

**TWENTY-FIFTH REPORT
ESTIMATES COMMITTEE
(1985-86)**

(EIGHTH LOK SABHA)

DEPARTMENT OF RAILWAYS

**[Action Taken by Government on the Recommendations
contained in the Seventy-Ninth Report of Estimates
Committee (Seventh Lok Sabha) on the Ministry
of Railways—Railway Purchases.]**



Presented to Lok Sabha on 26 February, 1986.

**LOK SABHA SECRETARIAT
NEW DELHI**

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(1985-86)

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(1985-86)**

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INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf present this Twenty-Fifth Report on action taken by Government on the recommendations contained in the Seventy-Ninth Report of the Estimates Committee (7th Lok Sabha) on the Ministry of Railways—Railway Purchases.

2. The Seventy-Ninth Report was presented to Lok Sabha on 19th April, 1984. Government furnished their replies indicating action taken on the recommendations contained in that Report by 2nd December, 1985. The draft Report was adopted by the Committee on 18th February, 1986.

3. The Report has been divided into following Chapters :—

- (i) Report.
- (ii) Recommendations/Observations which have been accepted by Government.
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.
- (iv) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee.
- (v) Recommendations/Observations in respect of which final replies of Government are still awaited.

An analysis of action taken by Government on the Recommendations contained in Seventy-Ninth Report of Estimates Committee (Seventh Lok Sabha) is given in Appendix. It would be observed that out of 28 recommendations made in the Report 20 recommendations i.e. about 71 per cent have been accepted by Government, and the Committee do not desire to pursue 4 recommendations i.e. 14 per cent in view of Government's reply. Replies of Government in respect of 2 recommendations i.e. 7.5 per cent have not been accepted by the Committee. Final replies in respect of 2 recommendations i.e. 7.5 per cent are still awaited.

NEW DELHI;
20. February, 1986

1 Phalgun, 1907 (S)

CHINTAMANI PANIGRAHI,
Chairman
Estimates Committee,

CHAPTER I

REPORT

1. This Report of the Estimates Committee deals with action taken by Government on the recommendations contained in their 79th Report (7th Lok Sabha) on the Ministry of Railways—Railway Purchases which was presented to Lok Sabha on 19th April, 1984.

2. Action Taken notes have been received in respect of all the 28 recommendations contained in the Report.

3. Action Taken notes on the recommendations of the Committee have been categorised as follows:—

(i) Recommendations/Observations which have been accepted by the Government :

Sl. Nos. 1,5,6,7,8,12,13,14,15,16,17,20,21,22,23,24,25,26, 27 and 28

(Total 20 Chapter II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in View of Government's replies :

Sl. Nos. 2,9,10, and 18

(Total 4 Chapter III)

(iii) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee :

Sl. Nos. 11 and 19

(Total 2 Chapter IV)

(iv) Recommendations/Observations in respect of which final replies are still awaited :

Sl. Nos. 3 and 4

(Total 2 Chapter V)

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

Regionalisation of Railway Purchases

Recommendation (Sl. No. 5, Para 1.21)

5. The Estimates Committee had observed that under the existing arrangements, different zonal railways sometimes paid different prices for the same item. The Committee had, therefore, recommended that in place of the zonal level purchases a system of regionalisation of railway purchases through Regional Purchase Committees with headquarters at Calcutta, Madras, Bombay and Delhi, might be evolved and introduced early to ensure better availability of stores at competitive and common prices. The demands of the Railways falling in these regions could be clubbed together to obtain advantages accruing from bulking of requirements. The Committee felt that such a system could go a long way in encouraging development of industries in the regions.

6. The Department of Railways in their reply stated that the Committee's recommendations were acceptable and the modalities of implementation were being worked out.

7. The Committee are constrained to observe that the modalities for implementation of the system for rationalisation of Railway purchases are still being worked out even though the Committee had recommended about this as far back as April, 1984. The Committee would expect the Department of Railways to finalise the arrangements without any further loss of time and inform them about the same. The Committee desire that while finalising these arrangements the need for encouraging ancillary industries in backward and remote areas of the country should not be overlooked.

Purchase Agencies

Recommendation (Sl. No. 8, Para 1.35)

8. The Committee found that at present only 27% of the purchases for Railways were being made through DGS&D. Out of Rs. 450 crores worth of purchases made through DGS&D, Rs. 327 crores were stated to represent fuel oil and Rs. 16 crores paints. Chairman, Railway Board indicated during evidence: "we can straight away take over this purchase of fuel and paints from DGS&D." This, he estimated would result in a saving of Rs. 1½ crores annually to the Railways, which had to be paid to DGS&D for doing almost nothing as all that DGS&D was to do was to purchase the fuel oil from IOC. If purchase of this item was given to the Railways, they could purchase it directly from the IOC instead of through DGS&D. It had also been reported to the Committee that purchases through DGS&D entailed a lead time of as many as 18 months and there could be substantial reduction of the lead time if the purchases of such item were made directly. Moreover, the Committee felt that quality specifications of Railways could not be better looked after by DGS&D than through their own personnel especially when Railways had developed the necessary expertise for stores inspection in RDSO and RITES. The Committee therefore recommended that in order to reduce lead in procurement of Stores for railways and to ensure quality

specifications the function of railway purchases at present being done through DGS&D might be taken over by the Railways in due course of time in a phased manner. To begin with, the purchases of Fuel Oil and Paints might be taken over by Railways from DGS&D and for this purpose matter might be taken up with the Ministry of Supplies. The Committee were of the view that there was scope, and the Railways did recognise the need, to train up people in RITES in modern inspection techniques so that the disadvantages resulting from the non-availability of DGS&D expertise after purchases had been taken over could be made up by the expertise developed in the railways' own set-up. The Railways should take up measures to develop inspection expertise to match their requirements.

9. The Department of Railways in their reply stated that this recommendation was accepted in principle by the Ministry of Railways. However, as the Ministry of Supply were also involved, implementation will be taken up in consultation with that Ministry.

10. The Committee regret that the Department of Railways have, after consideration lasting nearly one year, reported to the Committee that "as the Ministry of Supply were also involved, implementation will be taken up in consultation with that Ministry." Since the suggestion made by the Committee in their report was welcome to the Chairman, Railway Board even during evidence, it would have been to the advantage of the Department of Railways if they had promptly taken up that matter with the Ministry of Supply. The Committee would like the Department of Railways to take up the matter with the Ministry of Supply without further delay and inform them about the programme as finalised for graduated takeover of the work of Railway purchases from the D.G.S. & D. and also for the training of Railway Officers in modern inspection techniques, within the next three months.

Limited Tender System

Recommendation (Sl. No. 11, Para 2.13)

11. The Committee had recommended that limited tender system on Railways should be made as broad-based as possible so as to counter the tendency among the suppliers towards ring-formation under the limited tender system and charging monopolistic prices. The Committee understood that no study had been carried out at any time to see if adequate proportion of suppliers were registered with Railways for supply for various items. This pointed to the need for a formal organisation of the market research system on Railways as recommended by the Railways Reforms Committee. The Committee therefore recommended that such studies should form part of efforts at reorganisation of the purchase mechanism. Limited tender system could then be placed on a more stable and fair footing.

12. The Department of Railways stated in their reply that with the formation of officer-oriented Unit Purchase Section on the Railways, which was under

way, the areas of market research etc. would be covered by the purchase officers dealing with various items.

