	1.49	8.84	53.81
Northeast Frontier.	1972-73	19.91	70.48	0.24	0.55	16.74	0.21	2.53	110.66
	1973-74	21.25	105.91	0.51	0.58	16.96	0.68	2.50	148.33
	1974-75	19.13	101.56	0.59	0.23	26.33	1.26	1.71	149.70
	1975-76	17.82	105.06	0.95	1.20	24.44	1.54	2.08	153.08
	1976-77	27.70	97.36	2.14	2.42	22.05	2.08	7.67	162.02

Railway	Year	Loss and theft	Pil- ferage	Brea- kage	Leak- age	Dam- age by wet	De- lay in transit	Other causes	Total
Southern . . .	1972-73	28' 70	34' 30	0' 49	1' 68	14' 88	0' 56	18' 09	98' 70
	1973-74	17' 13	42' 00	0' 66	0' 82	27' 41	0' 69	28' 22	116' 93
	1974-75	21' 43	49' 60	0' 32	0' 50	23' 80	0' 12	27' 90	123' 17
	1975-76	24' 72	47' 89	0' 32	0' 94	21' 31	0' 02	28' 84	119' 04
	1976-77	22' 56	19' 88	0' 14	1' 20	12' 21	0' 30	31' 23	87' 52
South Central . . .	1972-73	22' 17	18' 88	0' 95	1' 90	11' 79	0' 32	2' 50	57' 51
	1973-74	22' 09	24' 13	0' 97	1' 89	19' 35	0' 56	2' 71	71' 70
	1974-75	27' 86	30' 16	0' 63	3' 13	20' 48	0' 47	1' 50	84' 23
	1975-76	34' 63	36' 51	0' 75	5' 20	14' 14	0' 44	4' 80	95' 476
	1976-77	29' 07	17' 51	0' 51	9' 63	10' 79	0' 72	14' 36	82' 59
South Eastern. . .	1972-73	19' 65	102' 68	0' 41	4' 94	5' 14	1' 52	60' 37	194' 71
	1973-74	17' 88	90' 38	0' 12	3' 11	7' 95	1' 28	47' 45	168' 17
	1974-75	17' 40	96' 95	0' 17	2' 52	8' 19	1' 77	24' 11	151' 11
	1975-76	13' 49	106' 82	0' 31	2' 81	5' 02	1' 54	39' 31	169' 30
	1976-77	22' 16	181' 15	0' 81	7' 16	8' 30	2' 03	29' 18	200' 79
Western . . .	1972-73	70' 86	42' 73	2' 56	2' 32	23' 92	4' 08	2' 19	148' 66
	1973-74	57' 54	46' 63	3' 10	2' 25	45' 80	3' 25	2' 63	161' 20
	1974-75	78' 13	56' 32	3' 24	2' 29	44' 87	5' 13	2' 05	192' 03
	1975-76	96' 09	62' 14	3' 45	2' 79	30' 05	3' 95	4' 72	203' 19
	1976-77	88' 85	24' 21	3' 06	1' 50	25' 06	3' 84	0' 95	147' 47

# APPENDIX H

(Vide Para 3.50)

## Zone-wise details of Surprise visits

Zonal Railway	Number of surprise raids conducted by Crime Intelligence Staff, Zonal Railways and the Central Crime Bureau Railway Board					Results		Number of criminals/miscreants apprehended			
	1975	1976	1977	1975	1976	1977	1975	1976	1975	1976	1977
Eastern	.	.	.	.	.	.	.	.	.	.	.
Northern	.	.	.	.	.	.	.	.	.	.	.
North Eastern	.	.	.	.	.	.	.	.	.	.	.
Northeastern	.	.	.	.	.	.	.	.	.	.	.
Central	.	.	.	.	.	.	.	.	.	.	.
Southern	.	.	.	.	.	.	.	.	.	.	.
South-Eastern	.	.	.	.	.	.	.	.	.	.	.
Western	.	.	.	.	.	.	.	.	.	.	.
Southern	.	.	.	.	.	.	.	.	.	.	.
Centh-Centrl.mcreau	.	.	.	.	.	.	.	.	.	.	.
TOTAL	3,184	2,428	1,720	18,27,882	7,96,541	6,87,130	4,729	3,486	4,729	3,486	2,374



# [ APPENDIX III

[Vide para 5.64]

Statement showing the number of claims received and the amount claimed over all Indian Railways during 1972-73 to 1975-77

Railways	1972-73						1974-75						1975-76						1976-77					
	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed	No. of claims received	Amount claimed
Central . . . . .	65658	630.56	82317	1229.18	78410	1180.07	65807	1274.38	48823	1264.64														
Eastern . . . . .	136784	3163.55	106561	3072.70	118227	3437.14	112405	3162.61	61011	2314.19														
Northern . . . . .	112998	1009.27	99494	1202.76	119168	2427.87	110261	2665.44	59286	1268.11														
N. Eastern . . . . .	41236	636.96	34931	476.87	38110	518.73	34517	783.79	20644	227.29														
N. Frontier . . . . .	41906	1419.23	38240	1882.92	39731	2349.72	36326	2928.18	24843	1107.41														
Southern . . . . .	67860	845.70	70739	1029.34	73609	1441.43	75458	1577.44	50857	1160.59														
S. Central . . . . .	40473	388.70	39821	588.61	38847	688.94	37706	831.85	23795	211.75														
South Eastern . . . . .	98929	1024.10	75221	952.44	77670	1061.80	81028	2101.09	43367	736.55														
Western . . . . .	71073	415.44	79789	703.15	85124	840.68	79425	846.37	44503	495.98														
<b>Total</b> . . . . .	676917	9533.51	627113	11138.17	668896	13946.38	632073	16231.15	377129	8786.51														

# APPENDIX IV

[Vide para 5.64]

Statement showing number of claims admitted and amount paid by each Zonal Railway during 1972-73 to 1976-77.

Railways	1972-73						1973-74						1974-75						1975-76						1976-77					
	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid	No. of claims admitted	Amount paid
Central . . . . .	42900	114.29	51091	161.99	43576	166.74	35697	149.31	26881	124.22																				
Eastern . . . . .	41960	261.89	39304	315.02	38947	343.73	49550	382.85	29636	340.05																				
Northern . . . . .	54074	187.75	39126	151.15	49068	181.30	41916	177.08	20315	157.05																				
North Eastern . . . . .	21754	55.02	18344	67.57	20198	71.45	18862	75.03	10952	53.81																				
N. Frontier . . . . .	12332	110.66	14957	148.33	15316	147.70	11402	153.08	12023	162.02																				
Southern . . . . .	22999	98.70	23767	116.93	21673	123.17	21900	119.04	11082	87.52																				
S. Central . . . . .	17562	57.51	17903	71.70	14968	84.23	12963	96.47	7199	82.59																				
S. Eastern . . . . .	39757	104.71	29573	168.17	24331	151.11	31476	169.30	20508	200.79																				
Western . . . . .	57240	148.66	54264	161.20	54680	192.03	41930	203.19	24856	147.47																				
Total . . . . .	310778	1229.19	288329	1362.06	282752	1465.46	268136	1525.35	163392	1355.52																				

## APPENDIX V

(Vide Para 5.116)

*Copy of O.M. No. BPE/GL-001/76/MAN/2(110)/75-BPE (GM-I)  
dated 1.1.1976 from Ministry of Finance, BPE, New Delhi.*

**SUBJECT:** *Settlement of disputes between one Govt. Deptt. and another and one Government Deptt. and a Public Enterprise and one Public Enterprise and another.*

The undersigned is directed to refer to the Cabinet Secretariat, Deptt. of Cabinet Affairs O.M. No. 53/3/1/75-CF dated 19th December, 1975, wherein the directions of the Cabinet on the above subject have been spelt out in brief. It will be noted that all cases of unresolved disputes, regardless of the type of dispute, between one Government Department and a Public Sector Enterprise and between one Public Sector Enterprise and another, are to be resolved amicably by mutual consultation or through the good offices of empowered agencies of the Government or through arbitration, and recourse to litigation has to be eliminated. Where arbitration is decided upon, no lawyer should be ordinarily appointed by either party to argue the case. The arbitrator will be a serving Law Officer of the rank of Joint Secretary selected from a panel of names proposed by the Law Ministry. In complicated cases, where the arbitrator himself considers that outside assistance is necessary for elucidation of knotty legal points Govt. Standing Counsels may be engaged for this limited purpose on lumpsum payment. There should be no appeal in a court of law against the decision of the arbitrator which should be accepted as final. Whenever the award of the arbitrator discloses a patent error or if it be challenged for any other reasons mentioned in clause (16) and (30) of the Arbitration Act, reference may be made to the Secretary, Ministry of Law for further consideration.

2. Public Sector Enterprises which enter into commercial and other agreements should make a provision for arbitration by a single arbitrator in their conditions of contract. They can also institute a system of "Standing Arbitrators" under which a designated officer acts as the sole arbitrator. (Such a system is already in vogue in DGS&D and CPWD, where the volume of work is very large).

3. The following instructions regarding settlement of disputes relating to prices/income tax, issued by the Bureau of Public Enterprises would continue to be operative.

- (i) O.M. No. BPE/46/Adv(F)/68/25 dated 27.12.1968 regarding pricing policies of public enterprises.
- (ii) O.M. No. BPE/1(52)/Adv(F)/71 dated 19th June, 1971 regarding purchase and price preference to projects of public enterprises in competition with private sector undertakings.
- (iii) O.M. No. BPE/1(20)/Adv(f)/72 dated 18th September, 1972 regarding settlement of disputes between Income-Tax Department and Public Sector Undertakings.

