

Loss for Train parting due to Failure of Centre Buffer Coupler (CBC) Components

[Action taken by the Government on the Observations/
Recommendations of the Committee contained in
their Forty-first Report (16th Lok Sabha)]

MINISTRY OF RAILWAYS
(Railway Board)

PUBLIC ACCOUNTS COMMITTEE
(2017-18)

EIGHTIETH REPORT

SIXTEENTH LOK SABHA



LOK SABHA SECRETARIAT
NEW DELHI

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MINISTRY OF RAILWAYS
(Railway Board)



Presented to Lok Sabha on:

..10/08/2017

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LOK SABHA SECRETARIAT
NEW DELHI

August, 2017/ Shrawana 1939 (Saka)

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- I Minutes of the 7th Sitting of Public Accounts Committee (2017-18) held on 09th August, 2017.
- II Analysis of the Action Taken by the Government on the Observations/Recommendations of the Public Accounts Committee contained in their Forty-first Report (Sixteenth Lok Sabha)

* Not appended to the cyclostyled copy of the Report

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2017-18)**

Shri Mallikarjun Kharge - Chairperson

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Subhash Chandra Baheria
4. Prem Singh Chandumajra
5. Shri Nishikant Dubey
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rio
10. Shri Abhishek Singh
11. Prof. Ram Shanker
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhubaneswar Kalita
19. Vacant*
20. Shri Sukhendu Sekhar Roy
21. Shri Ajay Sancheti
22. Shri Bhupender Yadav

SECRETARIAT

- | | | | |
|----|-------------------|---|----------------------|
| 1. | Shri A.K. Singh | - | Additional Secretary |
| 2. | Shri T. Jayakumar | - | Director |
| 3. | Shri A.K. Yadav | - | Deputy Secretary |
| 4. | Ms. Sonia Gupta | - | Committee Assistant |

**Shri Shantaram Naik ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 28 July, 2017.*

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2017-18) having been authorised by the Committee, do present this Eightieth Report (Sixteenth Lok Sabha) on action taken by the Government on the Observations/Recommendations of the Committee contained in their Forty-first Report (Sixteenth Lok Sabha) on '**Loss for Train parting due to Failure of Centre Buffer Coupler (CBC) Components**' related to the Ministry of Railways (Railway Board).

2. The Forty-first Report was presented to Lok Sabha and laid in Rajya Sabha on 26 April, 2016. Replies of the Government to the Observations/ Recommendations contained in the Report were received on 04 August, 2017. The Public Accounts Committee considered and adopted the Eightieth Report at their sitting held on 09 August, 2017. Minutes of the sittings are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the C&AG of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eightieth Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
10 August, 2017
19 Sravana, 1939 (Saka)

MALLIKARJUNA KHARGE
Chairperson,
Public Accounts Committee

REPORT

CHAPTER – I

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their Forty First Report (16th Lok Sabha) on 'Loss for Train Parting due to Failure of Centre Buffer Coupler (CBC) Components' based on Para 4.2 of C&AG Report No. 25 of 2013 Union Government—Railways relating to the Ministry of Railways (Railway Board).

2. The Forty First Report (16th Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 26th April, 2016, contained 04 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Railways (Railway Board) are broadly categorized as under :

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

Para Nos. 1,2 and 3

**Total: 03
Chapter - II**

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Para Nos. Nil

**Total: Nil
Chapter - III**

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

Para Nos. 4

**Total: 01
Chapter - IV**

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

Para Nos. Nil

**Total: Nil
Chapter – V**

3. The detailed examination of the subject by the Committee had revealed delay on part of Railway authorities in taking corrective action to identify and resolve the issue of train partings which affect the Railway network and trains running on that particular line resulting in loss to Railway exchequer. It was further observed that there was a lack of suitable mechanism to assess the losses and delay in taking punitive action against defaulting manufacturing firms. There was also a serious issue of many CBC components being found without requisite marking details which casted doubt on their authenticity.

4. The Action Taken Notes furnished by the Ministry of Railways in respect of all the Observations/Recommendations of the Committee have been reproduced in the relevant chapters of this Report. The Committee will now deal with the action taken by the Government on some of their Observations/Recommendations made in their Forty First Report, which need reiteration or merit comments.

