

# RAILWAY CONVENTION COMMITTEE (1991)

## EIGHTH REPORT ON

Action taken by Government on the recommendations contained in the Fourth Report of Railway Convention Committee (1991) on 'System of Railway Purchases and Contracts; Acquisition of Stores and Printing; Disposal of Scrap; Coal and Coal-ash'



*Presented in Lok Sabha on 22 December, 1994  
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LOK SABHA SECRETARIAT  
NEW DELHI

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**RAILWAY CONVENTION COMMITTEE  
(1991)**

**Shri. M. Baga Reddy — *Chairman***

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3. Shri Lal Jan S.M. Basha
4. Shri Saifuddin Choudhury
5. Prof. Prem Dhumal
6. Shri Gurudas Vasant Kamat
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11. Shri Rajvir Singh
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***Rajya Sabha***

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- †15. Shri Madhavsinh Solanki
- †16. Shri Ajit P.K. Jogi
17. Shri P. Upendra
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**SECRETARIAT**

1. Shri S.C. Gupta — *Joint Secretary*
2. Shri T.R. Sharma — *Deputy Secretary*
3. Shri R.C. Gupta — *Under Secretary*

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\* Shri Nitish Kumar, MP, nominated on 17 December, 1991 vice resignation of Shri Srikanta Jena w.e.f. 16 December, 1991.

# Shri C.K. Jaffer Sharief, MP, nominated on 18 April, 1994 vice resignation of Shri V. Krishna Rao, MP, w.e.f. 17 March, 1994.

@ Shri Lokenath Choudhury, MP, nominated on 30 January, 1992, vice resignation of Shri Surya Narayan Singh w.e.f. 28 January, 1992.

§ Shri O. Rajagopal, MP, nominated on 18 May, 1994, vice resignation of Shri Pramod Mahajan, MP, w.e.f. 17 May, 1994.

† S/Shri Manmohan Singh, Madhavsinh Solanki & Ajit P.K. Jogi, MPs nominated on 18 May, 1994 vice S/Shri Ram Singh Rathwa, Deyanand Sahay and Ch. Hari Singh, MPs, ceased to be Members of the Committee consequent upon their retirement from Rajya Sabha on 2 April, 1994.

## INTRODUCTION

I, the Chairman of the Railway Convention Committee (1991), having been authorised by the Committee to submit the Report on their behalf, present this Eighth Report on Action Taken by Government on the recommendations contained in the Fourth Report of the Railway Convention Committee (1991) on 'System of Railway Purchases and Contracts; Acquisition of Stores and Printing; Disposal of Scrap; Coal and Coal-Ash'.

2. The Fourth Report of the Railway Convention Committee (1991) was presented to Lok Sabha on 26th August, 1993 and laid on the Table of Rajya Sabha the same day. It contained 15 observations and recommendations. Action Taken Notes on all these recommendations and observations were received from the Ministry of Railways on 8th April, 1994. However, final replies to 6 recommendations and observations are still awaited.

3. The Committee considered the replies of the Government at their sitting held on 20th October, 1994. The report was considered and adopted at their sitting held on 7th November, 1994.

4. An analysis of action taken by Committee on the recommendations contained in the Fourth Report of the Railway Convention Committee (1991) is given in Appendix. It would be seen therefrom that out of 15 recommendations made in the Report, one recommendation i.e. about 6.66% has been accepted by the Government. The Committee do not desire to pursue 4 recommendations i.e. 26.66% in view of the replies furnished by the Ministry. The replies have not been accepted in respect of 4 recommendations i.e. about 26.66%. In respect of remaining 6 recommendations i.e. 40% the final reply of the Government is still awaited and the Ministry have been requested to furnish the same expeditiously.

NEW DELHI;  
December 7, 1994

*Agrahayana 16, 1916 (S)*

M. BAGA REDDY,  
Chairman,  
Railway Convention Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the observations and recommendations contained in their Fourth Report (Tenth Lok Sabha) on 'System of Railway Purchases and Contracts; Acquisition of Stores and Printing; Disposal of Scrap; Coal and Coal-Ash'. The Committee's Fourth Report was presented to Lok Sabha on 26.8.1993. It contained 15 observations and recommendations. Action Taken Notes on all these recommendations and Observations were received from the Ministry of Railways on 8.4.1994.

2. Replies to the recommendations and observations contained in the Report have broadly been categorised as under:

- (i) Recommendations and observations which have been accepted by the Government. 4.
- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from the Government. 8, 10, 11, 12.
- (iii) Recommendations and observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration. 1, 9, 13, 14.
- (iv) Recommendations and observations in respect of which final reply of the Government is still awaited. 2, 3, 5, 6, 7, & 15.

3. After examining the action taken notes furnished by the Ministry of Railways, the Committee are disconcerted to note that the Action Taken Notes are either casual or ad-hoc in nature. They, therefore, take a serious view of the lackadisical manner in which the 4th Report of RCC has been dealt with in the Ministry of Railways. It has been observed that as many as 6 out of 15 replies are interim in nature and in most of the cases the Committee find that no concrete step has been taken in pursuance of the recommendations. The matter has simply been referred to an Export Group. The Committee take a serious note of it. The most disturbing fact which has come to the notice of the Committee is that these Export Groups have not been given any target date for submission of their Reports.

4. The Committee expect that the final replies to the recommendation and observation in respect of which only interim replies have been furnished by the Government will be submitted to them expeditiously.

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

### *Material Planning and Inventory Management*

6. The Committee, in para 2.61 (S. No. 1) of their Report had recommended:

"Material Planning and Inventory Management have an important role to play in the efficient working of the Indian Railways. At present, the overall annual purchases of the Railways amount to about Rs. 6,200 crores. However, at present inventory functions, including purchasing, tend to be more of observance of rules and regulations rather than analysis of costs. The present system of purchasing tends to compare the lowest acceptable quotation with the last purchase price for the purpose of justification. This weakness on the part of the Railway Board needs to be rectified. The Committee are of the view that the system of material planning and inventory control in Indian Railways need total streamlining. The Committee feel that the scope for value engineering and effecting savings is yet to be explored in the Indian Railways, and, therefore, recommend that the Ministry of Railways should introduce the system of cost analysis to establish economy buying. Although, according to the Railway Board, this is a time taking process but this type of analysis should be undertaken for major components like joint and crossings, bogies, wagons etc. Absence of cost analysis leads to cartel formation, dictation of prices and cost-plus contracts in the case of purchase of wagons, bogies and other ancillary rolling stock items. Inventory Management is a specialised function and it should be allowed to remain so".

7. The Ministry of Railways, in their reply dated 8.4.1994, have stated as under:

"The inventory performance of zonal railways and production units is being continuously monitored by the individual railways and also by the Railway Board. This exercise include analysis of groupwise inventory, discussion with senior officers of railways on individual items in addition to routine monitoring. Targets are fixed for individual railways and production units for their stock holding, permissible balance to issues ratio, which is known as turnover ratio and is main efficiency indicator for material management aspects. These targets mainly depend on various factors including their geographic locations, proximity to market, nature of productions etc. and are fixed for stores suspense, workshop manufacturing suspense and MAC separately as well as collectively. All these efforts clearly speak about the importance being attached to this area by the Railways. It is the result of these efforts that there has been continuous improvement in the inventory performance and the turn-over ratio improved from around 40% in

early eighty's to 30% last year. In absolute term this would represent a saving of Rs. 160 to 300 crores in annual capital at charge.

Comparison with last purchase rate, as pointed out by RCC, is one of the checks for reasonableness of price. Fluctuations in the prices of important inputs on account of various market forces are kept in view while checking on reasonableness of prices. In an open competitive market with multiple sources available for most of the items, a healthy competition ensures competitive prices. The labourious exercise of cost analysis is not necessary for such items where market forces operate in free and fair manner.

Railways agree with the recommendation of RCC to use cost analysis for economic purchase in case of high value items with limited sources of supply. The subject matter is already under active examination by a high level Committee appointed by the Board. The detailed modalities will be worked out on basis of the recommendation of this Committee. Pending report of this Committee action has already been taken in the Board from getting the cost analysis done of the high value items like wagons, bogies, couplers, cartridge bearing etc. done through C.A./Cost of the Ministry of Finance.

The above position clearly indicates that inventory and purchase functions are performed not through mere observance of rules and regulation, as observed by RCC, but there are continuous efforts to improve the performance by using modern tools and techniques of Material Management which have enabled Railways to achieve substantial savings as discussed earlier.

The need for having a value engineering and cost analysis directorate in RDSO is well appreciated. However, its creation has to wait for better times when financial position of the Railways improves".

8. The Committee note that the Ministry of Railways have accepted the recommendation of the Committee to use cost analysis for economic purchase of high volume items and this is being actively examined by a high level Committee. The Ministry of Railways have also felt the need for having a value engineering and cost Analysis Directorate in RDSO as recommended by the Committee. However, the Ministry have stated that its creation has to wait for 'better times when financial position of Railways improves'. The Committee are not convinced of this vague plea which almost amounts to rejection of their recommendation. They reiterate their earlier recommendation regarding the need for value engineering even in the present financial state of Indian Railways so as to effect both economy and efficiency in the field of material planning and inventory management. Further, the Committee feel that this step in turn would improve the

**financial strength of the Railways, and, therefore, they find no justification in the contention of the Ministry of Railways in this regard.**

### **Tendering Process**

**9. The Committee, in para 2.62 (S. No. 2) of their Report had observed:**

"After going into the details regarding the existing tendering process in Railways, the Committee feel that a proper, systematic and thoughtful approach will have to be taken while calling tenders, especially the limited tenders. From the figures of 1991-92 it is seen that out of 1,81,038 tenders called by the Indian Railways, 1,61,517 i.e. more than 89% were limited tenders. It is a matter of common knowledge that in Limited Tender purchase, the bidders form a cartel and dictate prices. Even the Ministry of Railways have admitted that 'where high prices are suspected due to ring formation, negotiations are held to bring down the prices'. The Committee recommend that the Ministry of Railways should go into the matter de-novo and make an indepth exercise to ensure that sufficient number of suppliers are registered with the Indian Railways and doors are not closed for new manufacturers to register themselves. The Committee presume that while making purchases particularly of substantial amount, namely, Rs. 1 crore and above, tenders are floated in all cases and purchases are not being made on ad-hoc basis or on the basis of repeat order".