4. Ministry of Industry and Civil Supplies etc. are requested to bring the contents of the above O.M. to the notice of the Public Enterprises under their administrative control for compliance.

## APPENDIX VI

(Vide Para 6—Introduction)

### *Summary of Recommendations/Observations contained in the Report*

S. No.	Para No.	Summary of Recommendations/ Observations
1	2	3
		<p>The Committee find that during the period of 4 years from 1971-72 to 1975-76 the railways received 6 to 7 lakhs claims per year for compensation on account of loss and damage of consignments. In 1976-77, the number of claims received by Railways showed a sharp decline to 377129. During all these 5 years the railways were held responsible for the loss and damage caused to consignments in 45 to 49 per cent of the cases for which they had to pay a compensation of Rs. 12 to Rs. 15 crores a year. What pains the Committee is the fact that over 71 per cent of the claims admitted by the Railways arose out of loss, theft and pilferage of consignments even when the Railways have a large army of RPF personnel to protect and guard the public property entrusted to their charge. The Committee are not prepared to accept that this loss is wholly unavoidable.</p>
2	1.20 & 3.40	<p>The Committee also find that essential commodities like grains, pulses, sugar, cement, iron and steel, edible oil, coal are amongst the main commodities which have been lost or damaged in rail transit. Payment of compensation of Rs. 12 to Rs. 15 crores a year on account of loss and damage of goods is by any standard a heavy drain on the national finances. But what</p>

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pains the Committee more is that, every year, commodities worth about Rs. 15 crores are admittedly lost, and over and above, commodities worth about the same amount are allegedly lost while in rail transit thus depriving the community of a vast quantity of essential and scarce agricultural and industrial products which the country can ill-afford to lose at this stage of its economy. The Committee wish to emphasize that the Railways should view this problem not merely in terms of money but also as a national loss which can undoubtedly be minimised, if not completely eliminated, if adequate and effective measures are taken to protect and guard the Railway consignments and due sense of seriousness is displayed in following and enforcing these measures by all those persons who are charged with the responsibility of ensuring safe storage and carriage of the goods.

The Committee would like to reiterate that the Railways should spare no effort to ensure safe carriage of essential and scarce commodities while these are in their custody and thereby save themselves as well as the nation of huge loss in cash and kind.

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1.22

While the Committee should have been happy at the sharp decline in the number of claims received and noticeable reduction in the amount of compensation paid in 1976-77 they are overtaken by a feeling of concern at the current trends which are far from re-assuring. They are afraid that, if the amount of compensation paid during the first six months of 1977-78 (Rs. 736.61 lakhs as compared to Rs. 675.07 lakhs paid during the corresponding period in the previous year) can be taken to be a pointer, the year 1977-78 may end with payment of compensation of a higher order than the year 1976-77. This will be unfortunate. The Committee

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would urge upon the Ministry of Railways to sit up and take a very serious view of the situation and spare no effort to arrest and reverse this adverse trend without loss of time.

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2.24

The Committee note that even though according to the instructions issued by the Railway authorities, railway receipts (RR) must be made over to the consignors on the very day the consignments are accepted for booking or are loaded or in exceptional cases on the following day, it has been brought to the notice of the Committee that there have been delays in the issue of railway receipts at Kidderpore and Netaji Subhash Chandra Bose Docks (Calcutta). The Committee would like the Railways to make institutional arrangements to detect cases of delay in the issue of RRs not only in Calcutta dock areas but also in all other Zones and streamline the working of the booking offices where delays take place so as to ensure that, as required under the rules, RRs are issued the same day or in exceptional cases, the next day.

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2.25

The Committee are informed that while the RR is handed over to the consignor, the booking staff is also expected to send an invoice copy of the RR to the receiving Station to enable it to identify and hand over the consignment to the consignee. But this, it has been brought to the Committee's notice, is not always done with the result that in some cases the consignment can be neither located nor taken delivery of on indemnity bond. The Committee would like the Railway authorities to make sure that the procedure prescribed in this regard is followed at all booking stations without fail.

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2.26

The Committee note that the most common complaint regarding the issue of RRs is that clear RRs are not issued by Booking Stations in a large number of cases. It has been represented to the Committee by a number of private sector institutions that qualified RRs create difficulties for the traders in getting payments from parties and banks on presentation of documents of despatch. In the absence of clear RRs, the consignors/consignees are also reported to be finding it difficult to establish shortages and claim compensation. The Committee note that in certain cases, private traders are prepared to pay for the extra staff that may be required to be engaged by Railways for issuing clear RRs or pay an extra charge that may be levied by the Railways for the purpose. The Committee would like the Ministry to examine the procedure adopted on Northern Railway (where the percentage of qualified RRs is stated to be as low as 1.6 per cent), the suggestions made by various institutions to recover cost of additional staff or a prescribed charge from the consignors, the possibility of mentioning the weight and not the number where counting is not possible and see whether any or all of these remedies can be used with advantage to keep the number of qualified RRs to the absolute minimum without unduly adding to the liability of the Railways. The Committee attach a great importance to an early solution to this vexatious problem and would like to be informed of the concrete steps taken in this regard.

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2.27

The Committee do not think it is difficult for the Railways to ensure, as demanded by traders, that the writings on Railway Receipts are legible and clear not only on the first copy but also on the carbon copies. They would like suitable



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instructions to be issued to the booking stations in this regard.

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2.28

The Committee note that a feeling prevails amongst the traders that Railway Receipts are not prepared in terms of Forwarding Notes and the entries on Forwarding Notes can be manipulated. It has been suggested to the Committee that duplicate copies of Forwarding Notes duly signed by Railway staff should be made over to the consignors. The Committee feel that the suggestion for the supply of duplicate copy of Forwarding Note, duly signed by booking staff, deserves a careful consideration, if for no other purposes, atleast to dispel the misgivings in the minds of the traders and to earn their goodwill.

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2.29

The Committee are informed that clear RRs are not issued also in cases where the consignments do not fulfil packaging conditions laid down in Railway tariff rules. It has been represented to the Committee that the packaging conditions are so elaborate that it becomes difficult for the consignees to comply with them fully. The Committee are of the opinion that a review of packaging conditions in the light of the new packaging techniques since developed may be made in consultation with the representatives of trade and industry and changes made, where possible, to simplify the packaging conditions without in anyway diluting the safety factor. Railways should also hold exhibitions at important places to educate the trade and industry as to how heavy and fragile consignments can be economically packed and damage and shortage in transit avoided.

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2.30

The Committee note that the Railway Board *vide* their instructions issued in 1973 required that where proper dunnage is not provided by

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the consignors while loading consignments in wagons, the consignments should be rejected. In practice, however, the Railway Staff, instead of rejecting such consignments accept the consignments after making suitable remarks on the Forwarding Notes/Invoices and claims for losses arising out of non-provision of dunnage are repudiated. This not only necessitates a review of the Railway Board's instructions on the subject but also reinforces the Committee's opinion expressed in the proceeding paragraph that a general review of the packaging conditions is overdue and should be undertaken without delay.

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2.31

The Committee note that instructions were issued by the Ministry of Railway in March 1976 to the effect that in respect of Coal wagons ment for individual parties or when the Forwarding Notes are tendered for individual wagons though a number of parties might have joined together for the sake of getting block rake allotment, separate Railway Receipts should be issued for the number of wagons specified in the Forwarding Notes. The Committee hope that the senior Railway Officers make sure during their inspection visits not only from the records but also from other sources that these instructions are duly followed at all stations.

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2.40

The Committee have been assured that in view of the elaborate procedure prescribed for the registration of indent, allotment and supply of wagons, it is not necessary to form a Joint Committee of officers and local traders, as suggested to the Committee, to review periodically the work of wagon allotment. The Committee have been informed that at every major station there is a Station Consultative Committee where trade interests using that stations are adequately represented. In the view of the

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Ministry of Railways, "if any discussion on wagon allotment and supply at such stations is at all considered necessary, this could be done during the periodical meetings of this (Station Consultative) Committee." The Committee would like that this aspect may be specifically included in the terms of reference of the Station Consultative Committees, and the enlarged terms of reference duly notified to all these Committees to enable them to review this matter at their meetings.

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2.41

The Committee note that the Ministry of Railways have not agreed to the suggestion that, when consignments are not accepted for loadings, reasons for non-acceptance should be given in writing by the Railway staff. The Committee feel that, in order to dispel any suspicion from the mind of the trading community, as is done on Northern Railway, the reasons for non-acceptance should be recorded on the Forwarding Note itself, whose format might be suitably modified, if necessary, to provide for space for the purpose.

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2.42

The Committee are glad that the representative of the Ministry has agreed to the suggestion that the wagon availability position should be displayed on Notice Boards at important Stations so that traders can know without difficulty whether or not wagons are available at any particular point of time. The Committee would like the Ministry to take necessary steps to implement this suggestion and also to issue instructions that the number of available wagons shown on the Board at any point of time should reflect the position correctly as it develops during the day.