13. In the earlier recommendation, the Committee had, with a view to counter the tendency among the suppliers towards ring formation under the limited tender system, suggested reorganisation of the purchase mechanism, registration of adequate number of suppliers for the supply of various items required by the railways, and organisation of the marketing research system as recommended by the Railway Reforms Committee. It appears that the Department of Railways have initiated a scheme of reorganisation of the purchase mechanism by setting up officer-oriented Unit Purchase Section on the railways. The Committee hope that the work of the Purchase Section would be organised on the lines indicated by the Committee in their recommendation.

Supply of Specifications & Drawings

Recommendation (Sl. No. 19, Para 2.51)

14. The Committee had observed that an inconvenient procedure prevailed for Railway purchases whereunder the bidders were required to obtain Indian Railways specification and drawings from RDSO, Lucknow (UP). Apart from being inconvenient to the bidders, the procedure, was also time consuming. The Committee recommended that Indian Railways specifications and drawing should be available for sale at the Headquarters of each Zonal Railway and Railway Production Units.

15. The Department of Railways have in their reply stated that to ensure that the drawings with the latest alterations were made available to the bidders, the existing procedure was to issue the same from RDSO/ Lucknow only, where the necessary organisation existed. If these were to be made available locally from the Zonal Railways, additional Organisations would have to be created which would be in constant correspondence with the RDSO, Lucknow. From the point of view of rationalisation and to avoid proliferation which would result in extra expenditure on staff and other facilities, it would be necessary to continue the existing practice. However, to avoid delays, RDSO had already introduced a procedure by which a standing deposit was kept with them and firms were sent any drawing required promptly duly debiting the deposit. When the deposit fell below Rs. 50/- the same could be replenished. With this delays would be cut down considerably.

16. The Committee do not appreciate the Department of Railways view point with regard to the continuance of the sale of specifications and drawings by the RDSO, Lucknow only. They are firmly of the view that there should be no difficulty in making the specifications and drawings available for sale atleast also at the headquarters of Zonal Railway/Production Unit which floats the tender. In fact the drawings and specifications should form apart of the tender documents and the price thereof should be included in the price of the tender documents.

17. The Committee are unhappy over the casual manner in which this Report has been dealt with by the Department of Railways. The original Report of the Committee was presented to Lok Sabha on 19th April, 1984. Accordingly the Action Taken Notes were required to be furnished by the Department to the Committee by 18th October, 1984. However, several extensions of time were sought for and given to the Department so much so that the last batch of replies was received by the Committee as late as December, 1985. The Committee hope that in future the Department of Railways would attend to the Reports of the Committee with a sense of urgency so that final action taken on the recommendations contained therein is reported to the Committee within the prescribed time limit.

Implementation of Recommendations

18. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should make expeditious implementation of the recommendations accepted by Government. In case where it is not possible to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

19. The Committee also desire that final replies in respect of the recommendations contained in Chapter V of this Report may be furnished to the Committee expeditiously.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1, Para No. 1.13)

The total value of purchases of Fuel Materials and supplies by Railways has grown from Rs. 486 crores in 1972-73 to Rs. 1747 crores in 1981-82. The variety quantum and value of the purchases call for a modern, scientific and professional approach. In this context, establishment of Indian Railway Stores Service was a step in the right direction.

Reply of Government

This Committee's observations have been noted.

[Ministry of Transport, Department of Railway O.M. No. 84-Bc-Ec/vii/79
dated 2.12.1985]

Recommendation (Sl. No. 5, Para No. 1.21)

Under the existing arrangements, different zonal railways sometime pay different prices for the same item. The Committee therefore recommend that in place of the zonal level purchases a system of regionalisation of railways purchases through Regional Purchase Committees with headquarters at Calcutta, Madras, Bombay, and Delhi, may be evolved and introduced early to ensure better availability of stores at competitive and common prices. The demands of the Railways falling in these regions could be clubbed together to elicit advantages accruing from bulking of requirements. The Committee feel that such a system could go a long way in encouraging development of industries in the regions.

Government Views

The Committee's recommendations are acceptable and the modalities of implementation are being worked out.

[Ministry of Transport, Department of Railway O.M. No. 84-Bc-Ec/vii/79
Dated : 22.3.1985]

Comments of the Committee

Please See paragraphs 5 to 7 of the Report—Chapter I.

Recommendation (Sl. No. 6, Para No. 1.26)

Proper divisional stores organisation to look after receipt and distribution of stores at the local level is imperative for successful operations in Railways and deserves to be given due importance. In a non-official memorandum attention of the Committee has been drawn to the need for adequate organisational set up at divisional level to look after receipt and distribution of stores besides controlling and checking the divisional requirements. The Committee have been informed that some initiatives e.g. creation of the Post of an Executive Assistant common to all department and directly under the Divisional Manager have already been taken in this direction. The Committee hope that the divisional stores organisation would be placed on a sound footing.

Reply of Government

The recommendations of the Estimates Committee, which are similar to those made by the Railway Reforms Committee, are accepted. Necessary instructions have also been issued to the Railways for implementing the same.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/vii/79,
Dated 22.3.1985]

Recommendation (Sl. No. 7, Para No. 127)

It has been represented to the Committee, however, that very little purchasing powers are available at the shed level and even for purchases of a small amount of Rs. 5000/- the matter has got to be processed in the office of the Controller of Stores which is sometimes situated at a distance of say 600 Kms. Markets are also located at distant places. The Chairman, Railway Board during evidence expressed the hope that when the proposed Regional Committees are set up at places where stores were available viz. Bombay, Delhi, Calcutta, Madras etc. it would be possible to make Supplies direct to the sheds depots. The Committee however feel that adequate powers should be delegated to at sheds/local levels to enable them to meet their day to day requirements.

Reply of Government

Based on the recommendation of the Railway Reforms Committee, Ministry of Railway have already accepted, in principle, setting up of Divisional stores depots which will take up all the needs of the Divisions. With this arrangement coming into existence the requirements at the sheds and the local-levels would be substantially met by the Divisional Stores Officers with adequate delegated powers.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/vii/79,
Dated 2.7.1985]

Recommendation (Sl. No. 8, Para No. 1.35)

The Committee find that at present only 27% of the purchases for Railways are being made through DGS & D. Out of Rs. 450 crores worth of purchases made through DGS & D, Rs. 327 crores are stated to represent fuel oil and Rs. 16 crores paints. Chairman, Railway Board indicated during evidence "we can straight away take over this purchase of fuel and paints from DGS & D.

This, he estimated would result in a saving of Rs. 1½ crores annually to the railways, which had to be paid to DGS & D for doing almost nothing as all that DGS & D is to do is to purchase the fuel oil from IOC. If purchase of this item is given to the Railways, they can purchase it directly from the IOC instead of through DGS & D. It has also been reported that purchases through DGS & D entail a lead time of as many as 18 months. There can be substantial reduction of the lead time if the purchase of such items are made directly. Moreover the Committee feel that quality specifications of Railways could not be better looked after than through their own personnel especially when Railways have developed the necessary expertise for stores inspection in RDSO and RITES. The Committee therefore recommend that in order to reduce lead time in procurement of Stores for railways and to ensure quality specifications the function of railway purchases at present being done through DGS & D may be taken over by the Railways in due course of time in a phased manner. To begin with, the purchases of Fuel Oil and Paints may be taken over by Railways from DGS & D and for this purpose matter may be taken up with the Ministry of Supplies. The Committee are of the view that there is scope, and the Railways do recognise the need, to train up people in RITES in modern inspection techniques so that the disadvantages resulting from the non-availability of DGS & D expertise after purchases have been taken over could be made up by the expertise developed in the Railways' own set up. The Railways should take up measures to develop inspection expertise to match their requirements.