**10. The Railway Board, in their action taken replies dated 8.4.1994, had stated as follows:**

"As desired by RCC (1991) during Railway Board's oral evidence before them on 27-08-92 an Expert Committee consisting of three Senior Administrative Grade Officers, one each from Stores, Mechanical and Finance Deptts. has been constituted to examine in detail and review the tendering system on the Railways including issue of Limited and Bulletin Tenders for procurement of Stores, system of approval of Suppliers, etc. The Committee is being requested to note the observations of the RCC and suggest measures for improvement in their report which is still awaited".

**11. Further, the Committee, in para 2.65 (S. No. 5) of the Report, had *inter-alia* observed:**

"The Committee find that out of 67,486 tenders, a total of 11,784 tenders were awarded on the basis of negotiations during the last 5 years. Under the present purchase system, where cost analysis does not exist and 89% of tenders are called under Limited Tender category, the Committee feel that the percentage of such 'negotiated tenders' will rise as has already been admitted by the Railway Board that 'where high prices are suggested due to ring formation, negotiations are held to bring down the prices'. The Committee, therefore, recommended that the Indian Railways should find some alternative to curb this tendency of 'negotiated tendering process' as

such measures will protect the Ministry of Railways from the so-called allegations of kick backs. They may study the system adopted by other countries having a good railway system e.g. Japan and U.K.”.

12. In their reply dated 8.4.1994, the Railway Board have stated as under:

“As desired by RCC (1991) during Railway Board's oral evidence before them on 27-8-92, an Expert Committee of three Senior Administrative Grade Officers one each from Stores, Mechanical and Finance Deptts. has been constituted to examine in detail and review the tendering system on the Railways including the review of the existing guidelines and system for negotiations. The Committee's report is awaited. Action will be taken based on its recommendations”.

13. The Committee note that an Expert Committee consisting of three Senior Administrative Grade Officers, one each from Stores, Mechanical & Finance Deptts., was constituted on 27 August, 1992 to examine and review the tendering system on the Indian Railways. It is a matter of concern that the Expert Committee could not finalise its report so far. The Committee would like to be apprised of the reasons for delay in this regard. Further, the Committee feel that the Expert Committee, which consists of departmental officers, may not be able to comprehend the tender practices prevalent in other organisations including leading private sector companies. The Committee, therefore, desire that necessary changes in the composition of the Expert Committee may be carried out with a view to make it broadbased and also to make use of the pool of talent regarding the tendering system available in other leading companies, both in public and private sectors.

#### *Regionalisation of Purchase*

14. In para 2.63 (S. No. 3) of their Report, the Committee had observed as under:

“The value of purchases made by Indian Railways has gone up considerably from Rs. 2053 crores in 1983-84 to Rs. 6213 crores in 1991-92. For a big well-spread organisation like, Indian Railways with enough purchasing powers lying in the hands of Zonal Railways/ production Units, it is often noticed that one Zonal Railway is procuring one item on proprietary basis while another is purchasing the same item through competitive bidding. Even the Railway Board admitted that under the existing system, some variations are likely to occur. The Committee are of the opinion that the only answer to this problem is Regionalisation of Purchase, with a centralised computer system in all the metropolitan cities of Bombay, Calcutta, Delhi and Madras. By introducing such system the Railways can ensure better availability of Stores at competitive prices. The requirements of the

Zonal Railways/Production Units can be clubbed together to get the benefits of bulk purchase. On the other hand, such a system will encourage the establishment of more manufacturing units, which are otherwise few in the country at present owing to low procurement by the Railways. The Estimates Committee (1985-86), in their 25th Report, had recommended on similar lines. The Committee, therefore, recommended that the scheme of regionalisation of purchase may be implemented forthwith and without any further delay. The Committee feel that it would not be difficult for the Ministry of Railways to implement this because, as on today, 6 out of 9 Zonal Railway Headquarters are located in these four Metropolitan Cities".

15. The Ministry of Railways in their action taken note dated 8.4.1994 submitted the following:

To avoid/minimise the cases of payment of different rates for the same items (except minor variations depending on the market conditions), by different Railways, necessary instructions have already been issued to all Indian Rlys. and Production Units etc. advising them to circulate quarterly statements of purchases valued above Rs. 5 lakhs to all concerned Railway Admns. including Rly. Board's Office. A copy of the instructions issued is attached.

Regionalisation of Railway purchases through Regional Purchase Organisation has apparently been recommended to achieve the twin objective of better availability of Stores at competitive and uniform prices and encouraging development of more manufacturing units.

Purchase of bulk demands does have an inherent advantage of economies of scale, but not necessarily in all cases, particularly when items are purchased from Public Sector Undertakings, like Indian Oil Corporation and Minerals & Metal Trading Corporation. Likewise, some of the large private organisations adopt fixed prices not dependant on quantity ordered. One of the causes of higher prices often quoted, is the inter-railway competition, while purchasing items which are in short supply. However, due to overall improvement in the manufacturing capacity, there are very few items today which are in short supply on account of capacity. The major reasons for short supply are abrupt changes in price of raw materials, unanticipated labour trouble due to industrial/political atmosphere in the concerned state and improper ordering, rather than the capacity shortage.

For items peculiar to Railways, bulking of purchase can perhaps result in better bargaining power and locating and developing reliable sources of supply due to more intimate buyer-seller dialogue. On the other hand, it would be generally true that purchase through a Central agency cannot have the same sensitivity to the user's requirement or answerability for short falls in performance.

However, to test the feasibility of setting up Regional Purchase Organisations on Rlys., as earlier recommended by Estimates Committee, Central and Western Rlys. have been directed to start, as a pilot project, the procurement on Regional basis by selecting 10 high value items common on Central and Western Rlys. and submit their report. The matter will be examined further on receipt of the report from the above Railways.

16. The Committee note that with a view to test the feasibility of setting up Regional Purchase Organisation, as recommended earlier by the Committee as well as the Estimates Committee, Central and Western Railways have been asked to start a pilot project to procure on regional basis ten high value items. The committee trust that the matter will be further examined in depth on receipt of report from these Zonal Railways. The Committee will like to be apprised of the findings of pilot project.

#### *Disposal of Scrap*

17. The Committee in para 3.26 of their Report had recommended that:

"The Committee are surprised to note that even a huge organisation like the Indian Railways appoint private auctioneers for auction of scrap. The Committee strongly recommend that this system should be substituted by introducing the system of auctioneering under the Stores. The Committee feel that the Railways will get more competitive price for the scrap as the possibility of private auctioneer colluding with the bidder will be ruled out".

18. The Ministry of Railways, in their Action Taken reply dated 8.4.1994, had stated the following:

"On the Indian Railways, Northern Railway and the Production Units DCW, DLW and RCF are at present, conducting auctions departmentally. The balance 8 Zonal Railways and the Production Units at ICF & CLW and the Metro Organisation at Calcutta are utilising the services of an auctioneer. Prior to 1977, Northern Railway was also utilising the services of an auctioneer but resorted to departmental auction thereafter on account of some difficulty in settling the auctioneering contract.

2. R.C.C. has recommended going in for departmental auctions, mainly on the grounds that there is a possibility of the private auctioneer colluding with the bidders and thus compromising on competition. While bids are called for by the auctioneer, the final decision to conclude sale rests with the depot officer of the Stores Department. There is a well laid down system for the fixation of reserve prices. While the Controllers of Stores of the Zonal Railways fix up reserve prices for locomotives and non-ferrous items, the reserve prices for other items are fixed by the depot officer keeping all relevant market conditions in view. This system, thus empowers the depot officer to cancel the auction, in case he suspects cartel

formation. Under the circumstances, the role of the auctioneer is more to have proper publicity amongst the prospective bidders for their greater participation, to create an atmosphere of enthusiasm and competition in bidding, with no powers to get the, so to say, subdued bids accepted by the depot officer. It would, therefore, appear that there is no scope for collusion and as a consequence subduing competition by cartel formation whether the auctioning is done by a private auctioneer or departmentally. This is borne out from the fact that the bids received on other than Northern Railway are equally competitive. On the other hand, as auctioneering is a specialised job, employment of a professional benefits the Railways on the following counts:—

- (a) Being a professional, the auctioneer is able to generate keener competition. He is able to identify and invite bidders for specialised items like machinery, non-ferrous etc. and arrange expeditious disposal.
- (b) The responsibility of handling cash at the auction site, which is fairly substantial in the present context, lies with him, till the time the same is deposited in the Railway's Cash Office.
- (c) The Commission paid to the auctioneer for the services rendered by him is commensurate with the benefits that accrue. Northern Railway, where auction is done departmentally has analysed the costs and found that the commission paid to the auctioneer on other Railways is comparable to the departmental charges.

3. It is advantageous to entrust auctioneering to a professional. However, as Northern Railway, where departmental auctioning is prevalent, has achieved sales over Rs. 120 crores annually and no problems have been noticed, status quo could be maintained. The comparative statement for average sale rates over the Railways category-wise, also, do not bring out any noticeable variations.

