

# **HUNDRED AND EIGHTEENTH REPORT**

## **PUBLIC ACCOUNTS COMMITTEE (1987-88)**

**(EIGHTH LOK SABHA)**

**COMPENSATION CLAIMS ARISING FROM  
MOVEMENT OF FOODGRAIN WAGONS**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**[Action Taken on 41st Report (8th Lok Sabha)]**



*Presented in Lok Sabha on 12 April, 1988*

*Laid in Rajya Sabha on 25 April, 1988*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1988/Chaitra, 1910 (Saka)*

**Price : Rs. 13.00**

CORRIGENDA TO 118TH REPORT OF PAC (1987-88)

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## PUBLIC ACCOUNTS COMMITTEE

(1987-88)

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3. Shri S.M. Mehta, *Senior Financial Committee Officer*

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\*Ceased to be members of the Committee consequent upon their retirement from Rajya Sabha w.e.f. 2.4.1988.

## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee, as authorised by the Committee, do present on their behalf this 118th Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 41st Report (Eighth Lok Sabha) relating to Compensation claims arising from movement of foodgrain wagons.

2. In 41st Report the Committee had observed that the number of missing and unconnected foodgrain wagons reconciled in a year had not kept pace with those reported a fresh during the course of the year and in fact the gap had widened from 1977-78 to 1983-84. The Committee had desired that the reconciliation of missing and unconnected wagons upto 1983-84. The Committee had desired that the reconciliation of missing and unconnected wagons upto 1983-84 should be completed by October, 1986.

3. While noting that the reconciliation upto March, 1984 has been completed in all Zonal Railways except North-East Frontier Railway, the Committee have expressed the view in this Report that unduly long time has been taken to complete reconciliation on N.F. Railways. They have directed the Railways and F.C.I. to sign the agreement in this regard soon and settle the claims and counter-claims outstanding upto March, 1984. The Committee have also desired that the reconciliation after 1983-84, if not already commenced, should be taken up without any further delay and completed under a time-bound programme.

4. As substantial amount of claims (Rs. 21.5 crores as on March, 1986) of F.C.I. on account of loss/pilferage and damage to foodgrains in rail transit are locked up in the arrears, the Committee have desired that these outstandings should be cleared at the earliest under a time-bound programme. The Railways and F.C.I. have taken asked to take necessary steps to ensure that in future huge arrears of outstanding claims do not pile up.

5. The Committee have been informed by the Department of Food that F.C.I. officers are regularly maintaining liaison with their counterparts in the Zonal Railways for settlement of their claims on account of excess payment of freight but the pace of settlement is very slow. The Committee have asked the Ministry of Railways that they should direct the Zonal Railways to get all the arrears of the excess payment of freight

charges claimed b F.C.I. cleared under a time-bound programme and also attend to new claims, if any, simultaneously so that the same do not fall into arrears.

6. The Committee considered and adopted this Report at their sitting held on 17 March, 1988. Minutes of the sitting form Part II of the Report.

7. For facility of reference and convenience, the observations/recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix III to the Report.

8. The Committee place on record their appreciation of the assistance rendered to them in this matter by the office of the Comptroller and Auditor General of India.

NEW DELHI;  
23 March, 1988  
3 Chaitra, 1910 (S)

AMAL DATTA  
Chairman,  
Public Accounts Committee

## CHAPTER I

### REPORT

This Report of the Committee deals with action taken by Government on the Committee's observations/recommendations contained in their Report\* on Compensation Claims from movement of foodgrain wagons.

2. The Committee's Report contained 12 observations/recommendations. Action taken notes have been furnished by Government in respect of all the recommendations. These have been broadly divided in four categories as shown in Appendix I.

3. The Committee desire that final reply to the recommendation in respect of which only interim reply has so far been furnished should be submitted to them expeditiously after getting the same duly vetted by Audit.

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

*Arrears of reconciliation of missing and unconnected foodgrain wagons  
(S.No. 1-6, Paras 49-54)*

5. The Committee were informed that sometimes diversion of foodgrain wagons was effected at the instance of Food Corporation of India and sometimes wagons were also diverted due to certain operational exigencies of the Railways. Due to such diversions, wagons at times became unconnected at the depot or depots where they reached and became missing from the depot or depots to which they should have been diverted but had not been diverted. According to the Ministry of Railways, the matching of unconnected wagons with so called missing wagons was a continuous process and reconciliation was being done every year. However, the Committee were constrained to point out that the number of missing and unconnected wagons reconciled in a year had not kept pace with fresh reports during the course of the year and in fact the gap had widened. Consequently the closing balance of missing and unconnected wagons increased substantially from 7,811 and 6,148 in 1977-78 to 19,716 and 17,532 in 1983-84 respectively. The Committee were given to

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\* Forty-first Report (8th Lok Sabha) on Sub-paras 1.12 (b) & 1.12(c) of Para 1 of the Advance Report of the Comptroller & Auditor General of India for the year 1982-83, Union Government (Railways).

understand that a Committee comprising of Officers of Railways and FCI was constituted vide railway Board's notification dated 15 October, 1985 with a view to achieving expeditious reconciliation of missing and unconnected wagons. According to Department of Food, this Committee was to complete reconciliation upto 1979-80 in the first phase so that the cases upto 1979-80 did not figure in future reconciliation. In the second phase, cases from 1980-81 to 1983-84 were to be taken for reconciliation. As the period for the completion of the reconciliation for first phase (4 months from notification) was already over, the Committee had desired to be apprised whether reconciliation had since been completed upto 1979-80. The Committee had also desired that the reconciliation in second phase should also be completed expeditiously and at the latest by October, 1986. The Committee had observed that the same process should be continued until the unreconciled related to 12 or 15 months arrears period. While observing that the problem of missing and unconnected wagons must not be regarded as a matter of purely departmental or technical inefficiency and that it may contain element of fraudulent conspiracy, the Committee had recommended that the Railways and FCI should study it thoroughly with a view to evolving a lasting solution for this.

6. The Ministry of Railways in their action taken note have stated that the reconciliation upto 31 March, 1984 has been completed in all Zonal Railways except North East Frontier Railway. As a result of this reconciliation the number of missing and unconnected wagons has come down to 794 and 1263 respectively. According to the Ministry, all out efforts were made to complete this task by end of October 1986 but the process had thrown up a large number of unconnected and missing wagons which, therefore, required some more time to complete the reconciliation and the final position will emerge only when the reconciliation on North East Frontier Railway is also completed. The Department of Food in their action taken note have stated that the volume of work involved is very high on North-east Frontier Railway but it is likely to be completed by the end of March, 1987. At the instance of the Committee the Ministry of Railways have informed in a note furnished subsequently (on 11 December, 1987) that the final reconciliation including that of unconnected wagons on North East Frontier Railway upto 31 March, 1984 has been arrived at between the Railways and FCI but an agreement to this effect is yet to be signed.

The Ministry of Railways have also informed that the Committee\* on reconciliation has observed that diversions were not indiscriminate and there was no element of fraud or conspiracy involved in it. According to the Ministry the incidence of diversion will be considerably reduced in coming years as more and more re-booking in place of diversion will take place as a result of

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\* Report of the Committee on reconciliation on 7 Zonal Railways is reproduced as Appendix II.



mutual understanding between FCI and Railways. The Ministry of Railways have further stated that diversions of some wagons/rakes is necessary in overall interest of Railways and FCI and there is no alternative but to do periodical reconciliation till such time freight operations are completely computerised. Accordingly, it has been decided to computerise reconciliation of missing and unconnected wagons of FCI.

7. The Committee feel that unduly long time has been taken to complete reconciliation upto 1983-84 on N.F. Railway. The Committee desire the Railways and FCI to sign the agreement in this regard soon and settle the claims and counter-claims outstanding upto March, 1984.

The Committee had also desired in the earlier Report that after the completion of second phase of reconciliation, the process of clearing the arrears should be continued even thereafter. However, the Ministry have not stated in their reply whether reconciliation relating to the period subsequent to 1983-84 has since been taken up or not. The Committee desire that reconciliation after 1983-84, if not already commenced, should be taken up without any further delay and completed under a time bound programme. It is imperative that the recommendations of the High Level Committee on Reconciliation of Missing and Unconnected Wagons of the FCI, that reconciliation must be done on yearly basis by the Zonal Railways and at the end of each Financial year both the organisations should review the position at the apex level, should be scrupulously observed and no diverted wagon or missing wagon should be left unreconciled beyond one year. The Committee also desire that freight traffic computerisation should be introduced at the earliest. They would like to be apprised about the steps taken in this regard. The Committee would also like to be apprised of the findings of the final report of the aforesaid Committee on reconciliation and action proposed to be taken thereon. The Committee would also like the finalisation of this Report to be expedited.

*Claims of FCI on account of shortage/damage of foodgrains in transit  
(S. No. 8---Para 56)*

8. The Committee had found that as against Rs. 48.69 crores claimed by FCI as the compensation on account of loss/pilferage and damage to foodgrains in rail transit, only Rs. 1.17 crores were recovered by them from the Railways during the period from 1977-78 to 1984-85. The outstanding claim on account of shortage/damage in rail transit was stated to be Rs. 26.83 crores at the end of September, 1985. The Committee had desired to be apprised of the steps taken to settle this outstanding claim.

9. The Ministry of Railways, in their action taken note, have stated that the Railways do not maintain statistics of claims repudiated or outstanding

party-wise. The figures of outstanding claims furnished by FCI apparently include those which have been repudiated by Railways over the years. The instructions have been reiterated to Zonal Railways to hold periodical meetings with the Officers of FCI to sort out their claims. FCI has also been asked (28.10.1986) to furnish a list of their outstanding claims.

10. In this connection, the Department of Food have stated in their action taken note that a drive was launched a few years ago to review all pending claim cases of the FCI with the Railways and old, irrecoverable and untenable cases were dropped after personal discussion and scrutiny. This has helped in bringing down the outstanding to Rs. 21.5 crores at the end of March 1986. Regarding settlement of claims, the matter is being pursued at various levels with the Railways.

11. The FCI is stated to be pursuing the question of settlement of their outstanding claims on account of loss/pilferage and damage to foodgrains in rail transit with the Railways. The Ministry of Railways have stated in this connection that FCI was asked (on 28 October, 1986) to furnish a list of their outstanding claims with a view to reconciling the position. The Committee would like to be apprised as to how far these steps have helped in clearing the outstandings. As substantial amount is locked up in the arrears, the Committee desire that these outstandings should be cleared at the earliest under a time bound programme and that there should be a regular monitoring at an appropriately higher level to watch the progress. They would like to be apprised about the latest position in this regard. The Committee would also like the Railways and FCI to take necessary steps to ensure that in future such huge arrears of outstanding claims do not pile up.