Government's Views

This recommendation is accepted in principle by the Ministry of Railways. However, as the Ministry of Supply are also involved, implementation will be taken up in consultation with that Ministry.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/vii/79]
Dated 22.3.1985

Comments of the Committee

Please See Paragraphs 8 to 10 of the Report Chapter I

Recommendation (Sl. Nos. 12 & 13, Paras 2.21. and 2.22)

The Committee have been assured that all possible safeguards have been adopted on Railways against misuse of Powers governing purchase of materials of proprietary nature such as limited powers to sign the proprietary certificate to officers at a sufficiently high level. Purchase made by Railways are also published in periodical Stores Bulletins regularly and in the Indian Trade journal to bring such purchases to the notice of the potential suppliers. Possible safeguards are also adopted to ensure that as far as possible the stores are purchased on correct prices and of right qualities. While these efforts are all useful and welcome, the Committee cannot help observing that positive measures towards developing alternative sources of supply are lacking. It is here that the need for organisation of market research, market intelligence and vendor rating and development system is relevant. The Committee hope that when the system is organised formally, this important aspect of stores purchase will be taken care of.

A discrepancy in regard to proprietary purchase system that has been brought to the notice of the Committee relates allegedly to the fact that while one Railway is buying on Proprietary basis the same item is being purchased by another Railway on a much lower price on the basis of competitive bidding. Railways would do well to take measures to obviate such possibilities. One way to achieve this objective can be to identify and publish the items which can be had only on Proprietary basis. This list could be reviewed periodically and updated.

Reply of Government

The recommendation for building up an organisation for market research, market intelligence and vendor rating and development is accepted.

In respect of vendor rating, the recommendation is already in the process of implementation. Computerisation of this application with the new 3rd generation Computers under ordering would help make vendor evaluation more scientific and more purposeful.

2. In respect of items being purchased on proprietary basis, Railways are already publishing details of orders placed in such cases in the Stores Weekly Bulletins as well as in the Indian Trade Journal. These instructions have been reiterated to the Railways. In addition, as desired by the Committee, the Railways have also specifically been asked to publish the details of proprietary items purchased regularly in the months of April and October every year.

[Ministry of Transport, Department of Railways O. M. No. 84-BC-EC/
VII/ 79, dated 2. 7. 1985].

Recommendation (Sl. No. 14, Para 2.27)

The Committee have been assured that the system of Bulletin tender is being made use of by Railways only for items of common purchase.

Even so, the Railways must ensure that weekly Bulletins are published regularly and in time so as to allow adequate time to registered suppliers to put in their quotations. The Committee are not in favour of Railways entertaining any unsolicited offers. But, if these are, the parties making such offers may be advised to seek registration.

Reply of Government

The Estimate Committee's Recommendations have been noted.

2. The Railways are generally following the procedure of issuing weekly bulletin tender for purchases upto Rs. 1 lakh in each case. Instructions also exist on consideration of unsolicited offers. A copy of the instructions issued in June, 1976, is enclosed for information.* The same will be reiterated once again to all the Zonal Railways/Production Units.

[Ministry of Transport, Department of Railways O. M. No. 84-BC-EC/VII/79, dated 22. 3. 1985].

Recommendation (Sl. No. 15, Para 2.32)

Rate/Running contract system is a useful device for ensuring purchase of selected items of stores covered by this system within the specified ceiling of prices and to cut short delays involved in going through the routines of issue of tenders. The Committee, however, find that the Railways have not adopted this system on Railways even though it is known to result in considerable economy of time and effort. With proper system of inspections there should be no reason for apprehension about quality of goods under the system. The Committee recommend that Railways should examine the advisability and scope introducing this system on an experimental basis. If the Railways decide to try this system, it will be necessary to simultaneously tighten the inspection machinery so that sub-standard goods are not accepted.

Reply of Government

The system of rate/running contract is well suited for large volume purchases of commonly used items covering numerous indentors but is not suitable for requirements of specialised items used predominantly by Railways only.

2. Railway Board is entering into running contracts for certain items procured centrally. Presently, on the Railways the procurement for stock items is generally resorted to on the basis of an annual estimate of consumption. Therefore, each stock item is generally purchased only once a year. If the availability is easy and lead time for procurement is short then procurement at shorter intervals is resorted to.

3. It has been general experience on Railways that compliance factor in rate contracts has been unsatisfactory. Nevertheless, to the extent and convenient of suitable application, Zonal Railways would be advised to identify

*Not printed.

items within their purchase jurisdiction, which are amenable to such treatment and try to enter into such rate/running contracts duly, providing appropriate safeguards to prevent supply of substandard goods.

[Ministry of Transport, Department of Railways O. M. No. 84-BC-EC/VII/79, dated 22. 3. 1985].

Recommendation (Sl. No. 16, Para 2.41)

The Railways are experiencing difficulties because of limitation on import of materials, Government might re-examine if in the interest of their operational efficiency the Railway could be exempted from the formality of obtaining import licences and allowed powers at appropriate levels to release foreign exchange of an agreed amount to meet their day-to-day requirements. The Committee on Inventory Management and the Railway Reforms Committee, also reported to have made recommendations to this effect.

Government's Views

The recommendation of the Estimates Committee in respect of import licensing is accepted in principle by the Ministry of Railways. A reference has already been made to the Ministry of Commerce in this regard. As regards foreign exchange, Ministry of Railways have powers to release upto Rs. 50 lakhs per contract for spares and raw materials. General Managers have been given powers to release foreign exchange upto Rs. 1 lakh for each item subject to a ceiling limit of Rs. 10 lakhs per year.

Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79, dated 19. 11. 85].

Recommendation (Sl. No. 17, Para 2.42)

The Committee find that the purchase powers available to the officers of the Stores Department of Railways at present are much less than those available to their counter-parts in DGS & D. Chairman, Railway Confided during evidence that the question of enhancement of powers of Deputy Controller of Stores, Additional Controller of Stores and the Controller of Stores was under their consideration. The Committee hope that an early decision will be taken in this matter.

Reply of Government

Enhanced powers of purchase to the Stores officers on the Railways have been given under Board's letter No. 83/F(S) I/PW 7/ 1 dt. 23.1.84.

Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79, dated 22. 3. 1985]

Recommendation (Sl. No. 20, Para 2.52)

There are reasons to believe that the payments on the side of Railways for the purchases made by them are not sufficiently prompt as compared to

DGS and D. A non-official has pointed out that for bulk of payment of 80/95/98 percent a hard chase of 4 to 5 weeks is required against one week in the case of DGS & D. It is also conceded by the Financial Commissioner Railways that there is a slowing down of payments towards the end of the year. It is too well known that on account of delayed payments tenderers tend to keep a price margin to compensate for the expected delay. The gearing up of the payment system in Railway Stores in the interest of reduced costs for the purchases made is therefore long overdue. The Committee would like the matter to be examined and systems streamlined to ensure prompt payment within a week for services rendered and goods supplied to Railways".