4. The taking over of the work of auctioneering on the zonal Railways is possible only with creation of additional staff in the Railways. In the days of the financial crunch, creation of additional establishment would add on to staff costs and to other allied labour problems; whereas in the present environment and Govt's policy of economic liberalisation and encouragement to privatisation, it would be a step in retrograde to departmentalise auctioneering on railways where auctioneering contractors have been successfully handling sales."

19. The Committee are not convinced of the argument that 'it would be a step in retrograde to departmentalise auctioneering on Railways where auctioneering contractors have been successfully handling sales.' They feel that if Northern Railway can successfully undertake departmental auctioning then why it would not be possible for other zonal railways to

adopt the same. The Committee, therefore, reiterate their earlier recommendation that the Ministry of Railways should chalk out the modalities in this regard and try to go in for departmental auctioneering by pooling up personnel from different departments by giving them some extra remuneration.

*Stopping pilferage of coal during transportation: (S. No. 13)*

20. The Committee, in paragraph 5.13 of the Report had observed:

"With regard to coal, the committee find that large scale pilferage takes place during transportation and from the yards. The present system of movement of coal by rail at 'owner's risk' should be stopped. Today large-scale pilferage from coal wagons is occurring because nobody is accountable for the difference between the coal loaded and delivered. The coal mafia thrives on pilferage of coal protected by the 'owner's risk' movement policy. The Committee, therefore, recommend that Indian Railways should take up the matter with Coal India Limited(CIL) and jointly chalk out modalities for introducing the clause of accountability for the difference in weight as recorded in the railway receipt(RR) issued by the booking officials at the pitheads and the actual weight delivered to the consignee. The Committee feel that either of the two organisations i.e. IR or CIL or both should be made responsible for the transit loss. This would require not only change in the century-old railway rule but also installation of computerised weighbridges. The Committee are aware that the movement of coal at the risk of Railway/CIL would cause additional financial burden in the sense that the consignees' claim for compensation would have to be made good, but this would put an end to pilferage. The Committee further recommend that Tribunals may be set up for early disposal of compensation cases".

21. The Ministry of Railways, in their reply dated 8.4.1994, have stated as under:

"Crime on Railways has been a challenging task as the Railways become easy targets of the anti-social elements. The socio-economic conditions and deteriorating law and order situation prevailing in various States invariably gets reflected on the working of the Railways. On a number of occasions, RPF staff had to face the hardened criminals equipped with deadly weapons resulting in encounters with criminals. Regretfully, in many areas, especially on the borders of West Bengal and Bihar, theft and pilferage of coal is indulged in a recklessly by a large number of villagers including women and children. In addition to crime main reasons of misdemeanour are based on socio-economic, which have been forcing them to take coal. Thefts virtually become as their source of livelihood. Often action taken by the RPF or Police result in snowball effect causing disruption of train services and law and order situations. Due to large scale movement of coal throughout the

country and due to paucity of RPF staff, it is physically not possible to provide armed escort on all the coal rakes etc. However, all out efforts are being made to contain the problem by conducting vigorous raids/searches on the dens of the criminals and receivers indulging in this type of crime.

Besides theft and pilferage of coal in transit, there are various other factors which also contribute to losses of coal in transit which are as under:—

1. Improper accountal of coal due to different accountal systems at loading and unloading stations, viz., carrying capacity plus two tonnes at the loading stations, and volumetric measurement system at unloading stations.
2. Non-weighment of coal loaded wagons at the unloading stations due to non-availability of proper/defective weighbridges.
3. Loading of coal in damaged and defective wagons which results in droppage/bleeding of the consignment during transit.
4. Loading of coal in open wagons which remain prone to pilferage enroute.
5. Non-provision of wooden wedges in the gravity catches which results in droppage of coal when the flap doors of the wagons get opened during transit.
6. Over-invoicing/short loading at originating stations and inflated shortages at the destinations.
7. Evaporation of water contents in washed coal also results in loss of weight of the consignment at the destination station. This loss of weight cannot be attributed to any criminal cause enroute.
8. Shrinking of top layer of coal level in the wagons due to oscillation enroute cause variation in volumetric measurements.
9. Frequent diversion of coal loaded wagons from one station to another and from one power-house to another without proper Railway Receipts and invoices where shortages are declared without any valid documents at hypothetical basis.
10. Non-witnessing of coal wagons by the Railway staff at the time of loading as well as unloading.
11. Contents of coal wagons involved in accidents are normally left at the accident spot which remain prone to theft/pilferage and non-delivery of the consignment at the destination.
12. Undue detention of coal wagons at yards and wayside stations where there is no security staff, this gives temptation to the thieves to commit pilferage of coal.

13. At times, coal wagons are also intercepted for Railway use by the Railway Administration.

It would thus be observed that because of innumerable variables as discussed above, the entire losses of coal cannot be attributed to thefts/pilferages in transit.

However, following preventive measures are being adopted to contain the position in this regard:—

1. Escorting of Block loads of coal from originating Railway yards to various destination points or in vulnerable areas by armed RPF staff as far as possible.
2. Crime intelligence staff of RPF are detailed to collect intelligence about the activities of coal thieves.
3. Frequent raids and searches are conducted by the RPF in vulnerable areas as well on the dens of the criminals and receivers of stolen coal.
4. Beat-cum-patrolling duties have been introduced in big yards and also in the affected sections.
5. Armed RPF pickets are deployed in the vulnerable areas/sections.
6. Spot checks are conducted in vulnerable sectors and black-spots to catch the criminals red-handed.
7. Dog squads are used to patrol vulnerable yards and black spots. From headquarter, special CIB staff are deputed to conduct raids, searches and catch the culprits.

#### *Suggestions:*

For better prevention of crime and to contain the transit losses of coal, the following steps are suggested:

1. The system of account of quantity of coal both at the loading as well as the destination station which results in inflated/fictitious shortages needs to be streamlined.
2. Loading/unloading of coal wagons should be witnessed by responsible railway staff.
3. Old and damaged railway wagons having bottom/floor holes or pannel cuts and defective doors etc. in the body should not be used for loading coal unless they are repaired.
4. Wooden wedges must be provided in the gravity catches at the loading stations to prevent opening of the flap doors enroute.
5. Close circuit rakes should be utilised for transportation of coal from colliery/washery to the steel plants/thermal plants etc. which can be escorted on selective basis from the originating station to the destination stations.

6. Strength of RPF may also have to be augmented on the need base requirements to provide 100% escorting of the coal rakes.
7. The possibility of providing collapsible shutters on top of the coal wagons can also be examined.

Lime spray should be done after the wagons have been loaded and ready for dispatch; this will help in identifying the areas/place spots, where coal wagons are criminally interfered and to enable RPF staff to take corrective measures.

8. The modality of Protection of coal wagons in the 'No man's land' between the colliery/washery to the point when the wagons entered the railway yards also need to be streamlined.
9. As far as possible, unnecessary detention of coal wagons at way side stations should be avoided.
10. Joint surprise checks at loading points by Commercial Vigilence, Fuel Deptt. & RPF should be organised to unearth the ground realities.

Regarding setting up of Tribunals for early disposal of compensation cases, it is stated that Railway claims Tribunal with 19 Benches at various locations is already functioning since November 8, 1989. Cases pertaining to Railway claims pending in Civil Courts have been transferred to the Tribunal. The simplification in the procedure to ensure speedy disposal of cases by the different Benches of the Tribunal has brought considerable relief to the claimants.

In regard to stoppage of the present system of movement of coal by rail at "Owner's Risk", the matter was examined by the Railway & Freight Structure Enquiry Committee (1955—57) and Rail Traffic Enquiry Committee (1977—79). Both these Committees felt that 'Owner's Risk' rates in respect of commodities like coal which are mostly carried in open wagons should continue.

Railusers can book coal at "Railway Risk" rates by paying 20% freight charges over the "Owner's Risk" rates."

22. The Committee, in their earlier Report, had pointed out that large scale pilferage of coal takes place during transportation and from yards. They had, therefore, desired that present system of movement of coal by rail on owner's risk should be stopped as no body in Railways is accountable for loss in transit. The Committee had also recommended that modalities for introducing the clause of accountability for transit loss should be worked out by Railways in consultation with Coal India Limited and that either of these organisations should be made responsible for transit loss. In their Action Taken Note, the Ministry of Railways have tried to explain transit losses to some extent in terms of socio-economic conditions and deteriorating law and order situation prevailing in some parts of the

country. Large scale movement of coal and paucity of adequate Railway Protection Force Staff is reported to have made it physically impossible to provide armed escorts on all coal rakes etc. The Committee are not at all convinced of this line of reasoning. On the other hand, they are of the view that it reflects poorly on the functioning and efficiency of such a vast organisation as Railways. The Committee feel that criminals and anti-social elements indulging in theft and pilferage should be dealt with firmly. The Railways Board should take up the matter with the concerned State Governments at the highest level in this regard. Further, by their own admission the Ministry of Railways have stated that non-witnessing of coal wagons by the Railways staff at the time of loading and unloading and delay in retrieval of coal wagons from accident sites are some of the major reasons for pilferage of coal. The Committee observed that certain measures have been taken to control the menace of pilferage. However, their impact has yet to be seen. The Committee welcome the suggestions made by the Railways Board to improve the situation in this regard. They feel that for prevention of crime and to contain the transit losses of coal, loading and unloading of coal wagons should be witnessed by responsible railways staff. Further, the Ministry of Railways should ensure that, as far as possible, damaged/defective wagons are not deployed for coal transportation. Closed circuit rakes should be utilised for the same instead of open wagons which remain prone to pilferage enroute. Another distressing fact which has come to the notice of the Committee is that unnecessary detention of coal wagons at wayside stations and yards where there is no security staff gives an opportunity for pilferage of coal. The Committee feel that the Ministry of Railways should ensure that unnecessary detention of coal wagons at wayside stations is avoided. In this connection the Committee further stress the need for augmenting the strength of RPF on need-based requirement to provide optimum security to the coal rakes. Lastly, 'no man's land' between the colliery/washery to the point where the wagons enter the railway yards needs to be watched intensively and surprise checks at loading points by RPF should be organised to control pilferage.