*Despatch of transit invoices alongwith wagons  
(S.No. 11--Para 59)*

12. The Committee had noted that as per para 1455 of the Indian Railway Commercial Manual, the transit invoices should normally accompany the consignments. In case of consignments carried in covered wagons, whether in full wagons or small, the transit notices should be placed inside the wagons as required by the Railway manual. In case of open wagons, they should be carried by the Guard alongwith the train documents instead of placing them inside the wagons. The representatives of Railway Board admitted during evidence that these instructions were not being followed. As a result of this, when the label of a wagon attached outside it gets detached and the wagon is diverted, it becomes difficult at the diverted stations to identify the station to which it was originally despatched. The Committee was assured that the necessary orders in this regard would be issued.

13. The Ministry of Railways in their action taken note have stated hat instructions have been reiterated to all Zonal Railways that paste on labels

should be pasted on inside panels of the doors and seal labels/tie on labels and bracket labels should be provided. According to the Railways, it is not always possible to send a transit invoices alongwith wagon as the train load is often despatched before preparation of invoices.

**14. The Committee are not satisfied with the contention of the Railways that it is not always possible to send a transit invoice alongwith the wagon.**

**They urge the Ministry of Railways to ensure that the relevant instructions on the subject contained in the manual are scrupulously followed and compliance monitored so that transit invoices are invariably placed inside the covered wagons and in case of open wagons they are carried by the guard alongwith the train documents. This will ensure proper identification of the diverted wagons.**

15. The Committee were informed by the FCI that substantial amount of claims on account of excess payment of freight, in addition to that of missing wagons, is also due to them from the Railways. These claims were stated to be mostly for double payment of freight involved in wagons delivered at stations other than the booked destinations and some on account of errors in rate calculations or classifications. These claims as on 31st March, 1982 were Rs. 21.21 crores and increased further to Rs. 40.62 crores as on 31st March, 1984. While the Committee had expected the Railways and FCI to settle these claims at the earliest they had also desired them to ensure that suitable steps were taken to minimise the instances which entailed claims of excess payment of freight. The Committee had deprecated the lethargy on the part of FCI in chasing their claims running into crores of rupees and apathy of the Railways in settling those claims. The Committee had asked the Railways to see that legitimate and tenable claims filed by FCI in this regard were attended to and settled expeditiously.

16. The Department of Food in their action taken note have stated that though the consignments are booked on freight 'pre-paid' basis, yet since May 1982 when these are delivered at stations other than the booked destinations either on the request of the FCI or due to the operational convenience of the Railways, freight is again recovered. Most of the outstanding claims are of this nature. Refund in such cases is granted by the Railways when the transaction is linked and supersessional RRs. issued to the diverted destinations. According to Department of Food, FCI has already suggested to the Railway Board to simplify the rules for granting refund i.e. instead of getting certification from the Traffic Account Offices of both the receiving despatching Railways and issue of supersessional RRs., the claims should be settled by the destination Railways on the basis of machine prepared abstract circulated to them. The Department has also stated that FCI Officers are regularly maintaining liaison with their counterparts in the Zonal Railways for settlement of these claims and that all possible efforts are made to prevail upon the

Railways to settle such claims expeditiously. However, the pace of settlement is very slow.

17. In their action taken note the Ministry of Railways (Railway Board) have stated that in fact what should have been done in respect of diverted wagons was that only the difference between the freight from the booking station to the diverted station applicable to the route over which the wagon was routed and the freight actually pre-paid at the station of booking should have been realised. This, however, was not possible in view of the fact that the station staff at the stations to which the wagons were diverted did not have the information in regard to the route over which the wagon moved. Instructions, were issued on 27.12.1985 to the Zonal Railways that in respect of FCI wagons reaching the destination other than the original destination, only the difference between the freight leviable from the booking station to the original destination and the freight leviable from the booking station to the diverted station should be charged. With the issue of instructions dated 27.12.85 to the Zonal Railways referred to above, the position was brought considerably under control and the problem of heavy excess freight charges being realised at the diverted destination could be contained. Consequent upon the efforts made by the Zonal Railways concerned to establish the diverted route and compute the distance for charging the freight accordingly, in a large number of cases refunds have already been arranged. On some of the railways where the number of outstanding cases is heavy, special cells have been created to deal exclusively with FCI cases.

18. While the Committee appreciate the steps taken by the Railways (i.e. issue of instructions dated 27.12.1985) they are of the opinion that it is a belated step and should have been taken much earlier in which case the amount would not have increased from Rs. 21.21 crores as on 31st March, 1982 to Rs. 40.62 crores as on 31st March, 1984. According to the Ministry of Railways the concerned Zonal Railways have already made significant progress in finding out the diverted route and assessing actual freight charges due from FCI and that the work is still in progress and is being monitored closely. The Committee would like to be apprised about the extent of settlement brought about by the Railways as a result of these measures. It is also pertinent to note in this regard the observations made by the Department of Food that FCI officers are regularly maintaining liaison with their counter-parts in the Zonal Railways for settlement of these claims but the pace of settlement is very slow. The Committee desire that Ministry of Railways (Railway Board) should direct the Zonal Railways to get all the arrears of the excess payment of freight charges claimed by FCI cleared under a time bound programme and also attend to new claims, if any, simultaneously so that the same do not fall into arrears. The Committee also desire the Railways to consider the suggestion of the FCI to simplify the rules for granting refunds. The Committee would like to be apprised about the latest position in regard to arrears on account of excess payment of freight.

## **CHAPTER II**

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

#### **Recommendations**

The Committee are informed that a large number of wagons get detached from a full train-rake or get damaged and become sick or after transshipment get mixed up and consequently reach different depots. Sometimes diversion of full rake of foodgrain wagons is effected at the instance of Food Corporation of India and sometimes the wagons are also diverted due to certain operational exigencies of the Railways. Due to such diversions, wagons at times become unconnected at the depot or depots where they reach and become missing from the depot or depots to which they should have been delivered but have not been delivered. (Para 49)

The Department of Railways state that the matching of unconnected wagons with so called missing wagons is a continuous process and reconciliation is being done every year. According to them 4,514 missing wagons and 3,380 unconnected wagons were reconciled during 1983-84 and 8,149 missing wagons and 5,212 unconnected wagons were reconciled during 1984-85. However, the Committee are constrained to point out that the number of missing and unconnected wagons reconciled in a year has not kept pace with those reported fresh during the course of the year and in fact the gap has widened. As a consequence, the closing balance of missing and unconnected wagons increased substantially from 7,811 and 6,148 in 1977-78 to 19,716 and 17,532 in 1983-84 respectively. The Committee regret that the need for timely reconciliation of missing and unconnected wagons has hitherto not been paid adequate attention with the result that a very large number of wagons still remain to be reconciled. What has intrigued the Committee is the fact that wagons pertaining to as far back as 1967-68 appear in the present unreconciled list. The records of the earlier years are not available thereby making it difficult at present, if not impossible, to reconcile the entries pertaining to those years. (Para 50)

The Committee are informed by the Railways that tracing of unconnected and missing wagons upto 31 March, 1980, at this stage would not be feasible because Railway records in marshalling yards and at stations would not be forthcoming. These cases are to be reconciled between the missing wagons

and the unconnected wagons on the basis of the commodity and the number of bags. The Committee have been given to understand that a Committee comprising of officers of Railways and FCI has been constituted vide Railway Board's notification dated 15 October, 1985 with a view to achieving expeditious reconciliation of missing and unconnected wagons. According to the Department of Food, the reconciliation upto 1979-80 would be completed, in the first phase, so that cases upto 31 March, 1980 do not figure again in future reconciliation. In the second phase cases from 1980-81 to 1983-84 would be taken up for reconciliation. The Report of this Committee for the first phase was expected within four months from the date of notification. As the period for the first phase of the Report is already over, the Committee would like to be apprised whether the reconciliation/match adjustment has since been completed upto March 1980. The Committee also desire that the reconciliation to be completed upto 1983-84 in the second phase may also be expeditiously completed within four months or latest by October, 1986. The same process should be continued until the unreconciled relate to a twelve or fifteen months arrear period.

It is pertinent to note in this connection that the Department of Railways (Railway Board) had written a letter to Food Corporation of India (November 1984) stating that the Railways had supplied, 6,598 wagons of foodgrains in excess to FCI till 31 March, 1984 and the dues outstanding against FCI totalled Rs. 19.70 crores. On the other hand FCI claims that there were 19,716 missing and 17,532 unconnected wagons as on 31 March, 1984 leaving a balance of 2,184 wagons, valued at Rs. 10.47 crores, due to them. The Committee desire that the situation in respect of these claims and counter-claims should be reported to them when the second phase is completed. (Para 51)

The Committee find that most of the problems of missing and unconnected wagons of the Food Corporation of India is confined to the East Zone of Food Corporation of India. It is clear from the railway-wise position of missing and unconnected wagons as on 31 March 1984 (19,716 missing and 17,532 unconnected) that the bulk of the missing and unconnected wagons belonged to the Eastern, South Eastern and North East Frontier Railways viz., 5,544 missing and 4,081 unconnected wagons in Eastern Railway; 2,104 missing and 1,042 unconnected wagons in South Eastern Railway; and 8,742 missing and 8,118 unconnected wagons in North East Frontier Railways. The Railways have been operating a system of monitoring wagons movements through major yards with the help of computers installed in the Sixties. Despite this, the phenomenon of the missing and unconnected wagons remains uncontrolled. This suggests the possibility of the system of monitoring is suffering from some serious defects. A thorough review of the system is called for. The Committee have been given to understand that a sub-

Committee for these Railways has been constituted exclusively to reconcile the missing and unconnected wagons pertaining to these areas. The Committee trust that this sub-committee will go thoroughly into the problem entrusted to it expeditiously and its report too will be made available to the PAC as soon as it is completed together with action proposed to be taken in respect of its recommendations. (Para 52)

The PAC are of the view that the problem of missing and unconnected wagons must not be regarded as a matter of purely departmental or technical inefficiency. There may well be an element of fraudulent conspiracy and this aspect, the Committee trusts will not be overlooked by the sub-committee which has been appointed to make a thorough study of the problem. (Para 53)

A number of valuable suggestions came up in course of the examination by the Public Accounts Committee of the representatives of the Department of Railways and Food Corporation of India. All these should be carefully examined along with concrete suggestions that the Sub-Committee may put forward, and thereafter, the two organisations should jointly evolve a system for the movement of foodgrain wagons incurring a minimum of loss, even if temporary, of wagons of foodgrains.