DELAYED ACTION ON DEFAULTING FIRMS

(Recommendation No.3)

5. The Committee had observed that the defaulting firms for supply of CBC components were clearly identified by the Railway Administration viz. M/s Raneka Industries Limited (RIL) and M/s Orient Steel Industries Limited (OSIL) and Railway Board was even requested by Railway Administration to advise RDSO, who maintain vendor directory, to deregistering the firms for supply of critical safety items like knuckle lock etc. However, M/s Raneka Industries Ltd. was only delisted for manufacture and supply of knuckle, only for a short period from 22.01.2006 to 12.03.2007. The

Committee were surprised to note that RIL continued to supply Railways with defective items for another three years from 2010 to 2012 before it was downgraded from Part-I to Part -II status. It meant though less amount of items were sourced from the said vendor but the firm continued to supply the components, effectively blunting out the penal measures. Similarly, action of delisting of M/s OSIL came very late in 2010 while failure reports were available since 2008. The Committee felt that due to lacunae in the existing system of inspection, a large number of defective CBC components from a particular manufacturer got inducted into the Railways. Though the Zonal Railways were aware of the issue relating to quality of product of the firm since July 1999, they failed to resolve the issue. Keeping in view the serious nature of the issue, the Committee had recommended the Railways to advise the RDSO to outrightly de-list the defaulting firms instead of first downgrading the defaulting firms and then delisting them. They also urged upon the Railways to maintain a healthy directory of vendors for the purpose of inviting and awarding tenders to the genuine firms. Further, the Committee had also recommended that the RDSO may be advised to introduce a provision of black listing of firms after a certain period of poor supply of manufactured items so that severely defaulting firms cannot be listed again.

6. The Ministry of Railways in their Action Taken Note have furnished as under:-

"RDSO is an ISO 9001 2008 certified organization and so has laid down the procedure for dealing with the Registration, Downgradation, Delisting of approved vendors. One of the responsibilities of RDSO is also to ensure that adequate number of vendors are available to meet out the crisis of material on Railways and at the same time initiate punitive action against the erring vendors. Hence as per procedure laid down vendors are in general downgraded initially and if no further improvement is affected in the given time then they are delisted subsequently.

Failure of knuckle manufactured by M/s Raneka industries Ltd. (RIL) was reported by Zonal Railways and therefore, M/s Raneka Industries Ltd. (RIL) which was in Part-I status for knuckle was delisted for manufacture and supply of knuckle. The firm remained delisted from 22.01.2006 to 12.03.2007 (more than a year). As per procedure in vogue at that time, the firm after delisting can apply for fresh approval again and approval can be given after expiry of one year. After delisting in Jan.2006, M/s Raneka Industries Ltd. (RIL) applied for fresh approval for knuckle after delisting of one year, it was approved for lower status of Part-II on 13.03.2007 after one year on meeting all the requirements of fresh approval. Again the firm was downgraded from Part-I status to Part-II status for CBC assemblies and all its components including knuckle from 15.03.2010 to 23.02.2012 (almost two years) on receipt of quality issues from Zonal Railways as per procedure in vogue at that time.

In case of M/s OSIL the firm was downgraded from Part-I status to Part-II status for manufacture and supply of CBC assemblies and its components including knuckle in March, 2010 and was given an opportunity to improve their manufacturing facilities and quality control measures. As the firm did not improve the manufacturing facilities and quality control measures, the firm was finally delisted for this item in 2010 and still stands delisted.

Thus it can be seen that, in one case, M/s Raneka Industries (RIL) was outrightly delisted for manufacture and supply of knuckle to Railways for more than one year. However, in other case, the firm was downgraded from Part-I status to Part-II status for more than two years. In case of M/s OSIL, the firm was first downgraded and then finally delisted and still stands delisted. However, the Committee's recommendation of the outrightly delisting of the defaulting firm for excessive failure of CBC and its components can be considered.

7. The Committee observe that the Ministry of Railways have stated that the Committee's recommendation to outrightly delist the defaulting firms for excessive failure of CBC and its components can be considered. Similarly, the Ministry remained silent in its reply about the instructions issued to RDSO and modifications in the relevant procedures for delisting of defaulting firms in the first instance itself on recommendations of the Zonal Railways. The Committee had also recommended for incorporating a provision for black listing of firms after instances of poor supply of manufactured items so that severely defaulting firms cannot be listed again. Since the Ministry have now

informed the Committee that there is a provision enabling the delisted firms to apply again and get fresh approval for supply to the Railways, the necessity for the provision of blacklisting firms after couple of instances of being delisted by the Railways becomes all the more pertinent. The Committee, therefore, desire that the Ministry take appropriate and time bound action on its recommendations and make suitable amendments/incorporations in the laid down procedures of RDSO for effectively dealing with poor quality component suppliers to the Railways. The Committee are unhappy to note that the Railways took nearly two years to downgrade M/s Raneka industries Ltd. (RIL) from Part-I status to Part-II status for CBC assemblies and all its components including knuckles as per procedure in vogue. The Committee are further surprised that the present status of supply quality by the firm has not been revealed. The Committee feel that there should be well defined upper limit on the period for which a firm can keep supplying to the Railways under a downgraded Part II status without improving supply quality. The Committee desire that the Railways should standardize its procedure for dealing with vendors and more specifically in cases of deficient supply quality for maintaining the utmost standards of quality of components being procured by the Railways, at all times.