*Proper enactment to provide adequate powers to RPF (S.No. 14)*

23. Commenting on proper enactment to provide adequate powers to RPF to check pilferage and corruption in the Railway system, the Committee had, in paragraph 5.14, *inter-alia* observed:

"After going into the details of pilferage of coal and disposal of scrap, the Committee feel that the powers provided to the Railway Protection Force (RPF) is highly inadequate. The Committee recommend that proper enactment may be brought to provide adequate teeth to RPF to check pilferage and corruption in the Railway system. For this, the Railways should have dialogue with the respective State Police for proper coordination".

24. In their action taken note dated 8.4.1994, the Railway Board have stated the following:

"The Railway Protection Force was constituted under the Railway Protection Force Act 1957 for the better protection and security of Railway property. The RPF derives legal powers from the following Central Acts:—

1. Railway Protection Force Act 1957 (As amended in 1985)
2. Railway Property (Unlawful Possession) Act 1966
3. The Railways Act 1989.

Under the RPF Act 1957, the RPF has got legal powers to arrest and search premises without warrant under certain circumstances. The scope of RPF in regard to protection of railway property was further enlarged under the RP (UP) Act 1966, which provides more powers to RPF for arrest on suspicion, search and prosecute any such persons who are found in unlawful possession of railway property or railway property suspected to have been stolen from the Railways. This Act provides adequate powers to the RPF to effectively deal with crimes in regard to railway property. All such cases registered under RP (UP) Act by the RPF are prosecuted and processed by Prosecution Branch of the RPF.

Under Section 10 of the RPF Act, officers and men of the RPF are deemed to be railway servants. Accordingly, the RPF personnel by virtue of their being railway servants are empowered to take action against the offenders committing various offences detailed in certain sections of the Railways Act.

In addition, the Railway Act, 1989 has given adequate powers to any authorised railway servant, including the RPF personnel to arrest any offender under various circumstances. This is quite deterrent to tackle offences like unauthorised travelling, nuisance, drunkenness, unauthorised hawking etc.

Thus under the provisions of these Acts, the RPF has been equipped with adequate powers to deal with any situation regarding crimes pertaining to railway property.

As regards corruption, this is an area which falls within the purview of the Vigilance Deptt. and has to be vigorously pursued by the Vigilance Organisation of the Railways.

The question of conferring more powers, including powers to investigate crimes, committed within the jurisdiction of Railways, has been examined in consultation with the Ministry of Law sometime back and it was found that this proposal would amount to setting up of a parallel Police Force for the Railways which runs counter to the entry 2 of the State List in the Constitution. The two police forces

operating in the same area will also create functional problems. Secondly, the railway being the Commercial organisation should not get involved in policing and its consummate accountability, which is likely to jeopardise the main object of the railways.

Close coordination exists between Railways and State Police/GRP authorities for effective crime control on Railways.

25. It is distressing to note that inspite of the fact that under the provisions of RPF Act, the RPF has been equipped with adequate powers to deal with crimes pertaining to railway property, there has been large scale pilferage of scrap, coal, etc. in transit and at yards. It is highly deplorable. The Committee, therefore, desire that the Ministry of Railways should make utmost efforts to grasp the ground realities and take necessary steps to streamline the functioning of the concerned departments so as to ensure that there is no case of connivance/collusion between the RPF and the anti-social elements.

## CHAPTER II

### RECOMMENDATIONS AND OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Sl. No. 4, Para 2.64)

The Committee find that the amount of annual purchase through DGS&D by Indian Railways has come down from 27% in 1981-82 to 17% in 1991-92, of which nearly 2/3rd of the annual value of purchase from DGS&D comprises of high Speed Diesel, Lubricant Oils and Greases. The Committee are surprised to note the dual purchase policy adopted by the Ministry of Rlys. with regard to procurement of fuel. The Railway Board procure coal from Coal India Ltd., a Public Sector Undertaking, but with regard to HSD, they approach DGS&D. The Ministry of Railways have admitted that their experience with DGS&D has not been satisfactory and there has been delay in coverage of demand. The Committee find no reason why the Ministry of Rlys. should not procure HSD, directly from Indian Oil Corporation, also a Public Sector Undertaking, on the same lines as they are procuring coal from Coal India. They strongly recommend that for all purchases made from other Public Sector Undertakings and where rate of an item is fixed by Government of India, the Railways should procure such items directly. This will help Railways in not only saving a substantial amount in purchase and on inspection charges, but there will be a drastic cut in the lead time with lesser stock-outs and lower inventories.

#### Reply of the Government

The RCC observation concerning HSD and lubricants is prior to decentralisation of purchase from DGS&D. The purchase has now been decentralised from December, '91 and Railways have now been procuring directly POL items including HSD, Petrol, Kerosene etc. and lubricants.

The direct procurement of these items has accounted for substantial savings in the shape of service/inspection charges which was earlier being paid to DGS&D. The same has also resulted in better inventory control and more economical purchases.

[Ministry of Rlys. (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.1994]

## CHAPTER III

### RECOMMENDATIONS AND OBSERVATIONS WHICH THE COMMITTEE DO NOT WANT TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM THE GOVERNMENT

#### Recommendation (Sl. No. 8, Para 3.25)

The Committee feel that the procedure of disposal of scrap in the Indian Railways needs considerable improvement. The Ministry have stated that while disposing rails, etc. they go by measurement and not by the weight. By this process, there is enough chance of under-valuation of scrap. For the Eighth Plan period the Railways are giving more emphasis to gauge conversion programme. This will generate huge amount of steel scrap. To get better value for the scrap, the Ministry should modernise the existing system by providing weigh bridges at all railway yards. All incoming and outgoing scrap from the yards should also be weighed so that the percentage of pilferage can be detected.

#### Reply of the Government

The Committee while recommending improvements in the procedure of disposal of scrap, have felt that the Railways should modernise the existing system by providing weigh bridges at all railway yards and that delivery of sold materials should be on actual weightment basis even for rails where at present length measurement are being followed.

The scrap materials are normally collected at the nominated scrap depots under the administrative control of the Stores Deptt. The following are the exceptions to this:

- (a) Scrap arisings from track renewal works, bulk of which, pertain to rails which are identifiable and where mix up is not possible with other types of scrap, are collected on certain convenient locations in the Divisions, preferably close to relaying/renewal centres.
- (b) Overaged rolling stock are moved to nominate sick lines where sufficient facility is available for security and supervision during cutting up.
- (c) Accidented wagons and coaches which cannot be moved to cutting up yards.
- (d) Condemned locomotives are stabled in the loco sheds in the custody of the Mech. Deptt.

Whereas the scrap moved to depots on the Railways is available at one location and sold and delivered on actual weight basis, the materials at (a) to (d) are generally disposed of on 'as is where is' basis at site.

Rails are formed into lots close to relaying centres as they are properly identifiable and have specified linear weight viz. so many kgs per metre. The stocks of these rails are susceptible to easy and fairly accurate verification and are as such not prone to less accountal. The lots of rails are, therefore, sold on the basis of the theoretically calculated sectional weight thus leaving no chance for manipulation/under valuation. Also the delivery of rails to the buyers is witnessed by representatives of three different Departments i.e. stock holder, accounts and RPF. The witnessing officials are subject to rotational transfers. With frequent random checks by Sr. Officers, there always remains an element of fear thereby guarding against excess removal. The movement of rails collected at sites along the tracks, to any centralised scrap sales depots would thus neither be economical nor expedient from the sales point of view.

The sites for collection of rails keep on changing. There are over 3000 P.way depots on the Indian Railways. The setting up of weigh bridges at all these depots will involve heavy capital expenditure in the purchase and later, in maintenance, without commensurate benefits. The centralised scrap depots for materials other than those brought out at items (a) to (d) above, are provided with the facility of rail/road weigh bridges.

In view of the position explained above, the present system of disposal of rails by length could continue since it has inherent overwhelming advantages. The sale of rolling stock items is on, sale price per unit basis and is, therefore, not required to be weighed and delivered. The other scrap is delivered on actual weight basis. The recommendation made by the RCC is not likely to result in any financial advantage to the Railways. The existing system is, therefore, proposed to be continued.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.1994]

#### Recommendation (Sl. No. 10, Para 3.27)

The Committee further observe that large scale improprieties do occur by way of cartel formation and dictation of price by such a cartel during auctioneering of scrap. The Ministry of Railways have also admitted before the Committee that 'it is known that attempts to form a ring are not rare'. Hence, the Committee feel that by introducing a system of inviting tenders for disposal of scrap, the Indian Railways can stop formation of rings by the bidders. Adequate police protection may be provided to help the highest bidder to carry the scrap to his place.

#### Reply of the Government

The present system of sale of scrap provides for both the modes namely by auction sales and by inviting tenders. Generally, sales by auction is adopted for most of the lots. The system is more transparent, the decision making is faster and realisation of the sale value is also quicker.

There is a well laid down system for fixation of reserve price prior to the

start of auction. The reserve prices are kept secret so that if proper bids do not come due to cartel formation, the lots are rejected. Where certain lots are rejected and on account of low bid price any cartel formation is suspected, the efforts are made to invite tenders for obtaining better prices for these items. Such an exercise does not necessarily result in higher prices being obtained in tender sales. There are certain other categories of items like turings and borings, bridge girders etc. where due to inherent qualities, invitation of tenders is more quited. The choice of the mode of sale is decided upon by the Controller of Stores of the Railways keeping the best interests of Railways in view. In fact, a number of lots remain unsold at every auction as they fail to fetch the proper price.