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3.36

The Committee take note of the sharp decrease in the number of claims registered and

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settled by payment during 1976-77 as compared to earlier years. As against 6,32,973 claims registered, 285,384 claims settled and a sum of Rs. 15.25 crores paid in settlement of claims in 1975-76, the number of claims registered and settled in 1976-77 came down to 3,77,129 and 1,85,908 respectively and the amount of compensation paid also declined to Rs. 13.56 crores. Net amount of compensation paid after deducting the sale proceeds of unclaimed/unconnected goods is stated to 0.80 per cent of total freight earning in 1976-77 as compared to 1.65 per cent in 1973-74, 1.28 per cent in 1974-75 and 1.03 per cent in 1975-76. The Committee are happy at the improvement achieved in this field during 1976-77. They, however, feel that the position can be further improved if the administrative and executive machinery at various levels is motivated to observe all instructions issued in this regard in letter and spirit and take personal and serious interest in ensuring safe carriage of consignments.

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3.37

The Committee feel that the Claims Prevention Organisation in each Zonal Railway has a very vital role to play in minimising the incidence of loss and damage to Railway consignments. It should live up to its name and "prevent" loss and damage to consignments and not be content with merely issuing instructions and guidelines to the field staff and arranging seminars. The Committee feel that the organisational, administrative and operational capacity of the Claims Prevention Organisation should be studied by an expert body with a view to suggesting measures to make it more effective and efficient in enforcing preventive measures and achieving better results.

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3.38

The Committee are surprised to find that while the total amount of compensation for loss

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and damage of consignments paid by Railways during the year 1976-77 showed a welcome decline, the position on North East Frontier Railway and South Eastern Railway showed no such improvement. The Committee would like the Ministry of Railways to look into the performance of these two Zonal Railways and help them strengthen their Claims Prevention Organisations to be able to improve the position in line with other Zonal Railways.

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3.39

From the Commodity-wise analysis of Claims paid, the Committee find that, while there has been an over-all decrease in the incidence of loss and damage to consignments in 1976-77, the loss and damage of consignments of Coke, Coal and Cement have shown an upward trend and position regarding edible oils have also not shown any improvement. The Committee suggest that the Ministry of Railways should review from time to time the Commodity-wise analysis of Claims and pay special attention to the commodities which show rising trend of losses so as to control the situation.

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3.42

The Committee are informed that all wagons are examined before loading and leaky wagons and wagons with corroded and damaged panels are either rejected or repaired and made watertight before loading. Bitumenised gunny strips and cement and grass compound are also used at the flap doors to protect damage by wet. Leaky wagons are not given for loading commodities liable to be 'damaged by wet' and staff violating the instructions are punished. If that be so, it is incomprehensible why there should be proven 'damage by wet' of such a high order as Rs. 1.96 crores in 1974-75, Rs. 1.85 crores in 1975-76 and Rs. 1.79 crores in 1976-77. Obviously what is required to be done is not actually done in the field and the enforcement machi-

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nery is the weakest link in the set-up. The Committee expect the Railway Board to take effective measures to remedy the situation.

It has been represented to the Committee that Box wagons with doors opening upwards are vulnerable as catches of the doors of these wagons can be opened and the coal taken out. The Committee are glad to note that the design of the Box wagons has been replaced and the new wagons are being manufactured with doors opening downwards.

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3.43

The Committee are perturbed to note that "the single biggest factor counting for nearly half of the amount paid as claims for compensation is pilferage of goods while they are in rail custody." From the figures furnished by the Ministry, the Committee find that 71 per cent to 75 per cent of the total amount of compensation paid during the years 1974-75 to 1976-77 was on account of loss, theft and pilferage of consignments. In terms of money, the amount of compensation varied from Rs. 10.63 crores in 1974-75 to Rs. 11.42 crores in 1975-76 and Rs. 9.69 crores in 1976-77. This is a sad commentary on the performance of RPF, Station authorities and guards. This also shows that, contrary to the claim made by the Ministry, wagons with "body holes" are allotted for loading and, no wonder, the miscreants take advantage of these holes. Since factors responsible for loss on account of theft and pilferage are not such as are beyond human control, the Committee would like the Ministry of Railways to take a serious view of the lapses of the staff because of whose negligence or incompetence Railways and the public have to bear heavy losses.

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3.44

The Committee are informed that Railways have not gone in for mechanical handling of

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goods in a big way in view of the prevailing unemployment in the country though the risk of damage and pilferage is more when goods are handled manually. While the Committee agree to this approach, they feel that certain devices can be introduced for safe handling of consignments without in any way affecting the manpower. For example, use of a safer device in place of iron hooks to lift bags, carrying parcels packed in wooden crates on trollies instead of rolling them on platform or letting a bag slide down from a wagon on a slopping plank than dropping it from that height are some of the devices which can be used to prevent damage to consignments. The Committee feel that a study may be made by an expert group to determine the fields in which such aids can be introduced without affecting the employment position.

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3.45

The Committee are informed that surprise checks are made by the staff of the Crime Intelligence and the Central Crime Bureau of the Railway Board with a view to tracking down criminals and receivers of stolen goods. They find that the total number of raids conducted on all Zonal Railways during the years 1975 to 1977 shows a declining trend—the number having declined from 3184 in 1975 to 2428 in 1976 and 1720 in 1977. There was no raid conducted on North East Frontier Railways in 1976 and 1977. From this the Committee cannot but conclude that the campaign against criminals is on the wane. This should not be allowed to happen.

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3.46

The Committee suggest that the statistics in terms of the number of crimes and the value of property involved should be collected in respect of each of the 'black spots' from the crime-point of view and reviewed every month at the

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highest level in each Zonal Railway with a view to assessing the impact of preventive measures already taken and taking such further measures as may be considered necessary in the light of experience. Needless to say, the success of campaign against crime at such spots, and for that matter any other spot, would depend on the team work and cooperation of the Railway staff of all categories.

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3.47

It was suggested to the Committee by the Chairman, Coal India Ltd., that instead of deputing more and more men on surveillance work in goods sheds, yards etc., to prevent pilferage and theft, a more economical and more efficient method would be to instal electronic security systems which were widely used in other countries—both in industry and in defence. The Committee would like the Ministry of Railways to study the question of installation of electronics security system at a few selected stations in consultation with the Electronics Commission, make cost benefit analysis and see how far will it be comparatively more economical and more efficient to go in for electronic surveillance at these places. The Committee would like to be infomed of the outcome of the study and the decision taken by the Ministry in the matter.

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3.49

The Committee see no jstification for shortages of full bags from seals intact wagons, as reported by one-Man Expert Committee (1970). They are informed that the Railways have intensified supervision of bulk loading at places which are under their Charge. The Committee would like that shortages reported from seals intact wagons loaded under the supervision of the Railway staff should be viewed very seriously and no leniency shown to the erring staff.

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3.50

The Committee are informed that it takes 4 to 8 days for the consignments to reach destina-



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tion stations within a radius of 200 Kms. even when no transshipment is involved. Transit time for full wagon loads is stated to be as high as 15 days for a distance of over 1000 Kms. and 20 days where transshipment is involved. The transit time taken in the case of small consignments is reported to be still higher. This, in the opinion of the Committee, is highly excessive and cannot be justified. The Committee would like the Ministry of Railways to study this matter in depth and lay down optimum limits of transit time for wagon load as well as small consignments. The Committee would expect that delay in each case occurring without any compelling reasons would be taken serious note of and looked into by senior officers with a view to taking remedial measures for future.

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3.51

The Committee are of the opinion that the new methods of carrying and storing goods, as suggested by the representatives of the Associated Chamber of Commerce and Industry, namely, introduction of 'pelletisation', enlargement of the concept of 'Container' and provision of 'lock fasts'; merit serious consideration for use not only at private sidings for which 'palletisation' is being considered by the Ministry of Railways, but also at other places.

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3.52

The Committee cannot over-emphasise the importance of training being imparted to loaders and porters in handling goods carefully and safely. They would like training programmes specially tailored to meet the job requirements in different regions to be drawn up and put through for the benefit of loaders and porters employed in those regions. The Committee feel that the training programmes will produce the desired results only if they are accompanied by suitable incentive schemes.

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29	3.53 & 3.54	<p>The Committee note that the One-man Expert Committee (Kirpal Singh Committee, 1976) made a number of useful recommendations suggesting ways to deal with the crime against property entrusted to the Railways for transport. The Committee understand that a number of its recommendations have been accepted by the Railway Board. The Committee desire that follow-up action should be taken expeditiously to implement the recommendations which have been accepted.</p> <p>The Committee note that instructions issued by the Railway Board to Zonal Railways regarding handling of consignments labelling of wagons, supervision at loading points and other connected matters are scattered over a large number of letters issued from time to time. The Committee hope that a manual will be brought out expeditiously for the guidance of the concerned staff and it will be kept up-to-date by issuing correction slips as and when necessary.</p>
30	3.69	<p>The Committee note that Indian Railways have three gauges and 97 break of gauge points where goods are transhipped from one wagon to another. Though adequate administrative and operational arrangements are stated to have been made for handling, storage, transfer from one wagon to another and security of goods at the transshipment points, the Ministry of Railways have admitted that "transshipment causes extra incidence of damage, breakage and wastage and provides greater scope for theft, pilferages and misdespatches." A sample study made by North East Frontier Railway shows that about 14 per cent of the Compensation amount paid by the Railway was attributable to the claims arising at transshipment points. Applying the result of this study to get a broad perspective of the magnitude of the problem at all-India level, it is seen</p>

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that approximately Rs. 2 crores are paid annually by all the Railways as compensation for the loss and damage caused to consignments at transshipment points, much if not all, of which can, in the opinion of the Committee, be avoided by taking preventive measures. The Committee feel that this is another area which calls for an in-depth study by an expert group to determine the extent of loss and damage in terms of amount and percentage caused to consignments at various transshipment points and draw up a streamlining the system of working at these points with a view to controlling loss and damage.