Reply of Government

Instructions already exists vide Para 2825 of Indian Railway Code for the Stores Deptt. that no stores bill should ordinarily take more than four days to be disposed of in the Accounts Office unless there are defects in it which render it inadmissible in internal auditor call for further reference. Further, Para 1110 of the Indian Railway Code for Accounts Deptt. Pt. I (Revised Edition 1984) provides that a statement should be prepared on the 11th, 21st and last day of each month, showing details of bills received upto 1st, 11th and 21st respectively but not passed upto the date of preparation of the statement. This statement is required to be reviewed by the Accounts Officer incharge as also the administrative officer concerned of the Accounts Deptt. Thus the existing rules already provide for adequate watch over quick disposal of bill in the Railways Accounts Offices.

There are, however, occasions when the above provisions cannot be complied with very rigidly viz. late submission of Receipt notes by Stores Depots to Accounts Office or errors in preparation of the Receipt Notes by Depots, supply of material after due date of delivery period, approval for extra claims by the suppliers, bills submitted by the supplier with incomplete documents and original RR inspection certificates etc. for advance payments. In all these cases verification results in delay beyond the control of administration.

In order however to ensure that there is no slackness in working otherwise, instructions have been reiterated under Ministry of Railways* letter No. 84-ACII/46/2 dated 23.2.85 that any delays without sufficient reason, coming to notice during disposal of bills or during review of the ten-day statements of outstanding bills should invariably be taken up with the defaulting staff of Accounts, Stores or other Executive Branches.

[Ministry of Transport, Department of Railways O.M. No- 84-BC-EC/ VII/79 dated 22.3.1985].

Recommendation (Sl. No. 21, Para 2.53)

The Committee find that while on the DGS & D side, the supplies have to be rejected within 45 days, the terms & conditions of Railways

*Not printed.

contracts do not stipulate any time limit but only provide that stores be rejected "within a reasonable time". The committee feel that this vague stipulation virtually gives unreasonable leverage in the hands of the Railway Stores department and could cause harassment to suppliers. Since 45 days is on principle accepted as a reasonable time limit on the analogy of DGS&D, this period should be fixed in the case of Railway purchases also and adhered to.

Government's views

The recommendation of the Estimates Committee is being accepted in principle and instructions are being issued to the Railways in respect of railway contracts, wherein pre-inspection of materials at firm's premises has been specified, to issue the rejections advice within 90 days. Gradually this period would be reduced.

[Ministry of Transport, Department of Railways O.M. No. 84-BC EC-VII/79, dated 22.3.1985].

Recommendation (Sl. No. 22, Para No. 3.4)

As regards inventory level it has been conceded by the Railway Ministry that "Still better level can be achieved by introduction of suitable facilities such as improved communications, computerisation, strengthening of review organisation, suitable support in the form of market research, vendor development etc." In this connection, the Committee note that strengthening of the review organisation through improved computerisation in all its stages and support facilities in the form of market, research and vendor development are also being planned. The Committee are confident that if these measures are followed up assiduously inventory level could be brought down considerably and economy achieved.

Reply of Government

The observations of the Committee have been noted.

2. Structural and other improvements in the Stores Department are being actively processed within the overall constraints of funds. It is hoped that as and when these measures are fully implemented, the level of inventories in relation to Issues will register further improvement.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79 dated 22.3.1985].

Recommendation (Sl. No. 23, Para No. 3.8)

The Committee are unhappy over the existing lack of budgetary planning for railway purchases resulting from uncertainty, irregularity and lack of evenness prevailing in the annual allocations for railways. The Committee

are surprised why Yearly allocations should not be known and adhered to as soon as five year allocations are finalised. The Committee are still more surprised that even escalations in prices are not taken care of in annual allocations. While such fluctuations must be hampering the functioning of railways in general, this has led to under utilisation of the industrial capacities created exclusively for the Railways. The Committee would like this matter to be examined carefully with a view to finding an abiding solution to this problem.

Reply of Government

Even though the Railways formulate and present their Five Year Plans to the Planning Commission, the final/confirmed Plan allocations fixed by Govt. is subject to the overall resources constraints. Even after the size of the allocation for the Railways' 5-Year Plan is finalised, the actual allotment of funds is regulated on a yearly basis jointly by the Ministry of Finance and the Planning Commission.

2. Since no provision for inflation and consequent escalation in prices is built into the plan size while deciding the allocations for the Ministry of Railways, the internal distribution among various plan heads of the Railways also suffer from the same disabilities. Plan priorities both at the national level and within the Railways altered due to changing circumstances. In such a situation, the Railways can and do make efforts to distribute equitably the purchases among various manufacturers/suppliers. Since the resources made available to the Ministry of Railways are themselves subject to variation, it is becoming increasingly difficult to enter into long-term commitments.

3. The needs for adequate allocation of funds to cover additional activity as well as the effect of inflation on prices/costs are stressed from time to time not only in the Annual Plan discussions but also during the year in the discussions with the Planning Commission and the Ministry of Finance. These efforts will continue unabated.

4. A possible solution to augment resources and provide a certain degree of planned stability through additional funding in the form of floating Special Bonds for Railways Development has been projected to the Finance Ministry and the Planning Commission for appropriate consideration. Such a Scheme has also been recommended by the Railway Reforms Committee.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79, dated 19.11.85]

Recommendation (Sl. No. 24, Para 3.12)

The organisation of Stores Department in the Railways has so far lacked a professional approach and has had basically a file processing approach in its functioning. This approach is attributable to the fact that the Stores Department has been saddled with a large number of clerical staff both at

supervisory and lower levels necessitating reference of tenders etc. to technical departments thus resulting in delayed decisions on purchase proposals. It is heartening to note that Railways are aware of the situation that prevails and are conscious of the need for reorientation of the organisation by means of bringing up a core of professional inspectors, officers and supervisors into the store organisation alongwith an approach of adaptability at each stage, understanding the problems and points of view of the manufacturers and at the same time ensuring quality. The Committee hope these concepts will take a concrete form and the staffing pattern will be given in a phased manner a shape worthy of an enterprise like Railways.

Government's views

Ministry of Railways are already conscious of the need for greater professionalisation of the stores Department on more scientific lines. An expert Committee appointed by the Government earlier under the Chairmanship of the erstwhile Dy. Minister Sri Mohd. Shafi Qureshi as well as the Railway Reforms Committee more recently have also made various valuable recommendations on the subject. Many of these recommendations have been accepted and are in the process of implementation for improving the quality of inventory control.

2. Already instructions have been issued for lateral induction of persons with professional qualification in inventory management in the non-ministerial category in Group 'C'. Induction of graduate engineers to the Indian Railway Stores Service has also been stepped up to improve the proportion of directly recruited technical officers in the Stores Department.

3. Concurrently, stress is also being laid on training the officers and staff in latest techniques such as Value Engineering and Product Evaluation. Instructions have already been issued for setting up Value Engineering Cells in the Stores Departments on all Zonal Railways.

[Ministry of Transport, Department of Railways O. M. No. 84-Bc-Ec/79,
dated 19. 11. 1985].

Recommendation (Sl. No. 25, Para 3.13

The Committee are of the considered view that a conscious and integrated approach towards subjects like market research, value engineering, product evaluation, and vendor development is wanting in the existing conditions in Railway Purchases. Such an approach, if adopted, would necessarily result in considerable economies and comfortable availability of materials for Railway usage. The Committee on Inventory Control and Railway Reforms Committee are understood to have also suggested action on these lines. The Committee recommend that suitable steps may be taken to bring about this approach.