Law and order is a State subject and any protection if required to be provided the same has to be extended from that agency. However, where there is general deterioration in the law and order situation, as was in the case of Stores Depots located in the State of Assam, Railways did take up the matter with the state authorities for providing police protection at auction sites and the same was provided.

In view of the above, it is felt that the present system of disposal of scrap either through auction or by invitation of tenders is in line with the recommendations of the Railway Convention Committee and also that we are selectively arranging police protection as and when the situation warrants.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.94]

#### **Recommendation (Sl. No. 11, Para 4.14)**

The Committee feel that an urgent and pragmatic approach should be adopted for the Printing Presses on Indian Railways to determine that further action is required in this regard. At present, all the 11 Printing Presses are under the respective Zonal Railways and at the Railway Board level there is a cell headed by a Joint Director, who works under Adviser (Stores). What is the really surprising is that inspite of having 11 presses, Railways have to go in for private presses to get their jobs completed. The Committee recommend that the Ministry of Railways should take appropriate steps for development, modernisation and rationalisation of printing presses and should chalk out appropriate plans and implement the same. The Committee, therefore, recommend that the possibility of one Indian Railway Printing Press handling a particular item and specialising in it should be examined. Since the Operation Information System is first introduced on the Northern Railway the work relating to the railway computerised ticket printing should preferably be explored and organised at the Shakurbasti Press, Delhi. The contractual arrangements for procuring computerised tickets should be dispensed with and the entire ticket printing needs should be met with at the above press.

### Reply of the Government

Self-printing ticketing machines (SPTM) print the tickets, almost instantaneously as and when tickets are required, unlike in the old system where journey tickets between different pairs of stations had to be printed in printing presses and then stocked in booking offices at stations. Self-printing ticketing machines are microprocessor based, and at stations where they are installed, it is not necessary to stock journey tickets printed from outside.

Special stationery required for use with SPTMs is obtained from authorised printing presses cleared by the Reserve Bank from security angle or from Railway Presses. Printing of such stationery at one of the Railway Printing Presses only, and its distribution from there all over the net-work, it is felt, would perhaps be neither economical nor feasible.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.1994]

### Recommendation (Sl. No. 12, Para 4.15)

The Committee find that the value of transactions of receipts and issues of books and forms depots was Rs. 24.20 crores and 20.93 crores respectively in 1990-91 as against Rs. 25.05 crores and Rs. 21.10 crores respectively in the previous year. The Ministry of Railways owe an explanation to the Committee for this decrease in the value of transaction in 1990-91.

### Reply of the Government

The Railway Convention Committee have compared the transactions of receipts and issues of books and forms from the depots attached to printing presses for the years 1989-90 and 1990-91 and have asked for explanation for the decrease in transactions over the period.

The transaction figures for the two years are as under:—

Period	Receipts (Rs. in crores)	Issues (Rs. in crores)
1989-90	25.05	21.10
1990-91	24.20	20.93
%age variation	3.5	0.8

The requirements of books and forms depend upon the volume and type of traffic, both passenger and freight, handled by the Railways, year after year.

Further, the requirements of books and forms are worked out in advance, based on trends in the previous periods and the receipts are

based on such forecasts. However, the issues to stations, etc, are based on the actual requirements commensurate with the actual traffic materialisation. Hence, variation on year to year basis in transactions are bound to occur.

However, as seen from the figures quoted by the Committee, the variations are only 3.5% in receipts and 0.8% in issues, which are considered to be nominal.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.1994]

## CHAPTER IV

### RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### Recommendation (Sl. No. 1, Para 2.61)

Materials Planning and Inventory Management have an important role to play in the efficient working of the Indian Railways. At present, the overall annual purchases of the Railways amount to about Rs. 6,200 crores. However, at present inventory functions, including purchasing, tend to be more of observance of rules and regulations rather than analysis of costs. The present system of purchasing tends to compare the lowest acceptable quotation with the last purchases price for the purpose of justification. This weakness on the part of the Railways Board needs to be rectified. The Committee are of the view that the system of material planning and inventory control in Indian Railways need total streamlining. The Committee feel that the scope for value engineering and effecting savings is yet to be explored in the Indian Railways, and, therefore, recommended that the Ministry of Railways should introduce the system of cost analysis to establish economy buying. Although, according to the Railways Board, this is a time taking process but this type of analysis should be undertaken for major components like points and crossings, bogies, wagons etc. Absence of cost analysis leads to cartel formation, dictation of prices and cost-plus contracts in the case of purchase of wagons, bogies and other ancillary rolling stock items. Inventory Management is a specialised function and it should be allowed to remain so.

#### Reply of the Government

The inventory performance of zonal railways and production units is being continuously monitored by the individual railways and also by the Railway Board. This exercise includes analysis of groupwise inventory, discussion with senior officers of railways on individual items in addition to routine monitoring. Targets are fixed for individual railways and production units for their stock holding, permissible balance to issues ratio, which is known as turn-over ratio and is main efficiency indicator for material management aspects. These targets mainly depend on various factors including their geographic locations, proximity to market, nature of productions etc and are fixed for stores suspense, workshop manufacturing suspense and MAC separately as well as collectively. All these efforts

clearly speak about the importance being attached to this area by the Railways. It is the result of these efforts that there has been continuous improvement in the inventory performance and the turn-over ratio improved from around 40% in early eighty's to 30% last year. In absolute term this would represent a saving of Rs. 160 to 300 crores in annual capital at charge.

Comparison with last purchase rate, as pointed out by RCC, is one of the checks for reasonableness of price. Fluctuations in the prices of important inputs on account of various market forces are kept in view while checking on reasonableness of prices. In an open competitive market with multiple sources available for most of the items, a healthy competition ensures competitive prices. The labourious exercise of cost analysis is not necessary for such items where market forces operate in free and fair manner.

Railways agree with the recommendation of RCC to use cost analysis for economic purchase in case of high value items with limited sources of supply. The subject matter is already under active examination by a high level committee appointed by the Board. The detailed modalities will be worked out on basis of the recommendation of this committee. Pending report of this committee action has already been taken in the Board for getting the cost analysis done of the high value items like wagons, bogies, couplers, cartridge bearing etc. done through C.S./cost of the Ministry of Finance.

The above position clearly indicates that inventory and purchase functions are performed not through mere observance of rules and regulation, as observed by RCC, but there are continuous efforts to improve the performance by using modern tools and techniques of Material Management which have enabled Railways to achieve substantial savings as discussed earlier.

The need for having a value engineering and cost Analysis directorate in RDSO is well appreciated. However, its creation has to wait for better times when financial position of the Railways improves.

[Ministry of Railways (Railway Board) OM. No. 91/RCC/206/5  
dated 8.4.1994]

#### Recommendation (Sl. No. 9, Para 3.26)

The Committee are surprised to note that even a huge organisation like the Indian Railways appoint private auctioneers for auction of scrap. The Committee strongly recommend that this system should be substituted by introducing the system of auctioneering under the Stores. The Committee feel that the Railways will get more competitive price for the scrap as the

possibility of private auctioneer colluding with the bidder will be ruled out.

### Reply of the Government

"On the Indian Railways, *Northern Railway* and the Production Units DCW, DLW and RCF are at present, conducting auctions departmentally. The balance 8 Zonal railways and the Production Units at ICF & CLW and the Metro Organisation at Calcutta are utilising the services of an auctioneer, Prior to 1977, Northern Railway was also utilising the services of an auctioneer but resorted to departmental auction thereafter on account of some difficulty in settling the auctioneering contract.

2. R.C.C. has recommended going in for departmental auctions, mainly on the grounds that there is a possibility of the private auctioneer colluding with bidders and thus compromising on competition. While bids are called for by the auctioneer, the final decision to conclude sale rests with the depot officer of the Stores Department. There is a well laid down system for the fixation of reserve prices. While the Controllers of Stores of the Zonal Railways fix up reserve prices for locomotives and non-ferrous items, the reserve prices for other items are fixed by the depot officer keeping all relevant market conditions in view. This system thus empowers the depot officer to cancel the auction, in case he suspects cartel formation. Under the circumstances, the role of the auctioneer is more to have proper publicity amongst the prospective bidders for their greater participation, to create an atmosphere of enthusiasm and competition in bidding, with no powers to get the, as to say, subdued bids accepted by the depot officer. It would therefore, appear that there is no scope for collusion and as a consequence subduing competition by cartel formation whether the auctioning is done by a private auctioneer of departmentally. This is borne out from the fact that the bids received on other than Northern Railways are equally competitive. On the other hand, as auctioneering is a specialised job, employment of a professional benefits the Railways on the following counts:—

- (a) Being a professional, the auctioneer is able to generate keener competition. He is able to identify and invite bidders for specialised items like machinery, non-ferrous etc. and arrange expeditious disposal.
- (b) The responsibility of handling cash at the auction site, which is fairly substantial in the present context, lies with him till the time the same is deposited in the Railway's Cash Office.

(c) The commission paid to the auctioneer for the services rendered by him is commensurate with the benefits that accrue. Northern Railway, where auction is done departmentally has analysed the costs and found that the commission paid to the auctioneer on other Railways is comparable to the departmental charges.

3. It is advantageous to entrust auctioneering to a professional. However, as Northern Railway, where departmental auctioning is prevalent, has achieved sales over Rs. 120 crores annually and no problems have been noticed, *status quo* could be maintained. The comparative statement for average sale rates over the Railways category-wise, also, do not bring out any noticeable variations.