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3.70

The Committee see no reason why defective wagons should be used at all at these points much against the standing instructions issued by the Railways. This is an act of gross negligence on the part of supervisors and is all the more reprehensible since it takes place in the unavoidable absence of consignor/consignee. The Committee would like the Ministry of Railways to tighten supervision and make sure that defective wagons are not used at transshipment points.

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3.71

As regards rough and wrong handling of consignments the Committee would like to reiterate that, as recommended by them earlier in this Chapter, solution to the problem lies in organising training programmes for loaders and porters and introducing some mechanical and other aids in place of iron hooks etc., which will help loaders handle bags safely without affecting employment situation adversely.

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3.72

The Committee note the views of two of the Zonal Railways that security arrangements at the transshipment points require to be tightened up and augmented. The North-East Frontier Rail-

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		<p>way is of the opinion that provision of high compound wall with barbed wire fencing at the top and introduction of identity card system for entry in transshipment areas and goods sheds would eliminate chances of pilferages but the cost of arrangements and the administrative machinery would pose big problem. The Committee would stress the need for foolproof security arrangements at transshipment points where public property lies in trust with the Railways and should therefore be properly guarded from miscreants and anti-social elements. They would like the Ministry of Railway to ask the Zonal Railways to examine the suggestion made by the North-East Frontier Railway and other measures with a view to tightening security arrangements at transshipment and other such points. The Committee would expect the Ministry to pursue this matter with Zonal Railways and help them evolve a satisfactory solution to the problem.</p>
34	3.73	<p>The Committee note that, as recommended by the one-Man Expert Committee (1976), arrangements for repairing packages and bags which may be found torn, damaged or broken at transshipment points have been made on Central, Northern, Southern and Western Railways. The Committee hope that similar arrangements exist on other Zonal Railways also. They feel that if the staff posted at transshipment points have to do a really good job, they should be put through some sort of training in repairing bags and packages. They would also like that a senior officer at each transshipment point should be made responsible to see that torn, damaged or broken packages are in fact repaired before they are despatched</p>
35	3.74 &	<p>The Committee note that the Ministry of Railways are not on favour of agreeing to the</p>

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3.75 suggestion made by the representatives of trade and industry that their nominees may be allowed to supervise transshipment of their consignments from one wagon to another in the interest of more careful and safer handling of consignments. The Committee find that this facility was available to consignor/consignee in the past but it was withdrawn in 1967 as it was felt by Railway authorities that, if allowed generally, it was likely to give rise to various malpractices. The Committee are unable to appreciate the stand taken by Railways in this regard and would like the matter to be reconsidered as they also feel like the Gujarat High Court that "the risk of mishandling of goods as well as pilferage at the transshipment points can be by and large averted if permission is granted to the consignor or the consignee (or his nominee) to remain present at the transshipment point to supervise the operation.

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3.102  
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3.103

The Committee are informed that misdirection of wagons is one of the main factors responsible for loss and damage of railway consignments. Misdirection of wagons, it is stated, is mainly caused by carelessness of staff in not fixing card labels on wagons properly, dropping or mutilation of card labels in transit, attachment of wagons to wrong trains during shunting operations in marshalling yards and at transshipment points.

The Committee regret to observe that an impression continues to persist that the rules prescribed by railways to prevent misdirection of wagons are not being strictly acted upon by the Railway staff despite repeated instructions stated to have been issued by the Ministry of Railways (Railway Board) to their Officers and staff. The Committee would expect the Ministry to do

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something tangible to demonstrate that they have a will and a machinery to enforce the rules laid down by them and thus win the confidence of their clients. The Committee also suggest that role and responsibilities of each category of staff concerned with booking and carriage of consignments and methodology of work should be clearly defined and check-lists issued for the guidance of the staff. They would like that as already recommended by the Railway Convention Committee in their Third Report (1973), the Ministry should tighten supervision and intensify the system of surprise checks by officers of the Claims Prevention Organisation so as to ensure that labels are properly made and inserted in the pockets, wagons are duly sealed and regularly checked *en route* and the prescribed drill followed to ensure that wagons reach the destinations speedily and safely.

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3.104  
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3.105

The Committee were informed during their tours by the representatives of trade and industry that the present system of putting labels on the wagons was not satisfactory. They suggested that reusable metallic labels or stickers or stencils should be used to indicate the names of destination stations at a fixed, prominent place on the wagon in big enough letters readable from a distance so that a wagon proceeding in a wrong direction might be easily spotted out and redirected to the right station. The general feeling of the Committee was that of the three systems suggested by traders, viz., Metallic label, sticker and stencil, stencil was the simplest and also the cheapest method of indicating the name of destination station at the wagon.

The representative of the Ministry also stated in evidence that the system of stencilling the name of destination station was tried by one

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Railway in 1970 but as the staff failed to obliterate the destination station name after unloading, it also resulted in mis-despatch of the wagons and had therefore to be given up. The representative of the Ministry added that "It is costly experiment. If you like us to try it again, we will try it again. I do not know how many lakhs of rupees will go down the drain." The Committee regret to observe that an apparently good system of labelling was given up not because of any inherent defect but admittedly because of the failure of the Railway staff in carrying out elementary instructions for which the supervisory level of officers also have to bear responsibility. The Committee would not like the Railways to adopt a procedure which, as they say, would entail enormous outlay without any tangible results. Nevertheless they would like to observe that a correct evaluation of this system would be possible only if it is tried at carefully selected stations with adequate advance preparation and with suitable safeguards like making the consignors responsible, in their own interests, for blotting out the old destination names and stencilling names of new destination stations at their own cost which would also have a consequential advantage of generating new self-employment opportunities for painters etc., at each such station.

The Committee are informed that the Computer Centre in the Railway Board has considerably streamlined the system of tracing and connecting of missing wagons. They note that the Railways are considering a scheme to be implemented over a period of 15 years under which new computers will be installed in the Railway Board and at each Zonal and Divisional Headquarters. All these computers will be inter-linked and provide information for the purpose

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		of wagon linkage and a number of other matters from all over India. The Committee would like to be informed of the decision taken on the scheme.
39	3.107	The Committee would like that, in the meantime as suggested by the Northern & Eastern Railways, the existing computers in the Zonal Railways should also be utilised in the process of search of missing and unconnected wagons so as to cover major booking points and marshalling yards which are at present not covered by the Computer Centre of the Railway Board and thus make the process of tracing really effective and fast.
40	3.108	Two conclusions stand out from the data submitted by the Food Corporation of India: One, that thousands of wagons are still 'lost' every year despite the claim made by Railways that the instructions regarding labelling, sealing and checking of wagons issued by the Railway Board in this regard are being enforced; two the rate of tracing 'missing wagons has declined from 73 per cent in 1974-75 to 57 per cent in 1976-77, and that of linking unconnected wagons has gone down from 77 per cent in 1974-75 to 46 per cent in 1976-77. The Committee are constrained to observe that the present system of labelling of wagons and working of machinery responsible for tracing and linking of missing wagons are not as efficient and effective as the authorities think they are. The Committee would like the present systems to be critically reviewed and steps taken to plug the loopholes and streamline their working. They would also like that an evaluation of the working of these systems in terms of the number of wagons reported missing or unconnected, the number of wagons found and linked and the number re-



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		<p>maining untraced/unconnected for more than one year; two years and three years should be included in the Annual Report of the Railways.</p>
41	3.109	<p>The Committee would stress the need for evolving a systematic procedure to take care of wagons which come at stations for which they are not intended or which cannot be connected for want of labels or other requisite information. It should be made incumbent on the station authorities concerned to report the whereabouts of such misdirected and unconnected wagons to the nearest Divisional or Zonal Headquarters without loss of time to enable the latter to re-direct them to the right stations.</p>
42	3.110	<p>The Committee are informed that it is one of the duties of loading staff to examine the flaps of pockets for wagon labels, and these are 'normally' attended to and replaced whenever necessary during periodical overhauling repairs. The Committee would like this matter to be attended to more seriously. They feel that if flaps of pockets of a wagon are missing or defective, the staff at major stations, in particular, should make some stop-gap arrangement before making that wagon available for loading. If this is not done, the Committee apprehend that the card labels in respect of that wagon are likely to get disfigured or mutilated in transit thereby leading to the misdirection or loss of the wagon.</p>
43	3.111	<p>The Committee are informed that in certain foreign countries there is compartment built in the under-carriage in which labels containing necessary particulars about the wagon are kept and sealed. The Committee would like the Railways to examine whether a small weather-proof lockable compartment in the under-carriage of a wagon would not be a safer place than the side brackets to keep the card-labels. If this</p>

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proves practicable, the Committee suggest that a progressive use may be made of this built-in-chamber.

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It has been represented to the Committee by the Steel Authority of India that weighbridges are not available at all loading points. At certain places weighbridges are provided by the siding owners and weighment is witnessed by the Rail way staff, but the usefulness of the facility is defeated unless weighment is again checked at the destination stations and witnessed by the Railway staff to determine the shortage. Moreover requests for re-weighment are not always granted.

The Committee see no reasons why reweighment of small consignments for which facilities are available at every station, should be refused at all. Even in respect of consignments which do not bear any outward sign of pilferage or damage, requests for re-weighment should be granted to satisfy the consignees; if necessary, in such cases, in order to discourage frivolous requests, a re-weighment fee may be charged.

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3.126  
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3.127

As regards wagon load consignments, the Committee feel that the purpose of providing the facility of weighbridge at loading stations is defeated if there is no such facility at the unloading stations.