The Public Accounts Committee consider this entire matter--the problem of unconnected and missing wagons of very great importance and would like the Department of Railways and FCI to go into it further after the sub-committee appointed has completed its work. Both the Railway and the Food Corporation of India may therefore, make a thorough study on all aspects of the problem and come forward with their concrete proposals for a lasting solution. (Para 54)

[Sl. Nos. 1 to 6, paras 49 to 54 of 41st Report of PAC (1985-86) VIII Lok Sabha]

#### **Action taken by the Ministry of Railways (Railway Board)**

Some of the foodgrain wagons/rakes are delivered by the Railways at stations other than the originally booked destinations. Consequently, the wagons for which railway receipts are held become missing at originally booked stations and unconnected at the stations at which they are actually delivered. However, FCI being the consignee as well as diveree, there is, in fact, no loss of goods

2. Linking of unconnected wagons with pending Railway Receipts is done through a process of reconciliation, which is a continuous one. In pursuance of the joint commitment given to P.A.C. by the Ministry of Transport (Department of Railways), and Food Corporation of India, steps

were taken to expedite the process of reconciliation. A Committee consisting of officers of Railways and FCI was constituted to complete reconciliation from 1967-68 to 1983-84 in two phases, the first phase covering the period upto 1979-80, and the second phase covering a period from 1980-81 to 1983-84. A sub-committee consisting of representatives from Eastern, South Eastern and N.F. Railways, and FCI representatives of these regions was also constituted to assist.

3. Reconciliation upto 31.3.1984 on All Zonal Railways except Central and N.F. Railways had been completed by June '86, and it was found that FCI had received 223 surplus unconnected wagons over and above its claim for missing wagons on the 7 Zonal Railways. A copy of the Committee's report on reconciliation of 7 Zonal Railways is furnished at Annexure 'A'. By now, reconciliation on Central Railway has also been completed and it has been found that on that Railway also FCI has received 246 surplus unconnected wagons over its claim for missing wagons. Thus, the outcome of reconciliation of eight Zonal Railways except N.F. Railway) shows that 469 unconnected wagons are available for adjustment in future. However, the complete picture would emerge only after the reconciliation on N.F. Railway is also completed.

4. The position, as it has emerged on 8 Zonal Railways, is briefly indicated below.

(a) *Missing Wagons*

Railway	Total No.	Traced/linked	Match adj. on commodity to commodity and bag to bag basis	Balance (Missing wagons)
N.E.	368	4	336	28
Western	36	10	18	8
Northern	546	170	170	206
S.C.	223	23	181	19
Eastern	11,262	7,053	3,686	523
S.E.	5,363	3,670	1,693	
Southern	783		773	10
Central	863	700	163	-
<b>Total</b>	<b>19444</b>	<b>11630</b>	<b>7020</b>	<b>794</b>



(b) *Unconnected wagons*

Railway	Total No.	Traced	Match adjustment on commodity to commodity and bag to bag basis with missing wagons	Balance (unconnected wagons)
1	2	3	4	5
N.E.	400	-	366	34
Western	24	-	18	6
Northern	2684	2174	163	347
S.C.	526	189	259	78
Eastern	3795	-	3795	-
S.E.	1665	-	1612	53
Southern	1397	-	898	499
Central	1163	754	163	246
<b>Total</b>	<b>11654</b>	<b>3117</b>	<b>7274</b>	<b>1263</b>

At the end of reconciliation of 8 Zonal Railways, only 794 claims of missing wagons of F.C.I. have been found as balance. As against that Railways have got 1263 unconnected wagons available for match adjustment. Thus, after clearing all the claims of missing wagons of FCI, Railways have still got 469 surplus unconnected wagons for future adjustment.

5. The task of reconciliation on N.F. Railway is rather gigantic, and also difficult due to a long spell of disturbances in that part of the country resulting in non-availability of records. All out efforts were made to complete this task by end of October, 1986. But the process has thrown up much larger number of unconnected and missing wagons, and it will, therefore, take some more time to complete reconciliation on N.F. Railway. The final position which will emerge after this will be advised.

6. The Central Committee on reconciliation has observed that diversions were not indiscriminate, and there was no element of fraud or conspiracy involved in it. Diversions were ordered by competent authority in unavoidable circumstances. The incidence of diversions, which is already low as compared to the volume of foodgrain traffic being handled will be considerably reduced in coming years as more and more rebooking in place of diversions will take place as a result of mutual understanding between F.C.I. and Railways.

7. The Committee on reconciliation has also found that the existing safeguards available with the Railways are adequate against likely mis-use of

diversions. Under extent instructions, the possibility of wagons intended for public distribution system to get into the stream of private trade is absolutely remote.

8. It has been decided to computerise reconciliation of missing and unconnected wagons of F.C.I. Northern Railway has been asked to prepare a programme for the purpose, in consultation with F.C.I. Ultimately, when Railway's freight "Operations Information System" starts, the problem will be fully solved.

9. However, as diversions of some foodgrains wagons/rakes is necessary in the overall interest of the Railways as well as F.C.I., there is no alternative but to do periodical reconciliation till such time freight operations are completely computerised. The matter is now being regularly discussed between the officers of the Railways and F.C.I.

10. It is also relevant to mention that if judicious diversions are not done, a large number of wagons will remain immobilised as F.C.I. has not yet fully developed requisite infrastructure to unload at terminals and often face labour problems, particularly in the eastern and north eastern section. However, the diversion is being kept to the minimum. In 1984-85, the Railways loaded 9.56 lakh wagons of foodgrains, against which number of diverted wagons for which claims were received were about 6300, that is, about 0.66 percent.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/VIII/  
41/dt March 1987]

#### **Action taken by Deptt. of Food**

It is a statement of facts and does not call for any comments. (Para 49)

#### **Action taken by Department of Food**

From the figures of missing and unconnected wagons and its reconciliation from the year 1977-78 to 1983-84, as indicated at para 13 of the PAC report, it may be observed that the incidence of missing and unconnected wagons has increased from 1979-80 onwards. This can be partly attributed to the disturbed conditions in the Assam Region. The total volume of traffic loaded by FCI by rail has also increased substantially, i.e. from 9.2 million tonnes in 1979-80 to 16.2 million tonnes in 1985-86. The increase in traffic also leads to more missing and unconnected wagons. On this very account, the pace of reconciliation also could not be kept matching to the extent of incidence of such wagons. However, as apprised to the committee, the work of reconciliation has now been taken up right from 1967-68 consequent on the formation of High Power Committee and sub-committee constituted under Railway Board

Notification No. 85/TC.III/72/5 dated 15.10.85. The progress of reconciliation by these committees is reported in subsequent relevant paras. (Para 50).

As was informed to the PAC, a High Power Committee, comprised of officers of the Railways and the FCI, constituted *vide* Railway Board's Notification issued under letter No. 85/AC-III/72/5 dated 15.10.1985, had undertaken the work of reconciliation of missing and unconnected wagons in two phases, i.e. upto 1979-80 and 1980-81 to 1983-84. The reconciliation of missing and unconnected wagons has been completed in respect of the following 8 out of 9, zonal railways and BPT Railway for the period upto 1983-84 and the tabulated picture is given below on the basis of their report:----

(a) *Missing Wagons*

Railway	Total No.	Traced/ Linked	Match adjustment on commodity to commodity and bag to bag basis	Balance (Missing wagons)
NE	368	4	336	28
Western	36	10	18	8
Northern	567	376	170	21
S.C	223	23	181	19
Eastern	11262	7053	3686	523
S. Eastern	5363	3670	1693	-
Southern	783	-	773	10
Central	828	700	116	12
BPT	90	34	56	-
<b>TOTAL</b>	<b>19520</b>	<b>11870</b>	<b>7029</b>	<b>621</b>

*(b) Unconnected Wagons*

Railway	Total No.	Traced	Match adjustment on commodity to commodity and bag to bag basis with missing wagon	Balance unconnected wagons
N.E.	400	-	366	34
Western	24	-18	6	
Northern	2891	2408	160	323
S.C.	526	189	259	78
Eastern	3795	-	3795	-
S.E.	1665	-	1612	53
Southern	1397	-	898	499
Central	1163	1047	116	-
BPT	1439	1277	56	106
<b>TOTAL</b>	<b>13300</b>	<b>4921</b>	<b>7280</b>	<b>1099</b>

The actual verification of records had brought out considerably more missing and unconnected wagons in comparison to what was available in the FCI's(HQ) records at the time of reporting of figures before the PAC. The latter figures were taken as authentic and in order to resolve the problem fully and finally reconciliation on that basis was undertaken. On Northeast Frontier Railway reconciliation is still in progress. The volume of work involved is very heavy on N.F. Railway and it is likely to be completed by the end of March, 1987. (Para 51)

**Action taken**

It is true that most of the problem of missing and unconnected wagons of the FCI refer to the East Zone. The Railways have been monitoring the movement of wagons through important yards with the help of computers. It

is for the Railway Board to explain why inspite of the help of the computers this system of tracing of missing wagons is not functioning properly.

The reconciliation work in respect of Eastern and South Eastern Railways has been completed upto 1983-84. The reconciliation work for North East Frontier Railway is still in progress and is likely to take some more time. The Committee which went into this question of missing and unconnected wagons has submitted its report and copies are sent alongwith this reply. Problem in North Eastern Region got aggravated due to disturbed conditions in Assam Region for several years due to which proper records were not maintained and the work, both of the Railways and the FCI, went into heavy arrears. All out efforts are being made to complete this work at the earliest. The number of missing and unconnected wagons are large as far as North East Frontier Railways is concerned because of transshipment involved of Broad Gauge rakes sent from North to this region. BG wagons and ultimately it is MG wagons which reached destinations east of New Bongaigaon. From October 1984 Broad gauge railway line has been extended upto Guwahati.

Some of the steps taken to minimise this problem are as under:-

1. In cooperation with Railways the work of transshipment at Garhara has been substantially brought down as this involved much longer lead for MG wagons and more and more transshipment is now being done at New Bongaigaon. A considerable portion of traffic is also booked on the all MG route.
2. Diversion of foodgrain rakes is not being resorted to now. Wherever absolutely necessary rakes are being rebooked as a result of which the number of missing and unconnected wagons are also coming down.
3. Railway Board has already given instructions to Northern Railway to computerise the matching of missing & unconnected wagons. With this step also the number of missing and unconnected wagons should come down substantially.