Reply of Government

Ministry of Railways have already decided to create a need-based and officer-oriented Purchase system which would enable the Purchase Officers to improve the quality of Purchases. The Purchase Officers would then have sufficient time to devote to the aspects of market research, value engineering, product evaluation and vendor development, as recommended by the Estimates Committee.

[Ministry of Transport, Department of Railways O.M.No. 84-BC-EC/VII/79, dated 22.3.1985].

Recommendation (Sl. No. 26, Para No. 3.15)

There has undoubtedly been some progress in the matter of standardisation in Railways. The number of items has been reduced from 4.13 lakhs on 1-4-1974 to 2.87 lakhs on 1.4.84. Out of these there were 135,159 items of common use purchased by Railways out of which 102,998 are stated to have been standardised. The Committee note with concern that there has been slowing down in the process resulting from lack of proper monitoring and diversion of staff from inventory control cells for other functions. Inventory Control Cells have been rendered in-effective. There are still 32161 non unified items which is quite high a number. Standardisation being the key factor towards achieving cost control and better inventory management, the Committee recommend that this should be pursued with renewed vigour.

Reply of Government

Ministry of Railways have already identified the basic causes which result in proliferation of stock items and corrective action is being continued. However, the number of stock items would go up with passage of time, commensurate with new types of rolling stock introduced in the Railways. Further to ensure better budgetary control on materials, efforts are being made to reduce the number of non-stock items which naturally would also result in increasing the total number of stock items. It would be the constant endeavour of the Railways to standardise/rationalise the sizes and specifications while making new stock items.

[Ministry of Transport, Department of Railways O.M.No. 84-BC-EC/VII/79, dated 22.3.1985].

Recommendation (Sl. No. 27, Para No. 3.17)

The Committee are of the view that efforts at development of substitutes by application of techniques of "value analysis" already in vogue in purchase systems of public undertakings and private sector if made applicable in Railway Purchase would lead to considerable reduction prices.

Reply of Government

The suggestion of the Committee to apply the techniques of Value Analysis for development of reliable substitutes is accepted. In fact, a decision had independently been taken in August 1984 to introduce Value Analysis on the Indian Railways. Instructions have already been issued to organise systematic training of Officers and senior supervisory staff of Stores, Mechanical, Electrical, Signalling and Civil Engineering Departments for acquiring specialised knowledge in Value Analysis and Product Evaluation techniques. Such suitably trained personnel will be posted in the Headquarters Offices of these Departments to undertake such work on a systematic and continuing basis.

[Ministry of Transport, Department of Railways O.M.No. 84-BC-EC/VII/79, dated 22.3.85].

Recommendation (Sl. No. 28, Para No. 3.19)

With rapid industrialisation the indigenous industry is becoming increasingly capable of taking over of a number of items being manufactured in Railway workshops. It is the contention of the Railway Ministry that they are constantly reviewing the position regarding off-loading to the indigenous industry the manufacture of such of the items which do not require manufacture by standard machines or are not statutorily required to be manufactured by these workshops as safety items. However, from the examples cited of items so off-loaded it would be seen that the progress so far is limited to only simple items like nuts, bolts and rivets etc. The Committee recommend that the Railway Ministry should have the matter examined in its totality so as see if some more items could be passed on to the industry profitably so that the capacities so released can be used for maintenance and repairs.

Reply of Government

Instructions have already been issued to Railway to frame proper make/buy decisions and guidelines have been issued to keep in mind the need for full utilization of the existing installed capacity in the railway workshops while deciding to off-load any item from the Railways manufacturing stream.

[Ministry of Transport, Department of Railways O.M. No. 84.Bc-Ec/VII/79, dated 22.3.1985]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN-VIEW OF GOVERNMENTS REPLIES

Recommendation (Sl. No. 2, Para 2.14)

The Committee, however, find that in 1979 responsibility for track material was transferred from Stores Department to the Engineering Department. A non-official has pointed out, in his Memorandum, that such deviations have resulted in "slackening of budgetary control and increase in inventory level". Chairman Railway Board assured the Committee in evidence that transfer of this work from Stores to Engineering Department was not a permanent feature and that with the rationalisation of the Civil Engineering Track Material Organisation, it will be possible to bring this item of work under the aegis of the Railway Store Department. The Committee recommend that this change over may be completed soon.

Reply of Government

Following track materials are procured by the Track Directorate of the Railway Board and the Civil Engineering Departments of the Zonal Railways :

Track Directorate of the Railway Board :

Rails/Steel Trough Sleepers/Fish Plates/Wooden Sleepers/Concrete Sleepers/CST9 Sleepers/Elastic Fastenings (such as elastic rail clips/switches and crossings).

Zonal Railways :

Conventional Track fittings like key coppers/tie bars/spikes/bearing plates/ fish bolts, etc. and elastic fastenings such as rubber pads/MCI inserts.

2. Sources and modes of procurements

Items procured by Track Directorate of Railway Board :

60kg/52kg/90R rails, ST sleepers and major portion of fish plates are obtained from SAIL. 60R and 75R rails which are no longer rolled in the

country and shortfalls in other sections of the rails are procured through global tenders. In respect of items procured through SAIL, the major job in the Track Directorate is consolidation of the demand of Railways and liaison with SAIL. In the case of fishplates in the current year SAIL are meeting our requirement to the extent of 5000 tonnes. Balance requirements are to be met by purchase from other sources. SAIL are gradually stepping up their capacity for manufacture and supply of fishplates and it is hoped that in the next one to two years they will be able to meet our full requirement.

Procurement of wooden sleepers is from the State Forest Departments/State Forest Corporations. The work in the Track Directorate is of consolidation of demand of the Railways and liaison with the State Governments for procurement and distribution of sleepers.

Concrete Sleepers :

These are procured from departmental factories (2 nos.) and from Private sector factories. Inspection and scrutiny is required at the various stages of manufacture. Liaison is also to be maintained for arranging cement.

CST 9 Sleepers :

These are purchased from the trade. The requirements of Railways are consolidated and orders placed with the firms. Close liaison is maintained to ensure timely supply and to make necessary changes in quantities according to urgency and availability of funds and matching materials with the Zonal Railways.

Switches and Crossings :

In this case also the functions are similar to those brought out in para 2. 1. 4. above. Here rails are provided as a free supply item and the contract is more or less a fabrication contract.

Procurement by Zonal Railways :

The track fittings are generally procured from the trade. A few of the item like Anti Creep bearing plates, are manufactured in the Railways own workshops.

3. Procurement procedure followed in the past :

Purchase in the Railway Board :

Procurement of wooden sleepers had always been handled by Civil Engineering Directorate of the Railway Board (Chapter X of the Indian Railway code for store department). Concrete sleepers and elastic fastening which have

been introduced comparatively recently have right from the beginning been procured in the Railway Board by the Civil Engineering Directorate/Track Directorate. All other types of sleepers were also purchased by the Railway Board. Switches and crossings and small fittings were being purchased through Iron and Steel Controller. Para 1 of d.o. letter No- 62/Track/W6/TK/4 dated 5. 9. 1963, from CRB to Secretary, Ministry of Economic and Defence Coordination, which throws light on distribution of procurement functions between the Railways and DGS&D is reproduced below :

“ As you may be aware, the Railway Board arrange the bulk procurement of rails and fishplates directly through the Iron & Steel Controller (Arranging direct imports themselves if necessary) and also procure sleepers of all kinds, viz. wood, cast iron, steel and concrete. These items constitute the bulk of the track materials procured annually. The other small fittings like tie bars, coppers keys, etc., and points and crossings are procured through DGS&D.”