The Committee feel that all major stations which have a heavy originating or terminating goods traffic should progressively be provided with facilities for weighing wagons. If suitable incentives are given, the Committee have no doubt that local trading interests at unloading points might agree to install wagon weighing equipment at their own cost in the same way as they have done at loading points. The Committee would like the Ministry of Railways to take initiative and draw up a model scheme in this regard and encourage Zonal and

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		Divisional authorities to explore the possibility of setting up community weighbridges in collaboration with the organisations of local traders and industrialists for a more harmonious relationship between the big consignees and the Railways.
46.	3.128	The Committee are not happy to note that coal wagons at Kumardihi and Goenka Kajora were allowed to be overloaded in 71 to 85 per cent of cases in May 1977. In certain cases loading was 10 to 14 tonnes more than the carrying capacity of the wagons though the maximum overloading allowed under the rules is only 2 tonnes. This not only imperils the safety of the goods train but may also affect consignees interests adversely especially at places where there are no re-weighment facilities. The Committee would like corrective steps to be taken in this regard expeditiously.
47.	3.129	The Committee are informed that though previously weighbridges remained out of order for a considerable time as the Railways depended on private contractors for their maintenance, the position is now satisfactory. The Committee would like that maintenance schedules should be drawn up for each weighbridge and steps taken to ensure that these are observed in actual practice. They would also like the Railways to see that, in the event of a weighbridge going out of order, the weighbridge is attended to without loss of time.
48.	3.130	It has been suggested to the Committee that for a more accurate and efficient service, mechanical weighbridges should be replaced by weigh to-metres or electronic weighbridges which, it is stated, can record the weight of moving wagons also. The Committee are informed by the Ministry of Railways that Rail-

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way Designs and Standards Organisation is in touch with the indigenous manufacturers of an electronic weighbridge and is, in fact, guiding and helping them in this venture but so far it has not been possible for the Railways to examine the efficacy of the electronic weighbridge. An electronic weighbridge, on the face of it, certainly has the advantage of accelerating the process of weightment of wagons and thus speeding up the movement of goods traffic. The Committee would like to be informed of the outcome of the efforts being made by the RDSO in this field.

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3.131

The Committee are concerned to note that recording of weight of consignments is stated to be "not correct and proper" in certain cases. This may be due to defective functioning of weighing machines, all of which, the Committee suggests, should be tested periodically to ensure that these give accurate weight reading. The Committee feel that possibility of recording incorrect weight by mistake or otherwise will remain until the weighing equipment with Railways is fitted with automatic weight recording device. They would like the Ministry of Railways to explore the possibility of fitting such a device to the weighing equipment already in service and in future consider purchasing equipment already fitted with such a device.

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3.138

The Committee see no reason why, in other Zones also, at stations where duly authorised officers are available, open assessment delivery should take more than 24 hours. The Committee suggest that the Railway Board should progressively and after due preparation extend the scheme of delegation of powers to grant open/assessment delivery to Officers of other stations where the goods traffic so warrants in order to provide efficient service to the consignees there.

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		<p>The Committee would like that a time-schedule to grant such deliveries should be laid down and necessary steps taken to ensure that the time schedule is adhered to. The Committee would also like the Railway Board to ensure that their instructions enjoining upon the field staff to issue shortage certificates automatically and without delay are carried out in letter and spirit.</p>
51.	<p>3.145 &amp; 3.147</p>	<p>The Committee are informed that there is no system of freight insurance on the railways but in many cases consignors at their own initiative insure their consignments for transit losses with the insurance companies who, in the event of loss, pursue the matter with the railway authorities to obtain settlement of claims on behalf of their clients.</p>
		<p>The Committee note that the question of introducing freight insurance scheme for goods carried by railways was examined in 1973 in consultation with the General Insurance Corporation of India but the scheme was not found feasible in view of the magnitude of the problem. The Committee feel that, in view of the widely felt need for insurance cover, the feasibility of introducing freight insurance scheme in a limited sphere, to start with, say, for consignments of high value and full wagon load consignments may be re-examined and the result of such examination may be communicated to the Committee within six months.</p>
	3.147	<p>The Committee would like that, while re-examining the feasibility of freight insurance scheme, the Ministry of Railways may also consider whether the "percentage charge on value" scheme already in vogue for certain articles mentioned in the Second Schedule to the Indian Railways Act cannot be converted into a sort of general freight insurance scheme and pro-</p>

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gressively extended, on an optional basis, to a larger number of consignments. In such cases, however, the Railway authorities would have to make sure that, in the event of loss or damage of a consignment, the consignees/consignors get the benefits and services which at present are provided by the Insurance Companies.

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4.36  
and  
4.37

From the memoranda submitted to the Committee by public sector organisations and Chambers of Commerce etc., the Committee note that role played by RPF is considered to be not at all satisfactory and some of the organisations suspect sections of RPF even colluding with the criminals. The Ministry of Railways (Railway Board) have admitted that the single biggest factor counting for nearly half of the amount paid as claims for compensation was pilferage of goods while they were in rail custody. The Committee note that the railways have a total force of 64,000 RPF personnel. They regret to observe that thefts etc., of consignments take place even from trains escorted by RPF personnel. While explaining the incidence of thefts etc. even from trains escorted by RPF, the Ministry of Railways have stated that this is partly because of "inadequate deployment of escorting staff due to insufficient manpower of RPF." The study made by the One-Man Expert Committee reveals that the RPF personnel are also required to perform duties which do not fall within the scope of their operations as visualised in the Railway Protection Force Act. It was found by the Expert Committee that during the period of 6 months from March to August, 1975, on an average 4256 RPF personnel were employed on such unsanctioned and unscheduled duties. The diversion of such a large force from their main job and their deployment elsewhere in the face

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of reported insufficiency of manpower of RPF shows that the Railways have not been taking as much care of public property entrusted to them for carriage as they could and should have taken or as Parliament expected them to take while sanctioning funds for the maintenance of this Force. The Committee are strongly of the view that the withdrawal of RPF personnel from property protection work is not at all desirable and such a practice must be stopped.

53. 4.38 The Committee also feel that, as suggested by the One-Man Expert Committee, the Railways should, without loss of time, undertake a detailed work-study of the manpower requirements, draw up yardsticks which could be applied to various types of duties performed by the Railway Protection Force and make the most effective use of the Force by deploying its personnel in a more systematic and imaginative manner.
54. 4.39 The Committee were informed by the Ministry of Railways that the thefts etc., taking place from trains escorted by RPF personnel were, *inter alia*, also due to negligence/indulgence in mal-practice by railway staff, insufficient lighting arrangements in yards and unscheduled stoppages or speed restrictions on account of operational reasons. The Committee are unable to appreciate as to why the escorting RPF personnel cannot effectively deal with the railway staff and others committing or abetting in the commission of thefts and pilferages from running trains or at unscheduled stoppages and why lighting arrangements in the yards cannot be improved to a satisfactory level. If even the trains escorted by RPF personnel are not safe from criminals, the fate of unescorted trains is not difficult to imagine. This only shows that not only the RPF personnel but also others who are

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responsible for safeguarding public property do not take their duties seriously. The Committee would like the Ministry of Railways to look into this matter seriously and take urgent steps to plug the loopholes in the security arrangements of trains so as to ensure their absolute safety from criminals.

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4.40

The Committee were also informed by the Ministry that during 1976, 1327 members of the RPF were punished and 200 out of them were removed from service. The numbers of RPF personnel arrested for involvement in cases of pilferage on this ground were 176 in 1974, 190 in 1975 and 94 136 in 1976. That such a large number of RPF personnel were found negligent in the discharge of their duties and had to be punished and arrested for involvement in thefts, etc., is a sad commentary on the working of the Railway Protection Force. The Committee strongly urge that the Railways should systematically identify RPF and other personnel with doubtful integrity and keep them under careful and constant surveillance. The Railway authorities should attach the highest importance to the integrity of their personnel while evaluating their performance for the purpose of career advancement and should not appoint personnel of doubtful integrity in positions of responsibility. Those who are found guilty of acts of commission and omission involving moral turpitude resulting in financial loss should be speedily and severally punished.

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4.41

The Committee note that the One-Man Expert Committee has come to the conclusion that the existence procedure for departmental proceedings in the case of Railway employees, particularly Railway Protection Force needs to be revised to enable speedy and drastic punishment being imposed for involvement in crime



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against railway property. The Committee would like the Railways to go into this matter expeditiously and make necessary changes in the procedure for departmental proceedings to enable speedier and appropriate punishment being awarded to such of the railway employees as are found guilty of crime against railway property and public property entrusted to railways for carriage.

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4.42

The Committee also recommend that training and refresher courses should be organised for the RPF and other personnel responsible for handling and protecting public property in order to improve their efficiency. Training should also be imparted to supervisory officer to enable them to improve the quality of supervisions and to detect cases of negligence well in time so as to minimise loss so railways on account of pilferage and theft of railway consignments.