The work had gone into arrears as for many years enough attention was not paid to this work. With the old cases of missing and unconnected wagons now being linked and match adjusted, it is definitely hoped that the current cases will not pose as much of a problem as records would be readily available.  
(Para 52)

As recommended by the PAC, High Power Committee has gone into the aspect of any element of conspiracy and their view is reproduced below:----

“The element of conspiracy in the diversions about which some Hon’ble Members of the PAC had expressed their apprehension and suggested for special attention of this committee, was examined with particular care. No

Zonal Railway came across any such instance. The diversions have been taking place under the orders of the top Transportation Authorities connected with the movement of the rakes, i.e. the COPSs and CFTSs of the Zonal Railways and in certain cases FCI is also informed. So far, nothing has come to the knowledge of Central Committee about the apprehension of conspiracy in regard to the diversion". (Para 53)

Some of the suggestions given by the High Power Committee are appended below:----

#### *Lasting solution*

(a) Going by the trend of the past two decades the Committee believes that some diversions are unavoidable though their dimension may diminish. Therefore, provision for reconciliation should be formalised by both the organisations. Reconciliations must be done on yearly basis by the Zonal Railways and at the end of each financial year both the organisations should review the position at the apex level i.e. at the level of Chief Traffic Manager, FCI and the Executive Director, Traffic Commercial, Railway Board. No diverted wagon or missing wagon should be left unreconciled beyond one year.

(b) Diversions need not result into dislocations in the form of missing and unconnected wagons. If the dissemination of information at the time of diversion is followed up by the Railway and the FCI, both the number of such cases can be reduced drastically. Both the organisations must intensify these efforts in future. However, where cases do arise FCI must prefer its claims within six months so that Railways initiate enquiries immediately and finalise the cases when the information is fresh and the documents are easily available. Railways have already issued instructions to the Zonal Railways to finalise the cases of complete non-delivery of wagon-loads within a maximum period of six months. If this is implemented, the number of such cases would be reduced considerably.

#### *Adequacy of Existing instructions*

The Committee had examined adequacy of existing instructions on the subject of diversions:-

(i) Under the instructions issued vide letter No. TC.III/3090/73/4 dated 26.10.73 of the Railway Board, the Control Rooms of the Zonal Railways are required to keep full records of the foodgrain wagons, RR numbers Booking-Stations and Diverted-Stations etc. The Card Labels are also required to show details regarding diversion. If these instructions are followed, linking of unconnected wagons should not be difficult.

(ii) Under letter No. 86/TT.IV/9/3 dated 25.3.1986, rakes are to be rebooked and not just diverted under telegraphic instructions of the Control Rooms. The completion of rebooking formalities entails information to all concerned-the original booking (despatching) stations, the originally booked (destination) station as well as the diverted stations. This can virtually eliminate the problem of unconnected wagons and in the case of missing wagons, this would provide good clues of connect/disposal. The Committee is convinced that these instructions will provide substantial relief to the problem with their strict compliance.

(iii) Railway Board has also issued instructions under letter No. 85/TC.III/RITES/40 dated 22.1.1986 vide which Zonal Railways have been asked to furnish the information of diversion of foodgrain rakes to the Headquarters and Regional Offices of Food Corporation of India in addition to the Railway officials concerned. Thus both the Railways and the FCI would be on the same wave-length in respect of diversions with the implementation of these instructions.

The above instructions are considered adequate by the Committee to serve the purpose of dissemination of information which is vitally connected with the issue under consideration. Information of diversions should also be given to original despatching station, original destination and the diverted destination also simultaneously.

However, as desired by the PAC, the entire problem of unconnected and missing wagons is being looked into jointly by the Deptt. of Railways and FCI. Railway Board has already decided to computerise the work of missing and unconnected wagons of the FCI and has entrusted this work to Northern Railway. After the computerisation of this work it is hoped that the number of missing and unconnected wagons will come down. (Para 54)

[Department of Food O.M. No. 11-1/86-FC.II dated 25 March 1987]

### Recommendation

The Committee find that as against Rs. 48.69 crores claimed by F.C.I. as the compensation on account of loss/pilferage and damage to foodgrains in rail transit, only Rs. 1.17 crores were recovered by them from the Railways during the period from 1977-78 to 1984-85. The outstanding claim of the F.C.I. on account of shortage/damage in rail transit is stated to be Rs. 26.83 crores at the close of Sept., 1985. The Committee are unable to understand how the F.C.I. calculated and preferred this claim when they themselves have stated that the exclusive figures of damage/loss of foodgrains in rail transit are not available. This needs to be explained. However, the committee would also like

to be apprised of the steps being taken/to be taken to settle the outstanding claim of Rs. 26.83 crores.

[S.No. 8, para 56 of 41st Report of PAC (1985-96) VIII Lok Sabha]

**Action taken by Ministry of Railways (Railway Board)**

As per commodity-wise statistics of claims paid, the total amount of compensation paid to F.C.I. during 1977-78 to 1984-85 was Rs. 1.23 crores. The Railways do not maintain statistics of claims repudiated or outstanding party-wise. The figures of outstanding claims furnished by F.C.I. apparently include those which have been repudiated by Railways over the years.

Zonal Railways have instructions to hold periodical meetings with the officers of F.C.I. and to sort out their claims. These instructions have been reiterated. F.C.I. has also been asked to furnish a list of their outstanding claims. A copy of Board's letter No. 86/TCIII/72/3 dated 28.10.1986 is given at Annexure.

[Ministry of Railways (Railway Board) on No. 86-BC-PANC/VIII/41 dt  
March 1987]



**ANNEXURE**

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

No. 86/TC.III/72/3      New Delhi, dated 28.10.86

The General Managers,  
All Indian Railways.

**SUB:**            *Speedy settlement of claims of Food Corporation of India for shortage/damage.*

Instructions have been issued from time to time for prompt settlement of claims of F.C.I. for shortage/damage. Railways have also been advised to hold periodical meetings with large customers to sort out their pending cases across the table. F.C.I. has maintained, and reported to Public Accounts Committee that their claims for Rs. 26.83 crores are outstanding. This figure needs to be verified. I am advising Commercial Manager(T), Food Corporation of India to send a list of their outstanding claims ( not including those which have been already repudiated or are time barred) to Chief Claims Officer of each Zonal Railway. As soon as the Zonal Manager of F.C.I. and reconcile the position. After sorting this out, please advise Board number of cases furnished by F.C.I., and their status settled or pending. I am endorsing a copy of this to Shri M.P. Gupta, Commercial Manager(T), Food Corporation of India, Barakhamba Lane, New Delhi.

Sd/-  
(M.S. BHANDARI)  
*Executive Director,  
Traffic Commercial Railway Board*

No. 86/TC.III/72/3      New Delhi, dated 28.10.86

Copy to Shri M.P. Gupta, Commercial Manager(T), Food Corporation of India, Khadya Sadan, Barakhamba Lane, New Delhi. He is requested to get lists of the outstanding claims (other than those repudiated or time barred) to C.C.Os of the Zonal Railways, and then fix a meeting with them to expedite their clearance.

Sd/-  
(M.S. BHANDARI)  
*Executive Director,  
Traffic Commercial Railway Board*

Copy to Chief Claims Officers all Zonal Railways

### **Action taken by Deptt. of Food**

The FCI preferred claim on the Zonal Railways for Rs. 48.69 crores for compensation on account of loss, pilferage, damage to foodgrain in rail transit during the period from 1977-78 to 1984-85. Against these claims, the Railways settled claim by payment for Rs. 1.17 crores. The outstanding claim against Railways as on 3/78 were for Rs. 31.79 crores which shot up to Rs. 46.54 crores as on 3/82. A drive was launched a few years ago to review all pending claims cases of the FCI with the Railways and old, irrecoverable and untenable cases were dropped after personal discussions and scrutiny. This has helped in bringing down the outstanding to Rs. 26.83 crores at the end of September, 1985 which has further come down to Rs. 21.54 crores at the end of March, 1986. Moreover personal discussions at various levels have been intensified so as to bring down the pendency. The Committee has observed as to how the claims for Rs. 26.83 crores on account of shortage/damages in rail transit have been stated to be outstanding against the Railways when exclusive figures of transit loss by rail have been stated to be not available and what steps have been taken or to be taken to settle the said outstanding claims for Rs. 26.83 crores. The figures given above reflect the amount of claims lodged against various Railways for shortages/pilferage and damages, whereas transit loss denotes all shortages noticed at destination, both claimable and non-claimable; hence the statement made was factual. Regarding settlement of claims, the matter is being pursued at various levels with Railways as a result of joint efforts made, the outstanding claims indicated above has come down.

[Department of Food O.M. NO. 11-1/86-FC.II dated 25 March 1987]

### **Recommendation**

The Committee have been informed by the Food Corporation of India that substantial amount of claims on account of excess payment of freight, in addition to that of missing wagons, is also due to them from the Railways. These claims are stated to be mostly for double payment of freight involved in wagons delivered at stations other than the booked destinations and some on account of error in rate, calculations or classifications. These claims as on 31st March, 1982 were Rs. 21.21 crores. The Committee are astonished to find that no effort seems to have been initiated so far to settle these claims and on the contrary they have increased to Rs. 40.62 crores as on 31st March, 1984. The Committee are informed that the high level team appointed to go into the reconciliation/match adjustment of missing wagons of the FCI with the unconnected wagons have not been able to undertake this job at this state and these claims are likely to be taken up as soon as the position of missing and unconnected wagon is reconciled. While the Committee expect the Railways and Food Corporation of India to settle these claims at the earliest, they would also like them to ensure that suitable steps are taken to minimise the instances which entail claims of excess payment of freight. In this connection, the

Chairman, Railway Board, stated during evidence that at the diverted destinations the Railway people do not know whether the freight has been paid for or not as the Railway receipts of the diverted wagons reach only the original destinations and not the stations where wagons are diverted. The Committee hope that with the implementation of their recommendation mentioned above regarding the placement of transit invoices inside the wagons it would be possible at the time of re-booking or delivery to know whether the freight has been paid or not even if the label outside gets detached or is removed. This together with emphasis on minimum diversion of wagons, would help solve the problem of excess payment of freight to a great extent. The Committee deprecate the lethargy on the part of FCI in chasing their claims running into crores of rupees (Rs. 40.62 crores as on 31.3.1984) and apathy of the Railways in settling the claims of their major customer. The Committee consider that the FCI should streamline their machinery to finalise their claims against Railways. The Committee would also urge upon the Railways to see that legitimate and tenable claims filed by FCI in this regard are attended to and settled expeditiously so that the claims on this account do not fall in arrears and assume alarming proportions.