4. The taking over of the work of auctioneering on the Zonal Railways is possible only with creation of additional staff in the Railways. In the days of the financial crunch, creation of additional establishment would add on to staff costs and to other allied labour problems; whereas in the present environment and Govt's policy of economic liberalisation and encouragement to privatisation, it would be a step in retrograde to departmentalise auctioneering on railways where auctioneering contractors have been successfully handling sales.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5  
dated 8.4.1994]

#### Recommendation (Sl. No. 13, Para 5.13)

“With regard to coal, the Committee find that large scale pilferage takes place during transportation and from the yards. The present system of movement of coal by rail at 'owner's risk' should be stopped. Today large-scale pilferage from coal wagons is occurring because nobody is accountable for the difference between the coal loaded and delivered. The coal mafia thrives on pilferage of coal protected by the 'owner's risk' movement policy. The Committee, therefore, recommend that Indian Railways should take up the matter with coal India Limited (SIL) and jointly chalk out modalities for introducing the clause of accountability for the difference in weight as recorded in the railway receipt (RR) issued by the booking officials at the pitheads and the actual weight delivered to the consignee. The Committee feel that either of the two organisations i.e. IR or CIL or both should be made responsible for the transit loss. This would require not only change in the century-old railway rule but also installation of computerised weighbridges. The Committee are aware that the movement of coal at the risk of Railway/CIL would cause additional financial burden in the sense that the consignees' claim for compensation would have to be made good, but this would put an end to pilferage. The Committee further recommend that Tribunals may be set up for early disposal of compensation cases”.

### Reply of the Government

"Crime on Railways has been a challenging task as the Railways become easy targets of the anti-social elements. The socio-economic conditions and deteriorating law and order situation prevailing in various States invariably gets reflected on the working of the Railways. On a number of occasions, RPF staff had to face the hardened criminals equipped with deadly weapons resulting in encounters with criminals. Regretfully, in many areas, especially on the borders of West Bengal and Bihar, theft and pilferage of coal is indulged in a recklessly by a large number of villagers including women and children. In addition to crime main reasons of misdemeanour are based on socio-economic, which have been forcing them to take coal. Thefts virtually become as their source of livelihood. Often action taken by the RPF of Police result in snowball effect causing disruption of train services and law and order situations. Due to large scale movement of coal throughout the country and due to paucity of RPF staff, it is physically not possible to provide armed escort on all the coal rakes etc. However, all out efforts are being made to contain the problem by conducting vigorous raids/searches on the dens of the criminals and receivers indulging in this type of crime.

Besides theft and pilferage of coal in transit, there are various other factors which also contribute to losses of coal in transit which are as under:—

1. Improper account of coal due to different accountal systems at loading and unloading stations, viz., carrying capacity plus two tonnes at the loading station and volumetric measurement system at unloading stations.
2. Non-weightment of coal loaded wagons at the unloading stations due to non-availability of proper/defective weighbridges.
3. Loading of coal in damaged and defective wagons which results in droppage/bleeding of the consignment during transit.
4. Loading of coal in open wagons which remain prone to pilferage enroute.
5. Non-provision of wooden wedges in the gravity catches which results in droppage of coal when the flap doors of the wagons get opened during transit.
6. Over-invoicing/short loading at originating stations and inflated shortages at the destinations.
7. Evaporation of water contents in washed coal also results in loss of weight of the consignment at the destination station. This loss of weight cannot be attributed to any criminal cause enroute.

8. Shrinking of top layer of coal level in the wagons due to oscillation enroute cause variation in volumetric measurements.

9. Frequent diversion of coal loaded wagons from one station to another and from on power-house to another without proper Railway Receipts and invoices where shortages are declared without any valid documents at hypothetical basis.

10. Non-witnessing of coal wagons by the Railways staff at the time of loading as well as unloading.

11. Contents of coal wagons involved in accidents are normally left at the accident spot which remain prone to theft/pilferage and non-delivery of the consignment at the destination.

12. Undue detention of coal wagons at yards and wayside stations where there is no security staff, this gives temptation to the thieves to commit pilferage of coal.

13. At times, coal wagons are also intercepted for Railway use by the Railway Administration.

It would thus be observed that because of innumerable variables as discussed above, the entire losses of coal cannot be attributed to thefts/pilferages in transit.

However, following preventive measures are being adopted to contain the position in this regard:—

1. Escorting of block loads of coal from originating Railway yards to various destination points or in vulnerable areas by armed RPF staff as far as possible.

2. Crime intelligence staff of RPF are detailed to collect intelligence about the activities of coal thieves.

3. Frequent raids and searches are conducted by the RPF in vulnerable areas as well on the dens of the criminals and receivers of stolen coal.

4. Beat-cum-patrolling duties have been introduced in big yards and also in the affected sections.

5. Armed RPF pickets are deployed in the vulnerable areas/sections.

6. Spot checks are conducted in vulnerable sectors and black-spots to catch the criminals red-handed.

7. Dog squads are used to patrol vulnerable yards and black-spots. From headquarter, special CIB staff are deputed to conduct raids, searches and catch the culprits".

### *Suggestions*

For better prevention of crime and to contain the transit losses of coal, the following steps are suggested:

1. The systems of account of quantity of coal both at the loading as well as the destination station which results in inflated/inflitious shortages needs to be streamlined.

2. Loading/unloading of coal wagons should be witnessed by responsible railway staff.

3. Old and damaged railway wagons having bottom/floor holes or panel cuts and defective doors etc. in the body should not be used for loading coal unless they are repaired.

4. Wooden wedges must be provided in the gravity catches at the loading stations to prevent opening of the flap doors enroute.

5. Close circuit rakes should be utilised for transportation of coal from colliery/washery to the steel plants/thermal plants etc. which can be escorted on selective basis from the originating station to the destination stations.

6. Strength of RPF may also have to be augmented on the need basis requirements to provide 100% escorting of the coal rakes.

7. The possibility of providing collapsable shutters on top of the coal wagons can also be examined.

Lime spray should be done after the wagons have been loaded and ready for despatch; this will help in identifying the areas/place spots, where coal wagons are criminally interfered and to enable RPF staff to take corrective measures.

8. The modality of Protection of coal wagons in the 'No man's land' between the colliery/washery to the point when the wagons entered the railway yards also need to be streamlined.

9. As far as possible, unnecessary detention of coal wagons at way side stations should be avoided.

10. Joint surprise checks at loading points by Commercial Vigilence, Fuel Deptt. & RPF should be organised to unearth the ground realities.

Regarding setting up of Tribunals for early disposal of compensation cases, it is state that Railway Claims Tribunal with 19 Benches at various locations is already functioning since November 8, 1989. Cases pertaining to Railway Claims pending in Civil Courts have been transferred to the Tribunal. The simplification in the procedure to ensure speedy disposal of cases by the different Benches of the Tribunals has brought considerable relief to the claimants.

In regard to stoppage of the present system of movement of coal by rail at "Owner's Risk, the matter was examined by the Railway & Freight Structure Enquiry Committee (1955—57) and Rail Traffic Enquiry Committee (1977—79). Both these committees felt that

'Owner's Risk' rates in respect of commodities like coal which are mostly carried in open wagons should continue.

Railusers can book coal at "Railway Risk" rates by paying 20% freight charges over the "Owner's Risk" rates."

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5 dated 8.4.1994]

**Recommendation (Sl. No. 14, Para 5.14)**

"After going into the details of pilferage of coal and disposal of scrap, the Committee feel that the powers provided to the Railway Protection Force (RPF) is highly inadequate. The Committee recommend that proper enactment may be brought to provide adequate teeth to RPF to check pilferage and corruption in the Railway system. For this, the Railways should have dialogue with the respective State Police for proper coordination".

**Reply of the Government**

"The Railway Protection Force was constituted under the Railway Protection Force Act, 1957 for the better protection and security of Railway property. The RPF derives legal powers from the following Central Acts:—

1. Railway Protection Force Act, 1957 (As amended in 1985).
2. Railway Property (Unlawful Possession) Act, 1966.
3. The Railways Act, 1989.

Under the RPF Act, 1957, the RPF has got legal powers to arrest and search premises without warrant under certain circumstances. The scope of RPF in regard to protection of railway property was further enlarged under the RP (UP) Act, 1966, which provides more powers to RPF for arrest on suspicion, search and prosecute any such persons who are found in unlawful possession of railway property or railway property suspected to have been stolen from the Railways. This Act provides adequate powers to the RPF to effectively deal with crimes in regard to railway property. All such cases registered under RP (UP) Act by the RPF are prosecuted and processed by Prosecution Branch of the RPF.

Under Section 10 of the RPF Act, officers and men of the RPF are deemed to be railway servants. Accordingly, the RPF personnel by virtue of their being railway servants are empowered to take action against the offenders committing various offences detailed in certain sections of the Railways Act.

In addition, the Railways Act, 1989 has given adequate powers to any authorised railway servant, including the RPF personnel to arrest any offender under various circumstances. This is quite deterrent to tackle offences like unauthorised travelling, nuisance, drunkenness, unauthorised hawking etc.

Thus under the provisions of these Acts, the RPF has been equipped with adequate powers to deal with any situation regarding crimes pertaining to railway property.

As regards corruption, this is an area which falls within the purview of the Vigilance Deptt. and has to be vigorously pursued by the Vigilance Organisation of the Railways.

The question of conferring more powers, including powers to investigate crimes, committed within the jurisdiction of Railways, has been examined in consultation with the Ministry of Law sometime back and it was found that this proposal would amount to setting up of a parallel Police Force for the Railways which runs counter to the entry 2 of the State List in the Constitution. The two police forces operating in the same area will also create functional problems. Secondly, the Railway being the Commercial organisation should not get involved in policing and its consummate accountability, which is likely to jeopardise the main object of the Railways.