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4.43

The Committee are informed that at present under the Railway Property (Unlawful Possession) Act, 1966, the Railway Protection Force has been conferred with limited powers of investigation and prosecution. The Railway Protection Force has still to depend on the State Police Organisations mainly the Government Railway Police, for the investigation of theft cases reported to them. The existing pattern of dual control of Railway crime does not meet the security requirements satisfactorily. The Committee would, therefore, recommend that as suggested by the Administrative Reforms Commission and also the One-Man Expert Committee (Kripal Singh Committee) the aforesaid Act be amended and the Railway Protection Force which is a statutory organisation for the protection of the railway property and property entrusted to the railways for carriage, be vested with

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		adequate legal powers of investigation and prosecution of the offences against such property to make the Force more effective and purposeful.
58	4.44	It has been brought to the notice of the Committee that as regards loss of railway consignments there is no clear-out demarcation of responsibility between the railway staff and the RPF and the Police and that one tries to shift the responsibility on to the other. The Committee would like the Ministry to go into the matter and define the responsibilities of the Railway staff, the RPF and the GRP in clear-cut terms so that in case of loss, damage, pilferage or theft, the responsibility would be appropriately fixed.
60.	4.45	The Committee are informed that one member of the RPF staff of N.E. Railway, one Rakshak of Central Railway and 6 members of the RPF staff of South Eastern Railway died in encounters while protecting railway property and consignments booked by rail and the bereaved families were given suitable financial assistance. The Committee feel that besides giving cash assistance in such case atleast one dependent member of the bereaved family should be provided with a suitable job in the railways and also the facility of residential accommodation so as to mitigate the hardship which such a family has inevitably to face after the demise of its bread earner.
61.	4.46	The Committee note that according to RPF Regulations no RPF personnel can normally be retained at the same station for a period of more than 3 years. The period of 3 years can, however, be extended to four years with the approval of Chief Security Officer on human considerations. Such cases were stated to be very few. The Committee hope that exceptions to three-

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year rule are granted sparingly and only in very genuine cases and with the prior approval of the Chief Security Officer. The Committee would like that a maximum period of posting at the same station even in exceptional circumstances should be fixed and it should not be exceeded in any case.

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4.47

The Committee are distressed to note that in 1975, 3 RPF personnel were apprehended at Kodarma for being in possession of Rs. 1 lakh (approx.) in cash, 3 wrist watches, gold ornaments weighing about 160 gms. and some other things. As admitted by the Ministry of Railways the persons concerned in this case had been there for more than 5 years and there were no exceptional circumstances warranting their unduly long stay at that station. The representative of the Ministry informed the Committee during evidence that the local officers right up to the Chief Security Officer tried to transfer them but "some how or the other some pressure was brought to bear." Viewing this as a typical case and not an isolated case, the Committee are unhappy that the highest officers succumbed to pressure as they did and allowed RPF personnel to stay at the same station for unduly long period in violation of the policy laid down in this regard. Such instances are sure to undermine the morale of honest workers and create dissatisfaction in their ranks. The Committee would like the Ministry to enquire into the circumstances of the case and draw appropriate lessons for future guidance and inform the Committee of the outcome.

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The Committee would also like the Ministry to undertake a review of all such cases in which the stay of RPF personnel at the same station continues to be for a longer period than permit-

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		ted under the official policy in this regard and rectify the situation.
64	4.49	<p>The Committee were informed that the working of the Railway Protection Force was studied by a High Power Committee on Security and Policing on the Railways (which submitted its report in 1968) and also by the One-Man Expert Committee (which submitted its report in 1976). It is seen that both these Committees have made a number of useful suggestions for the more efficient utilisation of Railway Protection Force with special reference to their role in the prevention of loss and damage to railway property and the public property entrusted to the railways for carriage. The recommendations of both these Committees, it is stated by the Ministry, "are being implemented in a phased manner." The Committee would like the Ministry of Railways to draw up a time-bound programme for the implementation of their recommendations as this would go a long way in minimising the incidence of loss and damage of consignments booked by railways.</p>
65	4.50	<p>From all that has come to their notice, the Committee cannot but agree to the view expressed by a number of public sector enterprises that the performance of RPF personnel leaves much to be desired and that the theft and loss of railway consignments can be considerably reduced if only the RPF personnel discharge their duties honestly and conscientiously. The Committee stress that it is absolutely essential for the railways to revamp the image of the RPF and establish its credibility in the eyes of the public as an effective instrument for safeguarding public property entrusted to railways for carriages. Needless to say, the public will judge the effectiveness of the steps taken to improve the efficiency of RPF by the success it</p>

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achieves in controlling the incidence of theft, pilferage and loss of consignments booked by rail. The Committee would like the Ministry of Railways also to evaluate the performance of RPF in terms of annual compensation claims bill and compensation paid on account of theft, pilferage and loss of railway consignments *vis-a-vis* the total expenditure on RPF and its strength. They would also like the Ministry to publish such evaluation results in their Annual Report.

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5.25

It has been represented to the Committee by a number of reputed enterprises and organisations that the procedure or settling claims is lengthy and time consuming. There are inordinate delays and improper assessment of loss and damage. The Committee would, therefore, suggest that a critical study of the procedure of working of the claims settlement organisation should be made through an Organisation and Methods expert and the procedure simplified and streamlined in the light of the study. The Committee also suggest that guidelines should be laid down clearly to ensure speedy disposal of work and the role and duties of each category of staff and officers should be properly defined so that the performance of each one of them can be properly evaluated and bottlenecks, if any, removed.

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5.26

It has been suggested to the Committee that a time-bound programme should be laid down by the Railways for each stage of work to be done by the staff in the process of examination and settlement of a claim and officers should ensure observance of the time-schedule. This, in the opinion of the Committee is a good suggestion and should be suitably incorporated in the detailed procedure of working of the claims settlement machinery as it will introduce an

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element of urgency at each stage and ensure expeditious disposal of claims.

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The Committee note that, while acknowledging receipt of a claim, the claimant is asked to submit necessary documents such as shortage certificate, beejuck and other relevant information, if not already furnished. In order to avoid unnecessary correspondence in this regard, the claims authorities should insist on all the relevant documents to be appended to the claim application at the time of submission of the claim. For this purpose, the list of documents required and other instructions in this regard should be printed at an appropriate place in the application form and also put up at prominent places in the claims and other offices of the Railways and given due publicity by other means for the guidance of claimants.

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5.28

The Committee cannot understand why Missing and Damage Report in respect of a booked consignment should be called from the station concerned only after the registration of a claim and why such a Report should not be sent automatically by the station concerned to the Claims Officer concerned after loss, damage or shortage comes to notice. Similarly, they are unable to appreciate why effort to trace the missing consignment is initiated or notice on the adjoining Railway to trace the missing consignment is served only after the registration of a claim. If advance action is taken in such matters by the authorities concerned in anticipation of the claims being registered in due course, the disposal of claims can be speeded up. The Committee hope that this aspect will be taken care of while streamlining procedure.

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It has been represented to the Committee that payments of claims are held up due to non-

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		receipt of other railways' acceptance or confirmation even though claims on merit are admissible. The Committee would like the Railways to look into the matter and consider taking necessary steps to simplify the procedure in this regard.
71	5.30	The Committee are glad to note that the Ministry of Railways have responded favourably to the suggestion made by the trading circles that the Railways should accept applications for claims accompanied by "certified" copies of original documents and not insist on "originals" which may be submitted at the time of final settlement. The Committee hope that publicity will be given to this facility for the benefit of the public and necessary instructions in this regard will be issued to claims offices in all zones to ensure that this facility is extended to all the claimants without any hesitation.
72	5.31	It has been represented to the Committee that the period of 6 months allowed for lodging a claim should be counted from the date of delivery of the consignment and not, as provided at present, from the date of booking of consignment. The Committee would like the Railways to extend the period so as to give a clear margin of 6 months from the date of consignment for filing the claim.
73	5.32	There is hardly any excuse for inordinate delay in making payments after a claim has been admitted by Claims Settlement Officer or decreed by a court of law and in all fairness the Railways should make amends for the delay in such cases. If inordinate delay takes place, the responsibility for the delay should in any case be fixed and action taken against the defaulters. The Committee would also like the Railways to examine the practice obtaining in other Government Departments like Income-tax Department,

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		where similar or near similar situations arise, and consider introducing a system of paying interest or giving compensation in some other form to the claimants.
74	5.33	<p>A number of private sector organisations have stated that the Railways sit tight over claims cases till legal notices are served or legal proceedings are initiated. A public sector undertaking, while making a similar complaint has stated that there appears to be a "general tendency for repudiation of claims either by inaction or long silence and claims are seldom settled until threat is held out for legal action." The Ministry of Railways have stated that "this allegation is not correct." The Ministry have added that it is their constant endeavour to settle compensation claims as expeditiously as possible and it is not their intention to force the claimants to resort to legal action. The Committee consider it unfortunate that such an impression about the attitude of Railway Administration towards claimants, even if it is unjustified, prevails among trading and industrial circles in private and public sector. The Committee would like to reiterate that the Railways should give wide publicity to the measures taken by them to speed up claims settlement work and encourage public and private sector enterprises and organisations to bring long pending claims and other matters to the notice of highest Railway authorities in the respective zones who should look into them and take prompt and conclusive action.</p>
75	5.34	<p>The Committee find that an impression prevails amongst traders that the officers are hesitant in taking a decision on high value claims and they prefer such cases to go to courts. It is stated that when such cases are brought to the notice of the General Manager of the Zone</p>



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		<p>concerned by the Chambers of Commerce and Industry, these are finalised "very quickly". The Committee are not happy at the senior officers evading the responsibility for deciding high value claims. They would suggest that, as is the practice in some places already, General Manager or other senior officers of a zone should periodically hold meetings with the representatives of recognised organisations of traders and industrialists to discuss outstanding claims cases and to expedite their settlement across the table.</p>
76	5.35	<p>The Committee note with concern that the Minister of Railways and Railway Board have been receiving a large number of complaints regarding settlement of claims. The Committee would suggest that, after disposing of the complaints, the Ministry should critically analyse these complaints to find out the basic factors which give rise to these complaints and take steps to avoid similar complaints in the future.</p>
77	5.36	<p>Though the Committee in their 10th Report (1967-68) had recommended that there was need to compile a handbook on claims procedure for the guidance of the trading public and the Ministry in their Action Taken Note had informed the Committee in 1968 that "A Guide for Claimants has been prepared and arrangements are being made to publish it," the Committee regret to note from the handbook containing principles rules and procedure for the preferment and disposal of claims which was supplied to the Committee along with Supplementary Material (February, 1978) that it was published only in 1965. This clearly shows that not only has the Railway Administration done precious little to keep the claimants informed of the prevailing procedure for preferring claims, but it has also failed to implement an earlier recommendation of the Committee accepted by the</p>

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Ministry. This is reprehensible. The Committee would like the inordinate delay in bringing out a handbook of rules and procedure for the preferment and disposal of claims to be enquired into and the Committee informed of the result. Responsibility should also be fixed for the lapse. The Committee would also like that the handbook may now be brought out without any further delay and copies made available to the trading public on payment and also supplied to scores of members of the Railway staff who are scattered all over the country and trying to grapple with the problems of claims on their own. The Committee expect that the handbook would be kept up-to-date by bringing out revised editions or issuing correction slips from time to time.