[S. No. 12, para 60 of 41st Report of PAC (1985-86) VIII Lok Sabha]

#### **Action taken by Ministry of Railways (RB)**

The high level team has already reconciled the position of missing and unconnected wagons with the FCI for 8 out of 9 Zonal Railways. The only railway for which reconciliation work has not yet been completed is N.F. Railway which is also attending to this task on priority basis. The progress is being monitored to ensure early completion.

2. The freight in respect of consignments booked by FCI. to various destinations was invariably pre-paid. The accumulation of heavy claims of FCI for excess payment of freight charges was due to the fact that the staff of the stations to which the wagons were diverted, charged the freight from the original booking station to the diverted destination. In fact, what should have been done in respect of diverted wagons was that only the difference between the freight from the booking station to the diverted station applicable to the route over which the wagon was routed and the freight actually pre-paid at the station of booking should have been realised. This, however, was not possible in view of the fact that the station staff at the stations to which the wagons were diverted did not have the information in regard to the route over which the wagon moved. Instructions, were issued on 27.12.85 to the Zonal Railways that in respect of F.C.I. wagons reaching the destination other than the original destination, only the difference between the freight leviable from the booking station to the original destination and the freight leviable from the booking station to the diverted station should be charged.

3. With the issue of instructions dated 27.12.85 to the zonal railways referred to above, the position was brought considerably under control and the problem of heavy excess freight charges being realised at the diverted destination could be contained.

4. As mentioned above, for the purpose of determining freight charges due on diverted wagons, it is necessary to find out the route over which the wagons actually travelled. Since this exercise had to be undertaken for a very large number of wagons, it was necessarily time consuming. The railways concerned have already made significant progress in finding out the diverted route and in assessing actual freight charges due from F.C.I. The work is still in progress and is being monitored closely. Consequent upon the efforts made by the zonal railways concerned to establish the diverted route and compute the distance for charging the freight accordingly, in a large number of cases refunds have already been arranged. On some of the railways where the number of outstanding cases is heavy, special cells have been created to deal exclusively with F.C.I. cases.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/VIII/41  
dated March 1987]

#### **Action taken by Deptt. of Food**

The outstanding on account of over-charge in freight reflected in the books of accounts are for excess recovery of freight made by the Railways either due to error in rate calculation or classification or the freight recovered twice. Though the consignments are booked on freight 'pre-paid' basis, since May, 1982 when these are delivered at stations other than the booked destinations either on the request of the FCI or due to the operational convenience of the Railways, freight is again recovered. Most of the outstanding claims are of latter nature. Refund in such cases is granted by the Railways. When the transaction is linked and supersessional RRs issued to the diverted destinations. Railway Board as well as the FCI has issued instructions to the Zonal Railways and FCI regions respectively to ensure that claims are settled at their level within a period of a year or so.

The claims for refund of freight are settled by the Railways after having a certification from the Traffic Account Offices of both the Railways and issue of Supersessional RR, it is for the Railway Board to indicate for delay in settlement of such cases and take action as considered to streamline the procedure. However, the FCI has already suggested to the Railway Board to simplify the rules for granting refund i.e. instead of getting certification from the Traffic Account Offices of both the receiving and despatching Railways and issue of supersessional RRs., the claims should be settled by the destination Railways on the basis of machine prepared abstract circulated to them. The final decision of the Railway Board is yet to be known. For

prevention of such claims, the FCI has also suggested to the Railway Board to circulate to the Zonal Railways not to ask any freight at destination (whether booked destination or diverted destination) when delivery is effected in absence of RR as the FCI is booking all consignments on freight 'pre-paid' basis. Placement of transit invoices in the wagons is another step in the right direction to overcome this situation. The action, however, needs to be taken by the Railway Board.

The FCI has established Zonal Claim Cells at stations where the Headquarters of the Zonal Railways function so that high value claims and other issues could be sorted out. FCI officers are regularly maintaining liaison with their counter-parts in the Zonal Railways for settlement of these claims. All possible efforts are made to prevail upon the Railways to settle such claims expeditiously. However, the pace of settlement is very slow.

[Department of Food O.M.No. 11-1/86-FC. II dated 25 March 1987]

### CHAPTER III

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

##### Recommendation

The Committee are concerned to note that the transit losses of foodgrains in terms of quantity and money value have increased considerably over the last few years. According to the Department of Food, the losses have increased from 1.69 lakh M. Tonnes (value Rs. 23.27 crores in 1977-78) to 4.66 lakh M. Tonnes (value Rs. 95.85 crores in 1983-84) (inclusive of transit losses in road journey, as exclusive figures for rail transit are not available). Under the system of provision of RPF escorts to foodgrain specials, in open wagons, in vogue at present, RPF escorts are provided mostly upto the point of termination of jurisdiction of the booking railways. Unescorted food trains beyond such points, become easy prey to miscreants, who have free play to plunder the foodgrains at suitable points enroute. Provision of escorts for a partial journey of the train, thus becomes totally ineffective. The Committee, therefore, consider that present system which is an exercise in nullity, should be discontinued and replaced by a suitable effective system. As these losses are of large magnitude and are increasing gradually despite increasing block rake movement of foodgrains, which eliminates enroute yard shuntings and detentions, the Committee consider that immediate remedial measures are a must to contain them. For this, the Department of Food/F.C.I. should act in close coordination with Department of Railways. The Committee may be apprised about the steps taken in this direction.

[S. No. 7, para 55 of 41st Report of PAC (1985-86) VIII Lok Sabha]

##### Action taken by Ministry of Railways (RB)

The figures of transit losses furnished by F.C.I. are not all which occurred during rail transit. The Railways are not in a position to verify these figures furnished by F.C.I. But apparently, the figures are of the shortages calculated by F.C.I. in their accounts, and include those which occur in mandies, godowns, road transit and at multiple handling points. These also include reported losses for which claims are preferred but repudiated by Railways as per law. The total amount of compensation paid by Zonal Railways to F.C.I.

on account of shortages/damaged was Rs. 0.14 crores in 1977-78 and Rs. 0.16 crores in 1983-84.

2. As far as escorting of foodgrain in rakes of open wagons by R.P.F. is concerned, it is stated that there is no such system of escorting foodgrains specials from the point of loading to the point of termination of the jurisdiction of the booking railways only; but there are instructions to escort block-loads of foodgrains specials from loading point to terminating point, as far as possible, subject to availability of RPF personnel.

3. However, with a view to contain the problems of transit losses of foodgrains, the following preventive measures are being taken by the Zonal Railways:--

(1) As far as possible, block rakes of foodgrains are escorted, especially in crime-prone areas/sections.

(2) Joint seal checking of loads is carried out at interchange points to take stock of the seals as well as condition of wagons carrying foodgrains.

(3) As far as possible, R.P.F. armed pickets are posted/deployed in vulnerable sections/black spots.

(4) A close watch is kept in yards, goods sheds and transshipment points to protect the foodgrain wagons and other booked consignments against any intrusion of criminals and for prevention and detection of thefts/pilferages of foodgrains and other booked consignments.

(5) Plain-clothed R.P.F. personnel are also deployed to collect crime intelligence with a view to tracking down the criminals indulging in thefts of Railway property including foodgrains consignments from running goods trains, goods sheds and transshipment points, etc.

(6) Crime intelligence staff of Railways and Central Crime Bureau/ Railway Board are deployed to conduct surprise raids on criminals and receivers of stolen foodgrains, and other Railway property.

(7) Special schemes to provide security to the block loads of foodgrains are planned and implemented from time to time.

4. The anxiety expressed by the P.A.C. is receiving full attention and all possible efforts are being made, within the limited resources at disposal, to control the crime. However, it is not correct that R.P.F. escorts are provided only within the jurisdiction of the booking railways. As a matter of policy, RPF staff escort block rakes of foodgrains especially in crime prone areas as far as possible. It may be mentioned that the Railway Protection Force is also now

being heavily utilised for duties in disturbed areas and for other law and order duties, and it is not possible to escort all foodgrain carrying trains.

[Ministry of Railway (Railway Board) O.M. No. 86-BC-PAC/VIII/41 dt  
March 1987]

#### **Action Taken by Deptt. of Food**

All shortages claimable/non-claimable noticed at destination are accounted for as transit loss. Shortages occur because of multiple handling of foodgrains coupled with inadequate infrastructure facilities at mandis, loading/unloading rail-heads, manual/poor stitching of bags, use of books by the labourers, bleeding through door crevices etc. The issue of qualified RR and use of open wagons is considered to be also the causes responsible for transit losses. The FCI has entrusted a study to National Council of Economic Research to evolve norms for storage and transit loss which could be considered as unavoidable in operations of this magnitude. Their report is expected by the end of this year. The Deptt. of Food also appointed an Empowered Committee to process the report submitted by the Administrative Reforms Wing of the Deptt. of Personnel & Administrative Reforms. The Empowered Committee had suggested various measures such as to augment weighment facilities, to improve the size and texture of gunnies, to rationalise the filling, machine stitching of bags and also suggested providing dunnage to foodgrain consignments to minimise the losses. With the steps taken by FCI for better management, the losses have come down from 4.66 lakh tonnes (1983-84) to 3.92 lakh tonnes (1984-85). Where it is necessary, coordination is maintained with the Railways to further bring down the losses.

As per agreement entered into by the Department of Food/FCI and the Railway Board, against the indents for covered wagons, the maximum supply of covered wagons would be made good by the Railways and the balance requirement would be met with open wagons. When open wagons are supplied, the movement would be arranged in block rakes, would be covered with tarpaulines by the Railway and would also be escorted by RPF staff. The position needs to be explained by the Railway Board.

[Department of Food O.M. No. 11-1/86-FC.II dated 25 March 1987]

#### **Recommendation**

As regards the loss/damage to foodgrains in rail transit are concerned, the Committee feel that one of the reasons for this is that a good quantity of foodgrains is transported in open wagons, which falls easy prey to pilferage/misappropriation. In this connection, the representative of Food Corporation of India stated during evidence that they are not being provided sufficient covered wagons. The Committee desire that the Railways should pay the



necessary attention in this direction and try to provide maximum covered wagons as far as possible to the F.C.I. for transporting foodgrains.