In 1974-75, Government of India took decision on decentralising procurement of items exclusively used by the Railways through the Railway Ministry. Accordingly, in 1976 procurement of P. way materials which was being done by the DGS&D was transferred to the Railways.

Procurement on the Zonal Railways :

Various fittings were being procured by the Zonal Railways through the DGS&D. Track supply officer (An Engineering Officer) working under the Joint Control of Controller of Stores and Chief Engineer arranged necessary liaison and coordination between the users and the supply agencies.

4. Transfer of work-load of procurement of track fittings to Civil Engineering Department of Zonal Railways :

The work of procurement of small track fittings being handled by DGS &D till 1976 was passed on to the Stores Departments of the Zonal Railways. However, all the railways complained that in the Stores Departments of the Railways there is no organisation to cope up with this increased work-load. Problems were also faced regarding coordinated procurement of rails and sleepers on the one hand and the matching fittings on the other. On a review at the Board's level, in the light of problems faced in matching procurement of fittings and rails and sleepers, it was decided that the procurement of P. Way fittings should be taken over by the Civil Engg. Departments of the Zonal Railways from the Stores Departments, initially as a trial measure. It was also stipulated that no extra organisation will be created for this purpose in Civil Engg. Deptt.

Compared to 1979, the Railways now have much bigger programmes for track renewals during the VII Five Year Plan. The problems of coordination

and simultaneous Procurement of matching fittings which was felt in 1979 and which resulted in the Civil Engineering Departments taking over procurement of track fittings, will be felt all the more now in case procurement of these items reverts back to the Stores Deptt. It may be relevant to mention here that 1979 was not the first occasion, when Board found it advisable to place responsibility of procurement of all P. Way materials under one Department. In 1962 when the Railways had heavy track renewal programmes in the wake of planned development in the country under 5 year plans, Board had felt it necessary to centralise procurement and coordination under the Addl. Member (Works), withdrawing the functions from the DRS. Attempt was also at that stage made to withdraw these functions from DGS&D. The idea was, however, not accepted by the Ministry then controlling DGS&D. Extract from the Minutes of the 30th Board Meeting held on 19-3-62 which is relevant to the issue is reproduced below :—

“After discussion the Board noted that due to delay in import authorisations from the Department of Iron & Steel to cover shortfalls in indigenous production below the original forecasts of the department, supplies of permanent way materials have suffered, causing delay to vital works. It was noted that officers concerned had taken action at their levels, but they should have brought the deteriorating position to the notice of the Board. Action has now been taken to centralise procurement of all permanent way materials under A.M.W. which hitherto was done by the DRS and DGS&D. Immediate reference should be made to the Ministry of W.H.&S. for taking over the procurement of permanent way materials directly by the Civil Engineering Directorate of the Railway Board. The delay in obtaining permanent way materials has resulted not only in delays to vital works but also in recent times, when the supply position of rails had improved, in preventing some portion of these expensive rails and sleepers being immediately used.”

5. The Sikri Committee (1980), stressing the need of prompt execution of track renewals recommended that the function of planning of track renewals, procurement of P. Way materials and execution of track renewals in the field should be kept in charge of a separate organisation. This was with a view to ensuring proper coordination in regard to procurement of various P. Way materials on the one hand and their prompt utilisation in the field on the other. The recommendation of the Committee is reproduced below :—

“We feel that an all-India organisation under the charge of a separate General Manager, encompassing the functions of planning of renewals, procurement of permanent way materials and execution of track renewals in the field, is called for. In setting up the proposed organisation the Railways should draw upon their experience with the Railway Electrification Organisation, which was established on similar lines”. (Para 219, page 39, part II, 1980.)

The Estimates Committee in their observations and recommendations have referred to the memorandum submitted by a non-official to the Committee in which it was stated that the transfer of work relating to procurement of track material from Stores Department to Engineering Department in 1979 has resulted in slackening of budgetary control and increase in inventory level.

The Engineering Departments of the Railways by virtue of handling large construction projects and maintenance of open line assets have vast knowledge and experience both in regard to budgetary control and inventory level.

The Civil Engineering Departments in the Rly. Board and in the Railways have been handling work of procurement of major portion of P. Way materials since long. In 1979, only small track fittings, which were till 1976 being procured by the DGS&D, were further added to the responsibilities of the Civil Engineering Department on the Railways. Due to coordinated procurement by the same department, of rails and sleepers on the one hand and their fittings on the other, the idling of assets has come down. The materials from suppliers go directly to consumption points/track depots, and consumed fast. The inventory level thus remains controlled and at reasonable level.

When this work was with the Stores Organisation, there used to be considerable volume of correspondence between the Stores and Engineering Departments by way of technical comments on the offer, certifying the reasonableness of rates etc. Even after purchase orders were placed by the Stores Department, the entire follow up action like chasing the suppliers, extensions, price variation to be allowed, risk purchase action on defaulting firms etc. was being done with the active and continuous participation of the Engg. Deptt. Now there is no inter-departmental correspondence, and the work is being done with least possible delay. The lead time for the procurement has now come down by 6-12 months, as a result of which the need for having comparatively larger inventory is no longer there.

About payment of bills to the suppliers etc., previously the suppliers wrote to the Stores Department, who in turn corresponded with the various consignees of Engineering Department and in the process payment got delayed. Now the delays in payment of bills are reduced, as the response from the PWIs to the correspondence from the Chief Engineer's Office is definitely better.

In short, as the entire process right from the assessment of requirements of P. Way materials for the entire Railway, getting the indents vetted, inviting and processing tenders, placement of purchase orders and follow up of the supplies, amendments to purchase orders due to price variation etc. are all being done only in the Chief Engineer's Office, delays which were taking place earlier by correspondence or transmission of files between the Accounts Department, Stores Department and Engineering Department regarding suitability, technical comments, reasonableness of rates etc. have been drastically reduced.

Further, the position of supply or/the stage of procurement is always known to the Chief Track Engineer at all times. This has helped in obtaining highly competitive rates and to the correct specifications. In fact, a significant reduction in rates has been observed, e. g., in the case of MCI inserts procured at the rate of Rs. 22.25 during 1981-82 have been procured @ 11.20 and Rs. 11.20 to 14.55 during 1983-84 and 1984-85 (by Engg. Department) respectively, on Central Railway.

There is an overall improvement in smooth execution of track rehabilitation programmes with more effective maintenance, as a direct result of unified procurement of permanent way fittings also by the Civil Engineering Deptt. Taking into account various aspects like massive investments on track renewal in the Seventh Plan, smooth functioning of existing system without any additional staff, existing workload in the stores department etc., the Department of Railways (Railway Board) are of the view that, for the present, the existing arrangement need not be disturbed and status quo may be maintained.

[Ministry of Transport, Department of Railways O. M. No. 84-Bc-Ec/VII/79, dated 19. 11. 1985].