Close coordination exists between Railways and State Police/GRP authorities for effective crime control on Railways.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5 dated 8.4.1994]

## CHAPTER V

### RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED

#### Recommendation (S. No. 2, Para 2.62)

"After going into the details regarding the existing tendering process in Railways, the Committee feel that a proper, systematic and thoughtful approach will have to be taken while calling tenders, especially the limited tenders. From the figures of 1991-92 it is seen that out of 1,81,038 tenders called by the Indian Railways, 1,61,517 i.e. more than 89% were limited tenders. It is a matter of common knowledge that in Limited Tender purchase, the bidders form a cartel and dictate prices. Even the Ministry of Railways have admitted that 'where high prices are suspected due to ring formation, negotiations are held to bring down the prices'. The Committee recommend that the Ministry of Railways should go into the matter de-novo and make an indepth exercise to ensure that sufficient number of suppliers are registered with the Indian Railways and doors are not closed for new manufacturers to register themselves. The Committee presume that while making purchases particularly of substantial amount, namely, Rs. 1 crore and above, tenders are floated in all cases and purchases are not being made an *ad-hoc* basis or on the basis of repeat order".

#### Reply of the Government

"As desired by RCC (1991) during Railway Board's oral evidence before them on 27-08-92 an Expert Committee consisting of three Senior Administrative Grade Officers, one each from Stores, Mechanical and Finance Deptts. has been constituted to examine in detail and review the tendering system on the Railways including issue of Limited and Bulletin Tenders for procurement of Stores, system of approval of Suppliers, etc. The Committee is being requested to note the observations of the RCC and suggest measures for improvement in their report which is still awaited".

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5 dated 8.4.1994]

#### Recommendation (S. No. 3, Para 2.63)

"The value of purchases made by Indian Railways has gone up considerably from Rs. 2053 crores in 1983-84 to Rs. 6213 crores in 1991-92. For a big well-spread organisation like, Indian Railways with enough purchasing powers lying in the hands of Zonal Railways/Production Units, it is often noticed that one Zonal Railway is procuring one item on

proprietary basis while another is purchasing the same item through competitive bidding. Even the Railway Board admitted that under the existing system, some variations are likely to occur. The Committee are of the opinion that the only answer to this problem is Regionalisation of Purchase, with a centralised computer system in all the metropolitan cities of Bombay, Calcutta, Delhi and Madras. By introducing such system the Railways can ensure better availability of stores at competitive prices. The requirements of the Zonal Railways/Production Units can be clubbed together to get the benefits of bulk purchase. On the other hand, such a system will encourage the establishment of more manufacturing units, which are otherwise few in the country at present owing to low procurement by the Railways. The Estimates Committee (1985-86), in their 25th Report, had recommended on similar lines. The Committee, therefore, recommended that the scheme of regionalisation of purchase may be implemented forthwith and without any further delay. The Committee feel that it would not be difficult for the Ministry of Railways to implement this because, as on today, 6 out of 9 Zonal Railway Headquarters are located in these four Metropolitan Cities".

#### Reply of the Government

To avoid/minimise the cases of payment of different rates for the same items (except minor variations depending on the market conditions), by different Railways, necessary instructions have already been issued to all Indian Rlys. and Production Units etc. advising them to circulate quarterly statements of purchases valued above Rs. 5 lakhs to all concerned Railway Admns. including Rly. Board's Office. A copy of the instructions issued is attached.

Regionalisation of Railway purchases through Regional Purchase Organisation has apparently been recommended to achieve the twin objective of better availability of Stores at competitive and uniform prices and encouraging development of more manufacturing units.

Purchase of bulk demands does have an inherent advantage of economies of scale, but not necessarily in all cases, particularly when items are purchased from Public Sector Undertakings, like Indian Oil Corporation and Minerals & Metal Trading Corporation. Likewise, some of the large private organisations adopt fixed prices not dependant on quantity ordered. One of the causes of higher prices often quoted, is the inter-railway competition, while purchasing items which are in short supply. However, due to overall improvement in the manufacturing capacity, there are very few items today which are in short supply on account of capacity. The major reasons for short supply are abrupt changes in price of raw materials, unanticipated labour trouble due to industrial/political atmosphere in the concerned State and improper ordering, rather than the capacity shortage.

For items peculiar to Railways, bulking of purchase can perhaps result in

better bargaining power and locating and developing reliable sources of supply due to more intimate buyer-seller dialogue. On the other hand, it would be generally true that purchase through a Central agency cannot have the same sensitivity to the user's requirement or answerability for short falls in performance.

However, to test the feasibility of setting up Regional Purchase Organisations on Rlys., as earlier recommended by Estimates Committee, Central and Western Rlys. have been directed to start, as a pilot project, the procurement on Regional basis by selecting 10 high value items common on Central and Western Rlys. and submit their report. The matter will be examined further on receipt of the report from the above Railways.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5 dated 8.4.1994]

**GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

No. 92/RS(G)/645/6.

New Delhi, dt: 26.6.1992.

The General Manager (Stores),  
All Indian Railways &  
Production Units.

Metro Railway, Calcutta.

R.E./Allahabad.

D.G./RDSO/Lucknow.

**Sub:—Circulation of quarterly statement of purchases.**

With a view to achieve economy in high value purchases, it is necessary that a Railway Administration while finalising the high value tenders (say over Rs. 5 lakh per tender) should compare their tender prices and other procurement conditions with those at which similar stores have been procured by other Railway Administrations. To achieve this objective Board have decided that the Controllers of Stores and other purchase officers of Zonal Railways/Production Units and concerned Executive Directors of the Board should circulate quarterly statements of purchases valued above Rs. 5 lakhs as per enclosed proforma to all the concerned Railway Administrations and the concerned Directorates of Railway Board.

2. The first statement should be issued by 10th July, 1992 and it should cover the purchases made during the quarter April to June, 1992. Future Quarterly statements should also conform to the same schedule.

3. Please acknowledge receipt of this letter. (Hindi version will follow).

Sd/-

**(R.S. LAHAN)**

DA: As above.

**Dy. Director, Rly. Stores (G),  
Railway Board.**

Copy to: G.M. (Engg.) of Zonal Railways.

Copy for information and necessary action to:—

**EDTK(M), EDTK(P), EDTK(MC), EDF, EDFS, EDRE, Track-I, II**

& III, F(S)-I, II, FS(POL), CE-I, CE-II, RE(S) and all officers and branches of Stores Dte. of Board's office.

Sd/-

(R.S. LAHAN)

Dy. Director, Rly. Stores (G),  
Railway Board.

**QUARTERLY STATEMENT OF PURCHASES**

**RAILWAY.**

**QUARTER ENDING** \_\_\_\_\_

Sl. No.	Unified PL. No.	Description of Items with DRG No. and SPECN	Date of opening of Tenders/ Negotiat- ed offers	Date of Accep- tance of Tenders	Name of Contractor	Qty.	Rate of ED and ST	ED/ ST	FOR Terms	Whether PVC Applicable	Base Date of PVC
1	2	3	4	5	6	7	8	9	10	11	12

**Recommendation (S. No. 5, Para 2.65)**

"The Committee find that out of 67,486 tenders, a total of 11,784 tenders were awarded on the basis of negotiations during the last 5 years. Under the present purchase system, where cost analysis does not exist and 89% of tenders are called under Limited Tender category, the Committee feel that the percentage of such 'negotiated tenders' will rise as has already been admitted by the Railway Board that 'where high prices are suggested due to ring formation, negotiations are held to bring down the prices'. The Committee, therefore, recommended that the Indian Railways should find some alternative to curb this tendency of 'negotiated tendering process' as such measures will protect the Ministry of Railways from the so-called allegations of kick backs. They may study the system adopted by other countries having a good railway system e.g. Japan and U.K."

**Reply of the Government**

"As desired by RCC (1991) during Railway Board's oral evidence before them on 27-8-92, an Expert Committee of three Senior Administrative Grade Officers one each from Stores, Mechanical and Finance Deptts. has been constituted to examine in detail and review the tendering system on the Railways including the review of the existing guidelines and system for negotiations. The Committee's report is awaited. Action will be taken based on its recommendations."

[Ministry of Railways (Railway Board) OM No 91/RCC/2065 dated 8.4.1994]

**Recommendation (S. No. 6, Para 2.66)**

After considering the growth in the volume of Railway purchases during the last decade, the Committee observe that there is an urgent need for induction of an additional Member at the Board level to provide leadership, guidance in the Stores Department and thereby bringing greater efficiency and economy. During evidence, the Ministry of Railways had stated that 'in pursuance of Government of India Directive for economy, the number of posts of Member in Railway Board has been reduced from seven to six. Hence, against this background, it is not considered opportune to upgrade the post of Adviser (Stores) to Member(Stores)'. But taking into account the value of annual purchase, which is more than Rs. 6200 crores, the Committee are of the view that

the argument of Railway Board is not convincing. The Committee feel that there is no need to have two separate Departments basing upon the mode of traction i.e. for Electric Locomotives and Diesel Locomotives. it would be more appropriate if the two Departments i.e. Electrical and Mechanical are merged under one head namely Member(Traction) and a post of Member(Stores) is created to manage the same. This would also avoid unnecessary bias and unhealthy competition between Electrical and Mechanical Departments. Thereby, there will be no duplication of maintenance facilities. The post of Member(Traction) can be held alternatively by officers belonging to the Mechanical and Electrical Cadres. The Member(Stores) can also look after the Production Units.

#### Reply of the Government

The recommendation of Railway Convention Committee as given at S.No. 6 of the Report (Annexure VI) regarding merger of existing posts of Member (Mechanical) and Member (Electrical) in the form of Member (Traction) and creation of a post of Member (Stores), is being studied by a Committee, which has recently been set up by the Ministry of Railways to make a detailed study of the organisation and structure of the Railways to bring about necessary changes in the Management Ethos so that rail transport becomes a way of business.