[S. No. 10, para 58 of 41st Report of PAC (1985--86) VIII Lok Sabha]

**Action taken by Ministry of Railways (RB)**

Bulk of foodgrain movement on account of F.C.I. is in covered wagons. Movement in open wagons is done on certain sections mutually identified by Railways and F.C.I. Use of open wagons to a limited extent for commodities like foodgrains, cement and fertilizers etc., is unavoidable because of preponderance of the open wagons on the Railway system and limited stock of covered wagons fleet as well as to avoid empty running of open wagons particularly BOXES over long leads and cross running of covered and open empties.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/VIII/41 dt  
March 1987]

**Action Taken by Deptt. of Food**

The FCI is not in favour of loading in open wagons. However, to clear huge stocks lying in North, loading in open wagons to some extent, excepting the monsoon period, has been accepted with the directions of the Deptt. of Food. Railways should take steps to supply covered wagons compatible with the requirements of the FCI for covered wagons. FCI have already given its requirement for covered wagons for the year 1986-87 to the Department of Food *vide* letter No. Movt. stat/Projection/1986-87.dated 28.2.1986.

[Department of Food O.M. No. 11--1/86--FC.II dated 25 March 1987]

## **CHAPTER IV**

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

#### **Recommendation**

The Committee note that as per para 1455 of the Indian Railway Commercial Manual, the transit invoices should normally accompany the consignments. In the case of consignments carried in covered wagons, whether in full wagons or smalls, the transit notices should be placed inside the wagons. In the case of open wagons, they should be carried by the guard alongwith the train documents instead of placing them inside the wagons. However, it was admitted during evidence that these instructions were not being followed by the Railways. As a result of this when the label of a wagon attached outside it gets detached and the wagon is diverted, it becomes difficult at the diverted station to identify the station to which it was to be sent originally. The Committee were assured that the necessary orders in this regard would be issued. The Committee would like to be informed whether the aforesaid instructions have since been issued and if so how their compliance is being monitored.

[S. No. 11, para 59 of 41st Report of PAC (1985-86) VIII Lok Sabha]

#### **Action taken by Ministry of Rlys (RB)**

Instructions have been reiterated (Annexure) to all Zonal Railways to comply with paras 1536 and 1537 of Indian Railway Commercial Manual Vol. II which provide that

- (i) Paste on labels should be pasted on inside panels of the doors.
- (ii) Seal labels/tie on labels and bracket labels be provided.

It is, however, not always possible to send a transit invoice alongwith the wagon, as the train load is often despatched before preparation of invoices.

[Ministry of Railways (Railway Board) O.M. No. 86-BC-PAC/VIII/41 dt  
March 1987]

**ANNEXURE**

**GOVERNMENT OF INDIA  
MINISTRY OF TRANSPORT  
Deptt. of Railways (Railway Board)**

No. 85-TC.III/103/1

New Delhi, dated 22nd Oct, 85

**The General Managers (Comml.),  
All Indian Railways.**

*Sub: Wagon Labels-provision of on all loaded wagons before their movement.*

1. Many loaded wagons get unconnected during their journeys and the stations receiving such wagons find difficulty in connecting them as in many cases the bracket labels, paste-on-labels and loading summaries are not provided by booking stations.
2. Attention in this context is invited to para 1534, 1536 & 1537 of Indian Railway Commercial Manual (Vol. II), which provide that each loaded wagon should contain (i) summary of consignments loaded, & (ii) besides a seal label, Paste-on-Label and bracket-label should also be provided which will facilitate the linking of wagons in case of seal and/or bracket labels going astray during the run.
3. Attention is also invited to para 1.6 of minutes of the meeting held by Board (MT) with Chief Claims Officers and C.S.Os at Bombay on 21.9.85 circulated vide Board's letter No. 85-TC.III/101/1 dated 11.10.85, which lays down that CCOs must take up with the goods shed staff failing to place Transit Invoices/ Labels inside covered loaded wagons.
4. Board, therefore, desire that Claims Prevention machinery should be tightened and provision of paste-on-labels inside wagons should be ensured.

Sd/  
(J.N. Tripathi)  
Jt. Director, Traffic Commercial (Claims)  
Railway Board

**Action taken by Deptt. of Food.**

**The action is on the part of the Railways who are required to issue the necessary instructions as directed by the Committee and ensure its compliance.**

**[Department of Food O.M. No. 11--1/86--FC.II dated 25 March, 1987]**

## CHAPTER V

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

#### Recommendation

The Committee further find that the compensation claims on account of loss/pilferage and damage to foodgrains in transit amounting to Rs. 16.29 crores was repudiated by the Railways from the year 1977-78 to 1984-85. The broad reasons advanced by the Railways for rejection of the claims are stated to be 'said to contain Railway receipts', 'loading/unloading not supervised by the Railways', 'dunnage not provided' etc. According to the Department of Food, the provision of dunnage to foodgrain consignments is a mandatory condition as per Railway rules. The F.C.I. has sought and obtained from the Railway Board an exemption from observance of this condition on the understanding that the losses attributable to non-provision of dunnage would not be claimed. Such losses could be out of bags loaded near the flap doors. The Railways are, however, repudiating all claims for partial shortages on this ground irrespective of the position of the bags. The Committee consider it appropriate that the F.C.I. should invariably provide dunnage so that the Railways do not get a chance to repudiate the F.C.I.'s valid claims on account of other factors on the ground that the dunnage was not provided. The F.C.I. should also take appropriate action to guard against other reasons which have been advanced by the Railways while repudiating their claims. They should issue the necessary instructions in this regard to their field staff.

[S. No. 9, para 57 of the 41st Report of PAC (1985-86) VIII Lok Sabha]

#### Action taken by Ministry of Railways (RB)

The following comments are offered regarding grounds of repudiation:—

(a) *'Said to contain' Railway Receipts and loading and unloading not supervised by Railway Staff.*

(i) Clear Railway Receipts are issued only when the goods Clerks count the bags and supervise loading. This requires

(a) stacking of bags on the ground before loading.

- (b) sufficient number of goods clerks to witness loading of trainload within free time. Once Clear receipts are to be issued, similar arrangement is required at each unloading point to supervise unloading.
- (ii) It has been laid down in the I.R.C.A. Goods Tariff that the number of articles is not to be specified in the Railway Receipt in the case of a consignment comprising of a large number of articles loaded directly by the sender which cannot be readily counted by the Railway staff.
- (iii) There are large number of loading and unloading stations, where F.C.I. offer their traffic. It has been agreed with FCI that if they bear the cost of tally clerks and stack the goods, the railway administration is prepared to issue clear railway receipts. However, mostly the loading is done directly from the trucks to the wagon, and FCI has not found it economical to bear cost of extra staff.
- (iv) This practice obtains not only for the loading of FCI but also in respect of fertilizers and cement traffic loaded in block rakes.
- (v) It may be also clarified that in 'said to contain' Railway Receipts, the same number of bags is mentioned as declared by the FCI in the forwarding note. If their version is correct there should be no shortage in the wagons which arrive at the destination with seals intact. However, even where 'said to contain' Railway receipts are issued, but seals are tampered enroute, the Railway accepts the liability, and the claim is paid.
- (vi) Where foodgrains are loaded in piece-meal and not in block rakes, and bags are stacked on the platform clear Railway Receipts are issued by the Railways.
- (vii) The Empowered Committee set up by the Ministry of Food & Civil Supplies (Department of Food) in Recommendation No. 49 has decided that F.C.I. management should issue instructions to fix their own seals on the wagons in addition to Railway seals. This will be a fool-proof arrangement and will pin-point the responsibility for shortages from the seals intact wagons on the FCI staff. The Railways have agreed to the putting up of such seals by the F.C.I.

*(b) Dunnage not provided*

Since millions of tonnes of foodgrains are loaded by F.C.I., and the operations are voluminous, F.C.I. has obtained an exemption from compliance of this mandatory condition. Hence the Railways do not admit claims on account of losses as which could have been prevented by provision of Dunnage.

F.C.I. was asked whether they would like to provide dunnage, and they have advised that they would try it as an experimental measure before taking a final decision.

[Ministry of Railways (Railway Board) O.M No. 86-BC-PAC/VIII/41 dt. March 1987]

#### **Action taken by Deptt. of Food**

As already stated that most of the claims are repudiated by the Rlys. on account of 'Said to Contain' RRs., loading/unloading not supervised by the Rlys. and dunnage not provided. The position is further clarified as under:--

##### *Issue of 'Said to Contain' RR and loading not supervised:*

The problem of booking foodgrain traffic on 'Said to Contain' RR came to focus after 1969 when the quantum of movement from Punjab, Haryana went up markedly and Railways had to take recourse to clear stocks in block rakes. The Rlys. are expected to make arrangement for counting the number of bags offered for despatch but the Northern Rly. which cater nearly 80 to 85% of the total foodgrain traffic, started issuing 'Said to Contain' RRs on the grounds that with the block rakes, loading staff was not in a position to count the number of bags and issue clear RR. This practice gradually got extended to other Rlys. as well. The matter for issue of clear RR had been taken up by the FCI and the Deptt. of Food with the Rlys. repeatedly over the last ten years or so but the Rly. Board has not agreed to issue clear RR.

##### *Unloading not supervised*

The Rly. staff does not supervise unloading of FCI foodgrain specials. This is for the Railway Board to explain.

##### *Dunnage not provided*

According to the Railway Tariff Rules, the foodgrain consignments, in wagon loads, are required to be protected at doors with dunnage material by the consignor. The dunnage consist of 6 bags for four wheeled wagon and 12 bags for eight wheeled wagon to be placed on each side of the flap doors except in case of traffic involving transshipment from BG to MG, when the number of bags to be provided must be 12 for the four wheeled wagon and 24 for the eight wheeled wagon. These bags are required to be stuffed with suitable material such as crushed sugar cane, paddy husk or straw etc., and the size of empty bag should not be less than 100 x 60 cms. with minimum thickness of the bag at the centre when stuffed with dunnage material, should be 30 cms. Because of voluminous operations, as a special case, an exemption was granted to FCI from compliance of this mandatory condition applicable to

booking of foodgrains. This subject too attracted attention of the Committee set up by the Deptt. of Personnel and Administrative Reforms. The Empowered Committee constituted by the Deptt. of Food to process the report of the said Committee desired the FCI to provide dunnage to consignments to prevent losses through door-crevices. The experiment of provision of dunnage from selected stations have started only in August. To evaluate the results, it is felt that more time is required for the collection of the data/material from the various recipient regions. Hence at this stage no progress could be submitted.