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The Committee are informed by the Ministry of Railways that according to extant instructions average time taken for settlement of claims should not exceed 30 days. Even in individual claims cases, according to the announcement made by the Minister for Railways in his budget speech in 1977, the time taken for settlement should not normally exceed 6 weeks. The Committee find that in 1976-77 the average time taken for settlement of claims was 55 days, which was the highest during the last 5 years. The Minister of Railways, in his budget speech in 1978, has stated that the machinery for settlement of claims has been streamlined through decentralisation and enhancement of powers to Claims Settlement Officers and as a result of this drive the average time taken for settlement of claims has now come down to 48 days and that "we will soon reach our objective of settling claims within 6 weeks." This reinforces the view of the Committee expressed elsewhere in this Report that instead of ruling out further decentralisation, as

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intended by the Ministry, the process of decentralisation should be carried further judiciously in order to accelerate the speed of settlement of claims and also to provide relief to the claimants staying far off from the Zonal Headquarters.

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In spite of the improvement claimed by Railways in reducing the average time taken in settling claims from 55 days in 1976-77 to 48 days in 1977-78, the Committee cannot but take cognizance of the common complaint of public and private sector enterprises and institutions that Railways take unduly long time in settling claims. It is unfortunate that what the Railways claim to have achieved in this field has left the trade and industry unconvinced and unsatisfied. The Committee feel that public and private sector enterprises and institutions should be informed of the efficiency brought about by the Railways in the working of claims settlement machinery and these institutions and enterprises encouraged to bring to the notice of high authorities in the respective zones the cases of inordinate delay in the settlement of claims. The Zonal authorities should then direct all their energies at disposing of the pending cases without delay as it is only by practical demonstration rather than by claims on paper that the Railways' claim to have brought down the average period of settlement of claims to 48 days can carry conviction with the trade and industry.

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The Committee are happy to note that the number of claims pending for over 3 months in 1976-77 was the lowest in last 5 years. The position as on 31-12-1977 has shown further improvement in that the number has slumped to 6347. While the Committee are satisfied at the improvement in the efficiency of the claims settlement machinery, they find that the performance on all the Zonal Railways has not been

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uniformly good during 1976-77. In Central Railway, for instance, the number of claims pending for over 3 months at the end of 1976-77 was higher by 12 per cent than that at the end of 1975-76. In Northern Railway the number of cases pending for over one year in 1976-77 increased by more than 100 per cent as compared to previous year. In North-East Frontier Railways, the number of cases pending for over six months but less than a year showed an increase of 69 per cent and number of cases pending for over 1 year was 150 as against nil during the last 4 years. The Committee, however, note that the position on these Railways also has improved in 1977-78. The Committee feel that if continuous improvement has to be ensured so as to achieve the target of settling claims within an average period of 30 days and a maximum period of 42 days, the Railway Board should keep the performance of claims settlement organisations of Zonal Railways under constant review and not relent until each one of the Zonal Railways reaches the targetted level of efficiency and is in a position to maintain that level.

The Committee considers that it would be helpful if the details of average time taken in the settlement of claims zone-wise are published in the Annual Report of the Ministry of Railways.

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There is some mix-up about the average and maximum time limits laid down by Railway Board for settlement of claims. While according to the instructions issued by the Ministry of Railways, "the average time taken for settlement of claims should not exceed 30 days", and according to the budget speech of the Minister of Railways (1977), "even in individual claims cases, the time taken for settlement should not normally exceed six weeks", the note furnished by the Northern Railway and the Budget Speech of the Minister

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(1978) conveys an impression that the objective before the Railways is to settle claims within an average time of 6 weeks. The Committee would like the apparent confusion in this regard to be removed forthwith for the guidance of the Zonal Railways and the position made clear beyond any doubt that while the objective is to dispose of claims within an average time of 30 days, in individual cases, the time to settle claims may exceed 30 days but not 42 days.

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The Committee are informed that at all big stations there are Station Consultative Committees at important stations who among things, review and discuss matters regarding movement of goods traffic. The Committee suggest that these Consultative Committees should be enabled to review specific cases of delay in settlement of claims every 3 months and the extension of their jurisdiction in this regard should be made specifically known to them.

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The Committee are informed that though no definite time limit has been fixed for making payment after a claim has been accepted, "pay order" for the accepted amount is expected to be remitted in about 10 days time and the cheque in about 20 days time after the decision has been taken to pay a claim. The Committee see no reason why it should take 10 to 20 days to remit "pay order" or cheque and why it cannot and should not be done within a day or two after the claim is admitted. The Committee would like the Ministry of Railways to streamline the system of making payments for accepted claims so as to ensure that payments are made without delay.

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The Committee are strongly of the opinion that a time limit should be fixed within which a judgement of the court after receipt of a copy thereof is scrutinised and decision taken as to

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		whether or not an appeal has to be filed against the decree of the court or not. Without such a time limit the matter within the Department may not be pursued with due sense of urgency and any delay at this stage will be doubly unfair to the claimant if, after having lost his consignment and won the court case, he is required to wait indefinitely for receiving payment.
85	5.62	The Committee also note from the information furnished by the Northern Railway that at present payment of compensation claims is restricted to budgeted amount and no extra payment is possible. In the opinion of the Committee there is no legal or moral ground to delay payment of compensation to the claimants whose claims are admitted by Claims Settlement Officers or decreed by courts at a time when budgeted amount with the Railways might have been exhausted. The Committee strongly urge that delay on this ground is wholly indefensible and should never be allowed to occur and additional funds must be arranged to settle the accepted claims of such claimants.
86	5.63	The Committee do feel that the Railways should devise a system that in case a decision is not taken on a claim within a reasonable period, say 6 month, detailed reasons for the delay and the time likely to be taken in coming to a decision on the claim are explained to the claimant soon thereafter.
87	5.69	It is unthinkable that a claims officer who is supposed to act in quasi-judicial manner while disposing of a claim should repudiate or reduce the claims without recording adequate reasons. The Committee would urge upon the Ministry of Railways to ensure that no claim is repudiated or reduced arbitrarily and reasons in support of the decision of the claims officer are

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recorded and communicated to the claimant to enable him to decide the future course of action on such claims.

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A very large percentage of claims are rejected every year, and amount of compensation is substantially reduced even in those cases where claims are admitted. The representative of the Ministry admitted that percentage of rejection went up from 36.7 per cent in 1974-75 to 39.8 per cent in 1975-76 and to 42.3 per cent in 1976-77. It came down to 39.9 per cent in 1977-78. The Ministry of Railways have written to the Zonal Railways asking them to be very honest in dealing with the claims. The Committee feel that even a rejection rate of nearly 40 per cent appears to be rather abnormal especially when it is viewed in the background of the amount of compensation paid *vis-a-vis* the amount claimed. The Committee feel that the Ministry of Railways should make a study of this phenomenon to satisfy themselves as well as the business and trading circles that the claims are not arbitrarily repudiated or reduced. The Committee would like the result of this study to be communicated to them as soon as the study is over.

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The Committee feel that matters regarding loss and damage to consignments and compensation claims, which cost the exchequer a heavy amount of over Rs. 13 crores annually, should receive a more serious attention and should be a subject of regular and periodical review at the Railway Board's meetings with General Managers as such reviews will provide valuable opportunities to the policy makers at the Centre and the Chief Executives in the zones to benefit from one another's experience and to evolve, in their collective wisdom, solutions to problems that they may be facing in their respective regions in this regard.