Recommendation (Sl. No. 9, Para 1.41)

1.41 The import content of Railway purchases has shot up from Rs. 75 crores (7.5 per cent of total purchases) in 1979-80 to Rs. 144 crores (10.5 per cent of total purchases in 1980-81. In the subsequent year i.e. 1981-82 the value of import increased to Rs. 152 crores though in terms of percentage it was less by 1.75 per cent. The import content, however, came down to Rs. 144 crores (7.5 per cent of total purchases) in 1982-83. A Chamber of Commerce has urged that if the Railways adopt ancillary approach, it should be possible to reduce the import bill. The Committee understand that some of public sector enterprises have already set up ancillary units. The Committee recommend that if any units evince interest in taking up manufacture of items which are being imported by Railways at present, it should be treated as a ancillary unit and assured of market. The Committee have every hope that adoption of ancillary approach would help indigenisation and encourage import substitution.

Reply of Government

Import content of Railway's purchases is restricted to only certain raw materials proprietary items and other hard core items the manufacture of which calls for sophisticated manufacturing techniques, high capital investment and even foreign collaboration in some cases. Strict vigilance is exercised by the Ministry of Railways on the import requirements of Railways with reference to urgency and indigenous availability to restrict the imports to the minimum.

Units which evince interest in taking up manufacture of items hitherto imported by the Railways and come up successful, are assured orders for Railways 100% requirements for the first year, 80% for the second year and 60%

for the third year subject to reasonableness of prices. Treating of these units as captive ancillary units to the Railways in the strict sense of the term is, however, not feasible as the items which are left on the import list are hard core items or proprietary items involving sophisticated manufacturing techniques and stringent quality requirements. Such items warrant procurement through open competition to have the benefit of desired quality at competitive prices. Off-take of these items from captive ancillary units on a continuous basis is against the interest of the Railways.

However, to encourage new entrepreneurs taking up indigenous manufacture of complex and sophisticated items following additional incentives are offered :

- (i) Appropriate price preference over the landed cost of imported items.
- (ii) Assistance in issue of import licence for raw materials not available in the country.
- (iii) Liberalisation of clauses relating to levy of liquidated damages, extension of delivery dates and price escalation.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79, dated 22.3.1985].

Recommendation (Sl. No. 10, Para No. 2.7)

The Committee agree that a judicious approach has to be adopted between calling upon tenders and limited tenders while open tender system ensures competitive bidding, the limited tenders system shuts out new manufacturers. Quite often bidders in the limited tender system form rings and dictate their own price. So far as Railways are concerned urgency and safety are the main criteria for arriving at such decisions. However, the Committee are strongly of the view that where decision to call open tenders is taken it should be ensured that a minimum of clear 45 days are given to the tenders so that maximum and correct response is available to the tenders issued by the Railways. The Committee recommend that the Railway Board should examine whether that it would not be of advantage to utilise the services of the DAVP approved publication agencies to ensure timely publication of the tenders.

Government's Views

The recommendation for giving 45 days to quote in the case of open tenders is accepted. However, in respect of the latter part of the recommendation, this Ministry's views are different.

In terms of the advertisement policy of the Government, all Ministries and Departments of the Government (except the Railways) release all their advertisements through the Directorate of Advertising and Visual Publicity to the

publications approved by the DAVP and at rates fixed by them. The DAVP earns a commission of 15% on all advertisements released to the newspapers. A special dispensation has been made in the case of Railways, who also earn 15% commission on advertisements released direct to the newspapers.

The question of releasing advertisements through Advertising Agencies was examined in the past also but was not agreed to mainly on the grounds :—

- (a) that no additional benefits are expected to accrue to Railways as we are already awaiting the concessional DAVP rate;
- (b) that Railways stand to lose 15% commission.
- (c) Going through Advertising agencies would cause delay.

In view of the foregoing it will not be beneficial for the Railways to accept this recommendation of the Estimates Committee contained in para 2.7 of their 79th Report.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/VII/79, dated 2.7.1985].

Recommendation (Sl. No. 18, Para 2.50)

The tender forms issued by the Railway Stores organisation prescribe a time limit of 60 days for keeping tenders open. It transpired during evidence that sometimes extensions beyond this period are sought whenever a decision about acceptance of a tender is not taken during the period of validity. It is, therefore, no wonder that bidders inflate their quotations to keep a cushion for possible rise in prices during the period of validity. Chairman, Railway Board attributed delays in acceptance of tenders to the fact that the present system of purchases was "desk oriented and clerical oriented." He assured the Committee that the system would be so reorganised that the need for seeking extension of time beyond the validity period of 60 days would not arise. While this assurance is no doubt welcome, the Committee feel that the validity period itself is on the high side and should be reduced to about a month by streamlining the existing procedures.

Reply of Government

On the subject of delays in purchase, various committees which were specially appointed in the past to review Inventory Management on the Railways including the Railway Reforms Committee, have made a number of valuable recommendations including one pertaining to creation of Unit Purchase Cells for streamlining the Purchase Organisation on Railways. Many of these recommendations have been accepted and are in varying stages of implementation. The ultimate aim is to make the system predominantly officer oriented.

2. The Railways are purchasing a large variety of stores ranging from general items like hardware etc. to highly sophisticated spares for a large variety of equipment and rolling stock used exclusively by the technical departments of the Railways. The procedure for processing tenders varies with the nature and value of such purchases,

3. Tenders valued over Rs. 1 lakh are finalised only after due deliberations by Tender Committees consisting of 3 officers from three different disciplines (Users, Stores and Finance Departments). Participation in Tender Committees not being an exclusive professional function of the nominated officers, at times considering the convenience and availability, rigid adherence to such a tight time-frame for finalizing tender committee recommendations is difficult to implement uniformly regardless of the nature of the item and the value.

4. In the case of general items as well as safety items which are to be procured from approved sources only, it may be possible to finalise the cases quickly; whereas in cases where the tendering is only to broad specifications and which require a detailed technical evaluation it would be difficult to lay down rigid time schedules. Similarly, there are situations which call for negotiations on technical or commercial conditions where reasonable notice period has to be given to firms for considering the Railway's view point. Even after tender committees make their recommendations, sometimes the competent authority for acceptance at higher level suggests further deliberation/reconsideration. All these factors would also need to be taken into consideration.

5. In these circumstances, a target of 60 days could appear quite reasonable.

[Ministry of Transport, Department of Railways O.M. No. 84-BC-EC/
VII/ 79, dated 22.3.85].

CHAPTER IV

RECOMMENDATION IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 11, Para 2.13)

The Committee recommend that limited tender system on Railways should be made as broad-based as possible so as to counter the tendency among the suppliers towards ring-formation under the limited tender system and charging monopolistic prices. In this connection, the Committee understand that no study has been carried out at any time to see if adequate proportion of suppliers are registered with Railways for supply of various items. This points to the need for a formal organisation of the market research, market intelligence and vendor rating and development system on Railways as recommended by the Railway Reforms Committee. The Committee recommend that such studies should form part of efforts at reorganisation of the purchase mechanism. Limited tender system could then be placed on a more stable and fair footing.

Reply of Government

With the formation of officer-oriented Unit Purchase Section on the Railways, which is under way, the areas of market research etc. would be covered by the purchase officers dealing with various items.