/Department of Food O.M. No. 11-1/86 FC.II dated 25 March 1987]

NEW DELHI,  
23 March, 1988  
3 Chaitra, 1910 (s)

AMAL DATTA,  
Chairman,  
Public Accounts Committee



## PART II

### MINUTES OF THE 38TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (EIGHTH LOK SABHA) HELD ON 17TH MARCH, 1988 (AN)

The Committee sat from 1530 to 1700 hours.

#### PRESENT

Shri Amal Datta --*Chairman*

#### MEMBERS

2. Shri Ajay Mushran
3. Shri S. Jaipal Reddy
4. Shri Chiranji Lal Sharma
5. Genl. R.S. Sparrow
6. Shri Vir Sen
7. Shrimati Manorama Pandey
8. Shri B. Satyanarayan Reddy

#### SECRETARIAL

1. Shri B.D. Duggal--*Chief Financial Committee Officer*
2. Shri S.M. Mehta--*Senior Financial Committee Officer*
3. Shri R.K. Chatterjee--*Officer on Special Duty*

#### REPRESENTATIVES OF AUDIT

1. Shri G.M. Mani--*ADAI (Reports)*
2. Shri P. Parameswar--*Director of Audit (CWM-I)*
3. Shri S.B. Krishnan--*Director (Reports--Central)*
2. The Committee considered the following Draft Reports and adopted

the same with modifications/amendments as shown in Annexure.

\* \* \*

(iii) Draft Report on action taken on recommendations contained in the 41st Report (8th Lok Sabha) of Public Accounts Committee relating to Compensation Claims arising from movement of foodgrain wagons.

\* \* \*

2. The Committee authorised the Chairman to finalise the draft Reports in the light of the above modifications and also make verbal and consequential changes arising out of factual verification by the Audit and present them to the Parliament.

*The Committee then adjourned.*

#### ANNEXURE

#### AMENDMENTS/MODIFICATIONS MADE BY PUBLIC ACCOUNTS COMMITTEE IN DRAFT REPORT ON ACTION TAKEN ON 41ST REPORT (8TH LOK SABHA) RELATING TO COMPENSATION CLAIMS ARISING FROM MOVEMENT OF FOODGRAIN WAGONS AT THEIR SITTING HELD ON 17 MARCH, 1988 (AN)

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Amendment/Modification</i>
11	18	1	<i>For 'so that' Substitute 'in which case'</i>
11	18	1	<i>For 'Claims' Substitute 'amount'</i>
11	18	9	<i>For 'out' Substitute 'about'</i>
11	18	18-19	<i>For 'time bound..... .....in arrears' Substitute 'time bound programme and also attend to new claims, if any, simultaneously so that the same do not fall into arrears.'</i>

## **APPENDIX I**

*(Vide Para 2)*

**(i) Observations/Recommendations that have been noted/accepted by Government**

Sl. Nos. 1, 2, 3, 4, 5, 6, 8 and 12

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

Sl. Nos. 7 & 10

**(iii) Observations/recommendations replies to which have not been accepted by Committee and which require reiteration**

Sl. No. 11

**(iv) Observations/Recommendations in respect of which Government have furnished interime replies**

Sl. No. 9

## APPENDIX II

**SUBJECT: REPORT OF THE HIGH-LEVEL-COMMITTEE ON RE--  
CONCILIATION OF MISSING AND UNCON-  
NECTED WAGONS OF THE F.C.I.-- REF: BOARD  
LETTER NO. 85/TC-III/72/5  
Dated 15.10.85**

### 1. BACKGROUND:

(i) On the 18th and 19th of September, 85 the Public Accounts Committee of the Parliament (1985-86) took down oral evidence of the Members of the Railway Board and the officials of the Ministry of Food & Civil Supplies/ the Food Corporation of India regarding sub-Para 1.12(b) and 1.12(c) of Para 1 of the Advance-Report of the C&AG of India, for the year 1982-83, regarding compensation claims arising out of foodgrain movement.

(ii) The Committee noted that some of the foodgrain rakes/wagons of the FCI are delivered by the Railways not at the originally booked destination but at a different destination, where they are diverted for the unavoidable reasons of the Railway and the FCI both. The delivery at the diverted destination is given on Indemnity Bond in the absence of Railway-Receipt, as the same goes to the consignee, at the original destination/depot. As a result the original destination/depot gets the R.R. and the diverted destination/depot gets the wagon. Consequently, the diverted wagons become unconnected at the diverted destination/depot and missing at the originally booked destination/depos. The former are unable to connect them against any Railway Receipts. Hence they call them unconnected wagons. The latter are unable to find them against the Railway Receipts. Hence they call them missing wagons. The same wagon thus assumes two different shapes at these two points. When the unconnected delivery is linked with pending Railway Receipt the suspense is cleared at both the points. It is this exercise which is called reconciliation.

(iii) The Committee also noted that reconciliation has been getting more complicated with the lapse of time. The old records have been getting weeded out at the stations/FCI depots. Since some of the wagons dated back to 1967-68 the Committee felt that there was immediate need to have the back log reconciled under a timebound programme by taking special measures.

(iv) This was agreed to jointly by the Ministry of Transport, Deptt. of Railways, and the Ministry of Food & Civil Supplies and a joint commitment

was given to the P.A.C. that special steps will be taken to complete the reconciliation within four months.

## 2. HIGH POWER COMMITTEE

With a view to achieving expeditious reconciliation of missing and unconnected wagons a High Level Committee comprising officers of Railways and the F.C.I. was constituted and it was directed to have the reconciliation completed from 1967-68 to 1983-84 in two phases. The first phase was to cover the period upto 1979-80 and the second phase the balance period of 1980-81 to 1983-84.

## 3. NOTIFICATION

The appointment of the Committee and its terms of reference were laid down in a notification which was issued jointly by the two Ministries under letter No. 85-TCIII/72/5 dated 15.10.1985 of the Railway Board. The Committee comprises JDTC (CL) representing the Railways as the Convenor and Jt. Manager (Movt) representing the F.C.I. as member at the central level. Since the preponderant number of missing and unconnected wagons were concentrated over the Eastern zone of F.C.I. a Sub Committee was also constituted comprising the representatives of the Eastern, South Eastern and N.F. Railways and the F.C.I. representatives of those regions.

## 4. TERMS OF REFERENCE

In the first phase reconciliation upto 1979-80 was to be completed so that cases upto 31-3-80 did not crop up in future reconciliation. The balance period--1980-81 to 1983-84 was to be covered in the second phase. The reconciliation has not been left to the individual Zonal Railways and the depots of the F.C.I. it was decided to be coordinated centrally by the Central Committee, though the actual reconciliation has to be done by the Zonal Railways. The time limit of 4 months from the date of notification was laid down in the letter of 15.10.1985 itself circulated by the Railway Board under letter No. 85/TC-III/72/5.

## 5. PARAMETERS OF RECONCILIATION

It was jointly decided by the F.C.I. and the Railway that reconciliation/match adjustment of the missing and unconnected wagons will be done on the commodity to commodity and bag to bag assessment on intra Railway (i.e., within the system of one Zonal Railway) basis. The freight payable to Railway or refund due to the F.C.I. on account of double payment of freight was to be settled on merits. In the case of delivery beyond destination or short of destination the differential freight was not to be pursued by the F.C.I. as it has found that total amount generally evened out.

## 6. SIZE OF THE PROBLEM

The Zonal Railway-wise position of missing and unconnected wagons as on 31.3.1984 was furnished by the F.C.I, in the course of oral hearing before the P.A.C. as per the position then available, as under:

Railway	Missing Wagons	Unconnected Wagons
Central	618	585
Eastern	5,544	4,081
North Eastern	307	319
N.F.	8,742	8,118
Northern	717	699
South Central	490	615
South Eastern	2,104	1,043
Southern	1,038	1,966
Western	65	43
B.P.T	91	63
<b>Total</b>	<b>19,716</b>	<b>17,532</b>

The year-wise break-up of the number of wagons was also furnished by the F.C.I as under:—

YEAR	MISSING	UNCONNECTED
1967-68	80	31
1968-69	410	21
1969-70	150	112
1970-71	365	287
1971-72	1,261	830
1972-73	936	482
1973-74	759	619
1974-75	554	295
1975-76	549	739
1976-77	386	386
1977-78	850	555
1978-79	1,800	1,946
<b>1979-80</b>	<b>3,800</b>	<b>2,730</b>

YEAR	MISSING	UNCONNECTED
1980-81	2,709	3,017
1981-82	1,541	2,591
1982-83	2,490	1,996
1983-84	1,076	695
<b>Total</b>	<b>19,716</b>	<b>17,532</b>

## 7. RECONCILIATION DONE SO FAR

(i) The reconciliation was taken up by the Zonal Railways immediately after the notification and special teams were detailed for this purpose both by the Railways and the F.C.I. The Zonal Railways were given four months time to complete the entire work of reconciliation covering the total period of 18 years. Considerable progress had been made by the end of the four months. Therefore, a meeting was held on 17.3.86 in the Railway Board's Office chaired by the Executive Director, Traffic Commercial and attended by the Chief Traffic Manager, F.C.I., the members of the Central Committee of reconciliation and the C.C.O.s of the Zonal Railways. Except for N.F. and Central Railways progress on other Railways was found very satisfactory.

(ii) On N.F. and Central Railways (including B.P.T.) reconciliation is still in progress. The volume of work involved being very heavy on N.F. Railway completion is likely to take another three months. Since most of the Railways have completed reconciliation it has been considered appropriate to submit this interim report.

(iii) The actual verification of records brought out considerably more missing and unconnected wagons in comparison to what was available in the F.C.I.'s records at the time of reporting of figures before the P.A.C. The latter figures were taken as authentic and in order to resolve the problem fully and finally reconciliation on their basis was undertaken.

(iv) The reconciliation of missing and unconnected wagons was done by the 7 Zonal Railways in the following manner and the tabulated picture is given on the basis of their reports.