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90	5.90	<p>The procedural improvements and experiments made in one zone in regard to booking, handling and delivery of consignments were not widely known in other zones. In regard to certain matters (e.g. time taken to grant open delivery), the Railway Board did not have full information about the practice followed in certain zones. The Committee feel that the Management Information System at the Board's level needs to be streamlined and the Board should not only make arrangements to monitor information on all the important aspects of claims settlement and claims prevention work done in the zones but also act as a centre to disseminate information about the experiments and innovations made in one zone to other zones.</p>
91	5.91 & 5.92	<p>The Committee note that the claims work is, by and large, centralised at the Zonal Headquarters of the Railways except in the case of Northern, Southern and Eastern Railways. It has been represented to the Committee by some public and private sector institutions that under the Divisional System of operation of Railways the claims settlement work should preferably be done at Divisional Headquarters and powers delegated to the Divisional level officers to settle claims upto a prescribed limit. According to the Ministry of Railways, however, claims settlement work has been decentralised to the extent possible and that "It is not possible to further decentralised claims work and open claims offices at all Divisional headquarters".</p> <p>The Committee cannot but feel that the present level of decentralisation is illusory and does not go far enough to provide relief to small claimants upto Rs. 2000/- whose number runs into thousands. Having already decentralised the claims work to some extent the Committee</p>



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feel that the Ministry should keep an open mind on this question and should not peremptorily rule out any further decentralisation of claims work. In the opinion of the Committee whenever volume of work justifies or other criteria laid down by Railways are fulfilled, the Ministry should not hesitate carrying the process of decentralisation further by raising the powers of Station Masters and Inspectors and delegating powers to more Station Masters with proper safeguards, extending the coverage and frequency of visits of mobile claims offices or opening subsidiary claims offices at important centres. In this context they may also consider empowering Divisional level officers to deal with claims arising on account of movement of goods within the Division. But in doing so the Ministry should not lose sight of the need to avoid unnecessary expenditure on staff and to ensure quality of service.

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5.100

The Committee find that the Mobile Claims Offices stated to have been introduced "with a view to decentralising claims work and expediting disposal of compensation claims" settled only 2 per cent of the claims received during the last five years (1972-73 to 1976-77). The Committee strongly recommend that the system of Mobile Claims Office should be made more active and the number of such offices considerably increased so as to cover all those places which have a sizeable number of claims. Till more Claims Offices are opened the number and frequency of visits of Mobile Claims offices should be progressively increased to enable them to dispose of on the spot the maximum possible number of small claims upto the value of Rs. 2000 arising at places away from the headquarters.

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The Committee are informed that publicity to the visits of Mobile Claims Offices is given in advance through local newspapers and also by

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addressing letters to the Chambers of Commerce of the Area, members of the Railway Users' Consultative Committee through notifications exhibited at conspicuous places within the Station premises. The Committee would like the Ministry to ask the Zonal Railways to examine whether the expenditure incurred on advertisements through local newspapers is commensurate with the results achieved and whether the purpose cannot be served equally well by despatching notices to the local organisations of the traders etc. The Committee are happy to learn that the Railways have accepted the suggestion to send personal notices to the claimants having pending claims at the time of such visits.

94            5.102        The Committee are informed that Mobile Claims Offices could not be held in South-Eastern Railway due to objections raised by organised labour unions. The Committee suggest that a sample study of the working of Mobile Claims Offices in other zones may be got made through an independent unit of the Railway's Accounts Department, with special reference to the fairness or otherwise of the cases settled by these offices and, in the light of the results achieved, further efforts to introduce Mobile Claims Offices, with suitable safeguards, may be made.

95            5.110        The Committee note that during the last 5 years from 1972-73 to 1976-77 in two-third of the cases contested in courts, the Railways were proved to be in the wrong. It will be in the interest of Railways if the cases are not contested in courts unless there are sound grounds for contesting them. The Committee would suggest that as soon as a notice of a suit is received, the relevant case should be critically re examined, not by the officer who had decided that case initially, but by a senior officer, independently to determine whether or not it should be contested

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in the court. The Railways should not fight shy of coming to a settlement out of courts in deserving cases. They should remember that the performance of the Railways in this particular sphere will be judged by the number of cases the Railways contest and lose every year in the courts.

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5.111

The Committee note that non-attendance of Railway witnesses, non-production of documents at the appropriate time and lapses on the part of Railway advocates are some of the factors responsible for a large number of cases being decreed against the Railways. The Committee would like the Ministry of Railways to take a serious note of the lapses on the part of the staff because of whose negligence the cases are lost and also ensure that only competent and dedicated advocates are engaged to defend the cases in the courts and their performance is kept under watch.

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The Committee note that the litigation is unusually heavy on certain Railways. The Committee would suggest that the reasons for unduly high number of cases contested and lost in the Central, Eastern and the South-Eastern Railways should also be analysed at a high level and corrective action taken to set the matters right.

The Committee are informed by a public sector undertaking that in many cases inordinate delay in the settlement of claims prompts the parties to have recourse to legal action so that the cases are not time barred and they become time barred if the law suit is not filed within 3 years of the incidence of the claim. This again is a reflection on the efficiency of the claims settlement machinery.

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5.114

The Committee find that despite professed efforts of the Ministry to avoid unnecessary

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litigation, the litigation instead of coming down, has gone up during the last five years. The number of cases contested in courts has risen from 9759 in 1972-73 to 11160 in 1973-74, 12850 in 1974-75, 14798 in 1975-76 and 21589 in 1976-77. The percentage of contested cases to claims rejected

by Railways has also gone up from 3.88 percent 1972-73 to 11.68 percent in 1976-77. The Committee are constrained to conclude that the claims are repudiated in majority of the cases on insufficient grounds and lessons are not learnt in the light of the decisions of the courts. In the opinion of the Committee there is need to take more serious measures than taken hitherto to minimise litigation and to keep this aspect under constant review. It will also be helpful to compile and circulate an abstract of court rulings in claims cases to Claims Settlement Officers for their guidance.

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5.115

The Committee would like to draw attention to a press report appearing in the 'Financial Express' dated 13 March, 1978, under the heading "Madras High Courts raps Railways for negligence", in which the Madras High Court had criticised the action of the Railways in spending money for an appeal in a case in which negligence on the part of the Railways in dealing with the party's consignments "has been clearly established in the trial courts." The High Court is also reported to have observed that the Railways had filed the appeal even when they had not been able to make out any of its defence in the lower court. All this makes a very sad reading. This also shows how innocent claimants can be harassed by the Railways by prolonged litigation. The Committee would like the Railway Board to go into this particular case to find out

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whether the case was dealt with judiciously in the Department and whether the decision to contest in the lower court and then to go in an appeal to High Court was taken after an independent and critical examination of the facts of the case. They would also expect the Ministry to take measures to avoid the recurrence of such cases in future as such cases bring a bad name to the Railways and inform the Committee of the measures taken.

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5.121

The Committee find that under a directive issued by the Cabinet Secretariat in December 1975, all disputes between a Government Department and a Public Sector enterprise are to be resolved amicably by mutual consultations or through good offices of empowered agencies of the Government or through arbitration, and recourse to litigation has to be eliminated. Procedure for settling disputes between the Railways and the Public Sector Undertakings is in a fluid state and the parameters of the machinery for settlement of disputes are yet to be finally defined.

If the experiment of resolving disputes between Public Sector Undertakings and the Railways, without recourse to litigation is to be made a success, there is an imperative need to make standing institutional arrangements and lay down precise procedure to settle these disputes fairly and promptly. The Committee would suggest that institutional framework in this regard may be evolved and formalised in consultation with the Bureau of Public Enterprises. The Committee also suggest that a time limit may be fixed for each stage in the claims settlement process (including arbitration) as otherwise the disputes may linger on indefinitely and this may erode the Public Sector Under-

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takings' faith in this system. The Committee would like to be informed of the details of the institutional framework within 6 months of the presentation of this Report.

- 101      5.136      A suggestion was made to the Committee by  
          &      private and public organisations that claims  
          5.137      tribunal or an independent authority might be  
               established to hear appeal against the decisions  
               of claims officers or Sole Arbitrators' might be ap-  
               pointed to decide disputes relating to claims. The  
               idea underlying the suggestion was that litigation  
               in courts of law should be avoided. The  
               Committee discussed this suggestion during their  
               tours, welcomed the establishment of independent  
               Tribunals as this would, in their opinion, be  
               conducive to quicker finalisation of claims cases  
               without the necessity of protracted legal proceedings,  
               reduce court costs and will do away with  
               the need to employ professional advocates. In  
               the course of evidence before the Committee the  
               representatives of the Ministry of Railways also  
               agreed to the idea of having a Tribunal for hearing  
               appeals provided no new organisation was  
               set up for the purpose and the job could be entrusted  
               to the already existing Railway Rates  
               Tribunal and only high value cases involving  
               Rs. 75,000 to Rs. 1 lakh were allowed to be taken  
               before the Tribunal. The Committee are surprised  
               to find from the note submitted by the Ministry  
               of Railways after the evidence that the Ministry  
               have now taken an entirely different stand. According  
               to the Ministry have also gone to the extent of saying  
               that the number of cases taken to courts is not unduly  
               large to justify setting up of any special machinery for  
               dealing with each cases. The Ministry have also, pointed  
               out some legal difficulties in entrusting any new responsibilities  
               in regard to claim disputes to the already existing  
               Railway Rates Tribunal.

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102	5.138	<p>The Committee feel that the legal difficulties pointed out by the Ministry are not insoluble and the proposal to entrust the work of hearing appeals in high value cases, to start with, against claims officers to a new Tribunal or to the already existing Railway Rates Tribunal by enlarging its jurisdiction merits a more dispassionate examination, especially when it has been widely welcome by Zonal Railways and the representatives of trade and industry. While examining this proposal, the Ministry should study comparative economics of the two alternatives—enlarging the statutory jurisdiction of Railway Rates Tribunal or setting up a new Tribunal (not 34 Tribunals as shown in the scheme outlined by Railway Board) at the Centre with powers to hold benches at Zonal headquarters, if necessary, to deal with high value cases, to start with—in the context of inevitable savings on pleaders' fees and other litigation expenses and inform the Committee of the outcome of the study within 3 months of the presentation of this Report.</p>

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