[Ministry of Transport, Department of Railways O.M. No. 84-Bc-Ec/VII/79, dated 22.3.1985]

Recommendation (Sl. No. 19, Para 2.51)

An inconvenient procedure prevails in Railway purchases whereunder the bidders are required to obtain Indian Railways specifications and drawings from RDSO, Lucknow (UP). A part from being inconvenient to the bidders, the procedure is also time consuming. The Committee recommend IRs specifications and drawings should be available for sale at the Headquarters of each Zonal Railway and Railway Production Unit.

Government's View

To ensure that the drawings with the latest alterations are made available to the bidders, the existing procedure is to issue the same from RDSO/Lucknow

only, where the necessary Organisation exists. If these are to be made available locally from the Zonal Railways, additional Organisations would have to be created which would be in constant correspondence with the RDSO, Lucknow. From the point of view of rationalisation and to avoid proliferation which would result in extra expenditure on staff and other facilities, it would be necessary to continue the existing practice. However, to avoid delays, RDSO have already introduced a procedure by which a standing deposit is kept with them and firms are sent any drawing required promptly duly debiting the deposit. When the deposit falls below Rs. 50/- the same can be replenished. With this delays would be cut down considerably.

[Ministry of Transport, Department of Railways O.M. No. 84-Bc-Ec-/VII/79,
dated 19.11.1985]

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES ARE AWAITED

Recommendations (Sl. Nos. 3 & 4, Paras Nos. 1.15 & 1.16)

At present the purchase of stores and materials at the Board level is being looked after by Member (Mechanical). Defending this arrangement, Chairman Railway Board pleaded in evidence that a user Department ought to have a say in the matter of stores and materials. He was prepared to upgrade the post of Director (Stores) to the level of Adviser but saw no advantage in having a Member Stores.

The Committee feel that considering the growth in the volume of railway purchases, upgradation of the post of Director (Stores) would not do. There should be Member (Stores) at the Board level to head the Store Organisation in Railways and to provide leadership and guidance. In fact when much smaller organisations like Ordnance Factories and ONGC do have such an arrangement there is no valid reason why the Railways with a purchase bill of Rs. 1747 crores should not have a full fledged Member in charge of this function. In fact, the Committee understand that Railways Reforms Committee are already thinking more or less on the same lines. The Committee, therefore, urge that this matter may be studied by the Ministry of Railways in depth to see if induction of Member (Stores) at the Board level would bring about greater economy and efficiency in the Railway purchases in particular and Stores management in general.

Reply of Government

As mentioned by the Estimates Committee, the Railway Reforms Committee (headed by Shri H.C. Sarin), appointed by the Government of India have studied in depth the existing structure and organisation of the Railway Board. This Committee have made specific recommendations in this regard in their XXV Report received in March 1985. Some of the recommendations of the RRC relevant to the question of the strength and composition of the Railway Board are indicated in Annexure 'A'.* It will be seen that the RRC have recommended an Additional Member in the Railway Board for the Stores Department. The question of the level at which the Stores Department would

*Not Printed

need to be represented in the Railway Board is to be viewed in the context of the overall composition of the Railway Board. The Recommendations of the RRC and of the Estimates Committee, in this context, are under careful examination of the Government and a decision is expected to be taken shortly.

[Ministry of Transport, Department of Railways O.M. No. 84-Bc-Ec/VII/79,
dated 2.12.1985]

Comments of the Committee

Please see paragraph 22 of the Report-Chapter I.

NEW DELHI ;

20 February, 1986

1 Phalguna, 1907 (S)

CHINTAMANI PANIGRAHI

Chairman.

Estimates Committee.

APPENDIX

(*Vide* Introduction)

Analysis of action taken by Government on the 79th Report of the Estimates Committee

(7TH LOK SABHA)

I.	Total number of Recommendations	28
II.	Recommendations/Observations which have been accepted by Government : (Nos. 1, 5, 6, 7, 8, 12, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 25, 26, 27 and 28)	
	Total	20
	Percentage	71%
III.	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies : (Nos. 2, 9, 10 and 18)	
	Total	4
	Percentage	14%
IV.	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee : (Nos. 11 and 19)	
	Total	2
	Percentage	7.5%
V.	Recommendations/Observations in respect of which final replies are still awaited : (Nos. 3 and 4)	
	Total	2
	Percentage	7.5%

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS—1985**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH			UTTAR PRADESH
1. M/s Vijay Book Agency, 11-1-477, Mylargadda, Secunderabad-500 361.			12. Law Publishers, Sardar Patel Marg, P. B. No. 77, Allahabad, U. P.
BIHAR			WEST BENGAL
2. M/s. Crown Book Depot, Upper. Bazar, Ranchi (Bihar).			13. Mrs. Manimala, Buys & Sells, 123, Bow Bazar Street, Calcutta-I
GUJARAT			DELHI
3. The New Order Book Company, Ellis Bridge, Ahmedabad-380006 (T. No. 79065)			14. M/s. Jain Book Agency, C-9, Connaught Place, New Delhi (T. No. 351663 & 3-0806)
MADHYA PRADESH			15. M/s. J. M. Jaina & Brothers, P. Box 1020, Mori Gate, Delhi- 110006 (T. No. 2915064 & 230936)
4. Modern Book House, Shiv Vilas Palace, Indore City. (T. No. 352289)			16. M/s. Oxford Book & Stationery Co., Scindia House, Connaught Place, New Delhi-110001 (T. No. 3315308 & 45896).
MAHARASHTRA			17. M/s. Bookwell, 2/72, Sant Nirankari Colony, Kingsway Camp, Delhi-110009 (T. No. 7112309)
5. M/s. Sunderdas Gian Chand, 601, Girgaum Road, Near Princess Street, Bombay-400 002			18. M/s. Rajendra Book Agency, IV-D-50, Lajpat Nagar, Old Double Storey, New Delhi-110024. (T. No. 6415362 & 6412131)
6. The International Book Service, Deccan Gymkhana, Poona-4			19. M/s. Ashok Book Agency BH-82, Poorvi Shalimar Bagh, Delhi-110033.
7. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-400 001			20. M/s. Venus Enterprises, B-2/85, Phase-II ; Ashok Vihar ; Delhi.
8. M/s. Usha Book Depot, 'Law Book Seller and Publishers,' Agents Govt. Publications, 58 ¹ , Chira Bazar, Khan House, Bombay- 400 002.			21. M/s. Central New Agency Pvt. Ltd., 23/90, Connaught Circus, New-Delhi-110001 (T. No. 344448, 322705, 344478 & 344508)
9. M & J Services, Publishers, Repre- sentative Accounts & Law Book Seller, Mqhan Kunj, Ground Fjoor 68, Jyotiba Fule Road, Nalgaum-Dadar Bombay-400014.			22. M/s. Amrit Book Co., N-21, Connaught Circus, New Delhi.
10. Subscribers Subscription Services India, 21, Raghunath Dadaji Street, 2nd Floor, Bombay-400001.			23. M/s. Books India Corporation Publishers Importers & Exporters L-27, Shastri Nagar, Delhi-110032 (T. No. 269631 & 714465)
TAMIL NADU			24. M/s. Sangam Book Depot, 4378/4B, Murari Lal Street ; Ansari Road, Darya Ganj, New Delhi-110002.
11. M/s. M. M. Subscription Agencies, 14th Murali Street, (1st 24 floor) Mahalingaduram, Nungam- bakkam Madras-600 034 (T. No. 476558)			