Assessment of Loss

(Recommendation No. 4)

8. The Committee had noted that although train parting of Indian Railways had actually reduced from 996 cases in 2006-07 to 403 cases in 2013-14, the figure of 403 was still quite high in terms of consequential losses and resultant inconvenience of

bunching of other trains. Moreover, the fact that there is no methodology available for calculating the revenue losses due to train parting incidences, as admitted by the Railways, shows the nonchalant approach of the Railways towards dealing with cases of train partings as in absence of quantifiable losses, neither steps can be taken to address the reason for losses nor responsibility can be fixed in event of persistent losses. In the absence of any methodology, on the part of the Railways, Audit have estimated a loss of 6.8 goods trains per incident with opportunity cost of Rs. 9 lakhs per train on the basis of information provided by the Railways. However, during evidence the Railways submitted that their estimates of losses of Rs. 9 lakhs per train were based on assumptions. The Committee had strongly deprecated the failure of the Ministry of Railways to determine exact revenue losses from train parting incidents and relying on mere assumptions. The Committee had desired the Railways to devise suitable methodology for calculating the revenue losses due to train parting incidences at the earliest and recommended that the said methodology should conform to the standards observed by the audit. The Committee also felt that the Zonal Railways may be advised to maintain figures of losses on account of train partings along with the details of steps taken to address the said losses which may be reviewed by the Railway Board periodically.

9. The Ministry of Railways in their Action Taken Note have furnished as under:-

"Train partings take place both due to normal wear and tear and quality problems in various components of the CBC. Indian Railways seek to reduce the number of cases of train partings by tackling the following issues:

- (a) Improving the quality of CBC Couplers, its components and draft gears.
- (b) Ensuring that proper quality of coupler components and draft gears are procured through strict implementation of quality assurance protocols

as well as maintaining a strict system of vendor approval as detailed in para 3 above.

- (c) The result of the efforts made are apparent in the rates of failures achieved as below:

Year	Train Parting over IR	Goods NTKM (in Billions)	Average failure/month/ billion NTKM
2006-07	996	483.4	2.06
2007-08	877	523.2	1.68
2008-09	793	552.0	1.44
2009-10	778	601.3	1.29
2010-11	717	626.5	1.14
2011-12	611	639.8	0.96
2012-13	562	641.8	0.88
2013-14	403	651.9	0.62
2014-15	445	685.9	0.65
2015-16	365	655.6	0.56

Train partings also happen because of miscreant activities where CBC operating handle is operated causing CBC lock to open. These happen because of miscreant activities which are aimed at pilferage / sabotage and are basically a law & order problem. Efforts are being made to control such cases also.

The cases of train parting result in detention of the train involved along with some other trains which may have to wait for signal/line clear in case of parting. As a result, the number of trains that get detained would depend on traffic density in section where such failure occurs as well as the position of traffic at given instance of time.

Therefore, while it would be possible to define the cost of damage to CBC coupler, draft gear assembly, it would be purely subjective and speculative to define the cost due to detention of trains and loss on account of opportunity cost. Since the matter comes in the realm of hypothesis about loss of opportunity and possibility of enhanced operation only, the actual calculation of cost of losses may not be accurate."

10. The Committee in their earlier recommendation had suggested that the Railways should devise suitable methodology for calculating the revenue losses due to train parting incidences at the earliest and recommended that the said methodology should conform to the standards observed by the audit. The Ministry in their action taken note have stated that while it would be possible to

define the cost of damage to CBC coupler, draft gear assembly, it would be purely subjective and speculative to define the cost due to detention of trains and loss on account of opportunity cost. Since the matter comes in the realm of hypothesis about loss of opportunity and possibility of enhanced operation only, the actual calculation of cost of losses may not be accurate. However, the Committee reiterates its view that in absence of quantifiable losses, it would be difficult to judge the sufficiency of actions taken to reduce the cases of train partings nor responsibility can be fixed in event of persistent cases of train parting without knowledge of consequential losses. Thus, Committee reiterate their earlier recommendation that the Ministry, based on their own assessment/judgement, should devise suitable methodology for calculating the revenue losses due to train parting to give a quantifiable aspect to the damages caused by the train partings to the operations of the Railways.

APPENDIX-II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FORTY-FIRST REPORT (SIXTEENTH LOK SABHA)

(i)	Total number of Observations/Recommendations	--	04
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1, 2 & 3	--	Total : 03 Percentage: 75%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government:	--	Total : NIL Percentage: 0%
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para No. 4	--	Total: 01 Percentage: 25%
(v)	Observations/Recommendations in respect of which the Government have furnished interim replies:	--	Total : NIL Percentage: 0%

- NIL -