[Ministry of Railways (Railway Board) OM No. 91/RCC/2065, dated 8.4.1994]

#### Recommendation (S. No. 7, Para 2.67)

The Committee find that in order to ensure uninterrupted supply of stores for operations, maintenance and in house manufacturing activities, the zonal Railways, Production units and Construction Projects have 206 stocking stores depots spread over length and breadth of the country. These depots stock over 2.8 lakhs items, comprising of over 1,00,000 unique items stocked in more than one location, to ensure timely availability of essential items for efficient operation of the Railways. Keeping in view, the every large number of items handled in the Railways and the need for accurate records the Railway should go in for gradual computerisation. To begin with, the Committee recommended that each store depot should furnish details of stock with them alongwith their future requirements to the Railway Board who may feed all the requisite information in a computer so that there may not be any duplicacy in purchase of stores by different Zonal Railways. Such a step would also help the Ministry of Railways to curb the tendency of procuring such items in Zonal Railways which are lying unused in another Zonal Railways.

#### Reply of the Government

Railways were alive to the benefits that would accrue from computerisation as far back as 1965 and were pioneers in introducing computers on a large scale to Store Keeping and inventory management functions. The complete computerisation was envisaged to be achieved in five phases. Four phases have already been implemented and fifth phase is

under implementation. The store keeping & inventory control functions were computerised in mid seventies with introduction of mainframe computers in all Zonal Railways & Production Units.

By late eighties, out of the 206 stores depots, 18 major depots were provided with computers for taking over all the functions of stores keeping at depot level. This also made possible the transfer of data from these depots to main frame computers through the magnetic media. The progress in depot computerisation is continuing. At present 3 more depots are under consideration for provision of computers. The process of computerisation has been retarded due to constraints of funds.

Action has also been initiated to computerise the purchase functions in Western Railways Head Quarters. This will improve the efficiency of purchase & also saving in staff costs and inventories.

Zonal Railways & Production Units are independent accounting units under the charge of General Manager. Already 55% of the total purchases are centralised through the Railway Board & DGS&D. Any further efforts for centralisation of purchases will make purchase functions less responsive to the day-to-day needs of field units and may tend to reduce their own accountability leading the adverse effect on the efficiency of the operations.

A system for identifying and dealing with surplus & overstock items using main frame computers already exists at the Zonal Railways & Production units levels. These are also being monitored at the Board's level. There is a sharing of information amongst the Railways on Surplus & Overstock items and this position is taken in to account while finalising the purchase tenders, thus avoiding possibility of duplicate purchasing of any significance. The present level of surplus items on the Zonal Railways/ Production Units is less than 1% of the total inventory holdings, which is insignificant for a large set up like Railways.

[Ministry of Railways (Railway Board) OM No. 91/RCC/206/5,  
dt. 8.4.1994]

#### Recommendation (S. No. 15, Para 5.15)

The Committee find that coal-ash is sold by public auctions/tenders to individual parties as well as co-operative societies. The Ministry of Railways have stated that the quantity of accumulation of coal-ash, on account of progressive phasing out of steam traction, has come down from 9 lakhs cum. in 1985-86 to about 6 lakhs cum. in 1989-90 and an amount of Rs. 2.5 crores only was realised from the sale of ash in 1989-90. The Committee recommended that the Ministry of Railways should examine the possibility of utilisation of coal ash as building material in its

construction works like house building etc. and should also negotiate with cement factories for their utilisation as a raw material for producing cement.

**Reply of the Government**

Based on the recommendations of the RCC (1991) the Railways as well as the allied organisations have been advised to (i) examine the possibility of utilisation of coal-ash as building material in its own construction works like house building etc. and (ii) to negotiate with cement factories for their utilisation as a raw material for producing cement. In this regard copies of the Railway Board's letter No. 93/CE./CT/61 dated 16.9.93 & 21.9.93 are enclosed.

However, as already brought out by the RCC, the steam engines are being put out of use and it is expected that the last one will be phased out by the year 1995-96. Further the coal ashes are distributed at various locations at and in between stations in small quantity. To utilise the small quantity of coal ash which is spread out all over the country by the Railways as building material or by cement factories as a raw material will be an uneconomic proposition, as the same will have to be transported to different locations.

During monsoons, when railway lines are effected/washed away due to heavy rains and earth is not available for emergency repairs, coal ashes are utilised for these repairs which further reduces the availability of coal ash for building purposes. As a matter of fact bagged sand has been utilised for restoration purposes when coal ashes also were not available.

[Ministry of Railways (Railway Board) OM No. 91/RCC/2065,  
dated 8.4.1944]

NEW DELHI;  
7 December, 1994

**M. BAGA REDDY,**  
*Chairman,*  
*Railway Convention Committee.*

16 Agra-hayana, 1916(S)

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No. 93/CE. L/CT/61

New Delhi, dated 21.9.93

The General Managers,  
All Indian Railways,

Sub: Report of the RCC (1991) on utilisation of coal-ash in the cement factories as a raw material for producing cement.

...

An extract of the text of the recommendation of the fourth report on the Railway Convention Committee (1991) report on "System of Railway purchases and Contracts, Acquisition of stores and printing, disposal of scrap, coal and coal-ash" is reproduced below:

"On account of progressive phasing out of steam traction, generation of coal-ash has come down from 9 lakhs cum. in 1985-86 to about 6 lakhs cum. in 1989-90 and amount of Rs. 2.5 crores was realised from the sale of ash in 1989-90. The Committee recommend that the Ministry of Railways should examine the possibility of utilisation of coal-ash as building material in its own construction works like house building, etc. and should also negotiate with cement factories for their utilisation as a raw material for producing cement."

You may please examine the feasibility of negotiating with the cement companies falling within your railway's jurisdiction for utilisation of coal-ash as a raw material for producing cement and outcome be intimated to the Board for further consideration of the Board (ME). This may be treated as urgent.

Sd/-  
(S.M. Singla)  
Exec. Dir. Civil Engg. (G)  
Railway Board.

**ANNEXURE**

**GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

No. 93/CE. I/CT/61

New Delhi, dated 16.9.93

The Director General,  
Research Designs & Standards  
Organisation,  
Manak Nagar,  
LUCKNOW.

**Sub: Report of the RCC (1991) on utilisation of coal-ash as building material in the construction works on the Indian Railways.**

...

An extract of the text of the recommendation of the fourth report on the Railway Convention Committee (1991) on "System of Railway Purchases and Contracts, Acquisition of stores and printing, disposal of scrap, coal and coal-ash" is reproduced below:

"The Committee find that coal-ash is sold by public auctions/tenders to individual parties as well as co-operative societies. The Ministry of Railways have stated that the interval of auction varies from 3 months to 1 year depending upon the quantity of accumulation. On account of progressive phasing out of steam traction, generation of coal-ash has come down from 9 lakhs cum. in 1985-86 to about 5 lakhs cum in 1989-90 and amount of Rs. 2.5 crores was realised from the sale of ash in 1989-90. The Committee recommend that the Ministry of Railways should examined the possibility of utilisation of coal-ash as building material in its own construction works like house building, and should also negotiate with cement factories for their utilisation as a raw material for producing cement."

The above recommendation of the Committee regarding use of coal-ash as building material, may please be examined and a comprehensive report be furnished for the consideration of the Board (ME). It may be kept in view that the steam engines are expected to be phased out by 1977 and also the scattered locations where the coal-ashes are normally available.

Sd/-  
(S.M. Singla)  
Exec. Dir. Civil Engg. (G)  
Railway Board.

## APPENDIX

(*Vide* Para 4 of Introduction)

### ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OBSERVATIONS CONTAINED IN THE FOURTH REPORT OF RAILWAY CONVENTION COMMITTEE (1991)

I. Total number of recommendations	15
II. Recommendations/Observations which have been accepted by the Government ( <i>Vide</i> recommendations at S.No. 4)	
Number	1
Percentage to total	6.66%
III. Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government ( <i>Vide</i> recommendations at S.No. 8, 10, 11 & 12)	
Number	4
Percentage to total	26.66%
IV. Recommendations/Observations in respect of which the replies of the Government have not been accepted by the Committee and which requires reiteration ( <i>Vide</i> recommendations at S.No. 1,9, 13 & 14)	
Number	4
Percentage to total	26.66%
V. Recommendations/Observations in respect of which final replies of the Government are still awaited ( <i>Vide</i> recommendations at S.No. 2,3, 5, 6, 7 & 15)	
Number	6
Percentage to total	40%

## PART II

### MINUTES OF THE 50TH SITTING OF THE RAILWAY CONVENTION COMMITTEE (1991) HELD ON 7TH NOVEMBER, 1994

...

50th sitting of the Railway Convention Committee was held today i.e. Monday, the 7th November, 1994 in Room No. 'B' Parliament House Annex from 1500 hours to 1530 hours.

The following Members were present:—

Shri M. Baga Reddy — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Saifuddin Choudhury
3. Prof. Prem Dhumal
4. Shri Aslam Sher Khan
5. Shri Ram Naik
6. Shri Rajvir Singh

##### *Rajya Sabha*

7. Shri P. Upendra

#### SECRETARIAT

1. Shri Murari Lal — *Joint Secretary*
2. Shri S.K. Sharma — *Under Secretary*

2. The Committee took up for consideration the draft Report on Action Taken by the Government on the recommendations contained in the Fourth Report of Railway Convention Committee (1991) on 'System of Railway Purchases and Contracts; Acquisition of Stores and Printing; Disposal and Scrap; Coal and Coal ash'.

3. The Report was adopted without any amendments/modifications.
4. The Committee also authorised the Chairman to make other consequentia changes arising out of factual verification by the Ministry of Railways.

*The Committee then adjourned.*