*(a) MISSING WAGONS*

Railway	Total No.	Traced/ Linked	Match Adj. on commodity to commodity and bag to bag basis	Balance (Missing wagons)
N.E.	368	4	336	28
Western	36	10	18	8
Northern	546	170	170	206
S.C.	223	23	181	19
Eastern	11,262	7,053	3,686	523
S. Eastern	5,363	3,670	1,693	nil
Southern	783	-	773	10
<b>TOTAL:</b>	<b>18,581</b>	<b>10,930</b>	<b>6,857</b>	<b>794</b>

*(b) UNCONNECTED WAGONS*

Railway	Total No.	Traced	Match Adj. on commodity to commodity and bag to bag basis with missing wagons	Balance (Unconnected wagons)
N.E.	400	-	366	34
Western	24	-	18	6
Northern	2,684	2,174	163	347
S.C.	526	189	259	78
Eastern	3,795	-	3,795	-
S.E.	1,665	--	1,612	53
Southern	1,397	--	898	499
<b>TOTAL</b>	<b>10,491</b>	<b>2,363</b>	<b>7,111</b>	<b>1,017</b>

(v) The reconciliation of 18,581 missing and 10,491 unconnected wagons pertaining to seven Zonal Railways has resulted into a left over of 794 missing and 1,017 unconnected wagons. Even this number could be reduced but as the commodities were not matchable (e.g. fertilizers with foodgrains etc.) the Zonal Railways have left over those wagons for the reconciliation/decision at higher level.

(vi) Thus, after clearing all the missing wagons of FCI, 223 unconnected



wagons are available for adjustment on the balance two Railways i.e. Northeast Frontier and Central Railways which have not completed their reconciliation yet. When the same is done the final position can be decided by the Central Committee and this chapter of missing and unconnecting wagons plaguing the two organisations for practically two decades can be jointly closed.

## 8. OBSERVATIONS OF THE COMMITTEE:

### (i) *Discriminating use of diversions*

Though the cumulative number of such wagons over the 18 years has become very large, considering the fact that 1500 to 2000 wagons are loaded every day for the F.C.I. by the Railways the number is miniscule in comparison to the total number of wagons loaded for the F.C.I. by the Railways in the above period. The Committee was happy to note that most of the rakes have been finding their way to the correct destinations and only in unavoidable cases diversions have been taking place. Undoubtedly, this can be ascribed only to the discriminating use of this measure. Diversions should however, be further minimised and as per understanding between the FCI & Railways rebooking of Rakes/wagons should only be resorted to minimise incidence of missing and unconnected wagons. Diversions should be done by the Railways only in the exceptional circumstances.

### (ii) *No evidence of conspiracy*

The element of conspiracy in the diversions about which some hon'ble Members of the P.A.C. had expressed their apprehension and had suggested for special attention of this Committee was examined with particular care. No Zonal Railway came across any such instance. The diversion have been taking place under the orders of the top Transportation Authorities connected with the movement of the rakes---the C.O.P.Ss and C.F.T.Ss of the Zonal Railways----and in certain cases FCI is also informed. So far nothing has come in the knowledge of Committee about the apprehension of conspiracy in regard to the diversions.

### (iii) *Sound safeguards*

A very effective safeguard provided by the Railways against the likely misuse of diversions came to light. Under the extant instructions the Zonal Railways have been ordered by the Board to deliver all unconnected foodgrain wagons---whether they belong to the F.C.I. or to the private trade--to the F.C.I. and the Public Distribution Agencies, where the F.C.I. Depots are not available and the claims of such third parties wagons delivered to F.C.I. raised against the railway are ultimately recovered from F.C.I. Under this arrangement there is a chance of a private trader's foodgrain wagon going into the public distribution system but not vice versa.

(iv) *Excess making over of unconnected wagons to F.C.I. by Southern Railway*

In the C & AG's report mention was made regarding excess wagons made over to the F.C.I. by Southern Railway. This item has been covered in the reconciliation. It was found that against 783 missing wagons Southern Railway had made over 1,397 unconnected wagons. In the course of reconciliation 773 missing wagons were match adjusted with 898 unconnected wagons. Thus after clearing the claims of all the missing wagons of F.C.I., Southern Railway has found that it has made over 499 excess unconnected wagons. This excess has been offered by the Southern Railway to the Central Committee for adjustment over other Zonal Railways.

(v) *Lasting solution*

(a) Going by the trend of the past two decades the Committee believes that some diversions are unavoidable though their dimension may diminish. Therefore, provision for reconciliation should be formalised by both the organisations. Reconciliations must be done on yearly basis by the Zonal Railways and at the end of each financial year both the organisations should review the position at the apex level i.e., at the level of C.T.M., F.C.I., and the E.D.T.C., Railway Board. No diverted wagon or missing wagon should be left unreconciled beyond one year.

(b) Diversions need not result into dislocations in the form of missing and unconnected wagons. If the dissemination of information at the time of diversion is followed up by the Railway and the F.C.I. both the number of such cases can be reduced drastically. Both the organisations must intensify these efforts in future. However, where cases do arise F.C.I. must prefer its claims within six months so that Railways initiate enquiries immediately and finalise the cases when the information is fresh and the documents are easily available. Railways have already issued instructions to the Zonal Railways to finalise the cases of complete non-delivery of wagon-loads within a maximum period of six months. If this is implemented the number of such cases would be reduced considerably.

(vi) *Adequacy of existing instructions:*

The Committee had examined adequacy of existing instructions on the subject of diversions:--

- (i) Under the instructions issued vide letter No.TC.III/3090/73/4 dated 26.10.73 of the Railway Board the Control rooms of the Zonal Railways are required to keep full records of the food-grains wagons, RR numbers Booking-Stations and Diverted-Stations etc. The Card Labels are also required to show details regarding diversion. If these

instructions are followed linking of unconnected wagons should not be difficult.

- (ii) Under letter No. 86/TT-IV/9/3 dated 25.3.86, rakes are to be rebooked and not just diverted under telegraphic instructions of the Control Rooms. The completion of re-booking formalities entails information to all concerned--the original booking (despatching) stations, the originally booked (destination) stations, as well as the diverted stations. This can virtually eliminate the problem of unconnected wagons and in the case of missing wagons, this would provide good clues to connect/disposal. The Committee is convinced that these instructions will provide substantial relief to the problem with their strict compliance.
- (iii) Railway Board has also issued instructions under letter No.85-TC.III/RITES/40 dated 22.1.86 vide which Zonal Railways have been asked to furnish the information of diversion of foodgrain rakes to the headquarters and Regional Offices of Food Corporation of India in addition to the Railway officials concerned. Thus both the Railways and the FCI would be on the same wave-length in respect of diversions with the implementation of these instructions.

The above instructions are considered adequate by the Committee to serve the purpose of dissemination of information which is vitally connected with the issue under consideration. Information of diversions should also be given to original despatching station, original destination and the diverted destination also simultaneously.

(vii) *Role of Computers:*

Most of the foodgrain specials are loaded in B.G. wagons which are already covered by the computer installed in the Railway Board's office. It keeps track of these wagons upto the B.G. terminals. Upto that point, therefore, the tracing of missing wagons can be greatly helped by it. Added precaution is being taken by the Railways and the FCI to programme for the specific monitoring of FCI foodgrain specials by this computer. The development of software for that is already in progress on Northern Railway. FCI is also planning to instal a computer shortly and it is coordinating with the Railways in designing a mutually satisfactory software. Railways' computer installed in sixties has out-lived its utility and is being replaced by a new and superior machine which has been procured and is in the process of installation. By the end of this year it would be fully operative and would be able to do the matching of unconnected wagons of FCI with the overdue wagons considerably more satisfactorily. The old machine used to have frequent breakdowns. Winds of change are sweeping the information systems of all the major organisations in the country. This subject being vitally connected with the

information systems of the F.C.I. and the Railways is bound to be one of the principal beneficiaries of these fast approaching changes. It appears that within a period of six months to one year both the organisations will be able to have reconciled position of foodgrain wagons/rakes almost on day-to-day basis, thanks to their computers.

*(viii) Refund of Excess freight to the F.C.I. by the Railways*

As the Station receiving the diverted foodgrain rake is not sure of the payment of freight, the same is realised by it. Normally, however, the rakes of FCI move from the booking station after prior payment of freight. Therefore, double payment of freight wherever it has been received by the Zonal Railways has to be refunded to the F.C.I. This task is being undertaken by the Zonal Railways now after the reconciliation has been completed. Instructions are also being issued to the Zonal Railways to complete this part of the task connected with the diversions speedily. It is hoped that now that the major hurdle of reconciliation has been cleared refund of excess freight should not take much time and in next few months the refund payable to the F.C.I. must be cleared by the Railways.

**9. CONCLUSIONS:**

- (i) 18581 missing and 10491 unconnected wagons pending reconciliation on seven Zonal Railways (All Zonal Railways except N.F. & Central Rly.) for the last 18 years (1967-68 to 1983-84) have been covered under this exercise and it has been completed upto 31.3.1984. At the end of the reconciliation it has been found that the Railways have made over 223 surplus unconnected wagons to the F.C.I.
- (ii) Since F.C.I. is the sole recipient of all unconnected foodgrain wagons materialising on Indian Railways and since the entire demand of missing wagons on other seven Zonal Railways has been satisfied, it is, inferred that these wagons may be due delivery on the balance two zonal railways who have not yet completed their reconciliation.
- (iii) The balance Railways are Central and N.F. Railways. The reconciliation of Central Railway is almost through but the reconciliation of N.F. Railway is likely to take another three months on account of the large number of wagons to be reconciled and the peculiar situation in which the problem was created on that Railway. In the period of 5 years of Assam agitation, the book keeping all over the N.F. Railway connected F.C.I. depots was seriously affected. This has made the reconciliation work extremely difficult and progress is not as speedy as was expected. However, both, the F.C.I. and the Railways, are making their best possible efforts to complete the task as quickly as possible.

- (iv) Although the Committee would have preferred to submit the final report to the P.A.C. covering all the zonal railways, however, for non-completion of the same on two zonal railways it has not been considered desirable to hold back the progress achieved over the seven zonal railways. Therefore, this interim report is submitted. As soon as the other two zonal railways complete their reconciliation, the final position would be appraised.

Sd/-  
(J.N. Tripathi)  
Joint Director Traffic  
Comml. (Claims)  
Railway Board  
26.6.86  
*Convener*

Sd/-  
(K.N. Singh)  
Joint Manager (MC)  
  
F.C.I.Hqrs.  
dated 26.6.86  
*Member*

### APPENDIX III

#### *Statement of Observations/Recommendations*

Sl No.	Para No.	Ministry/Deptt. Concerned	Observations/Recommendations
1	2	3	4
1	3	Railways/Food	The Committee desire that final reply to the recommendation in respect of which only interim reply has so far been furnished should be submitted to them expeditiously after getting the same duly vetted by Audit.
2	7	Railways/Food	The Committee feel that unduly long time has been taken to complete reconciliation upto 1983-84 on N.F. Railways. The Committee desire the Railways and FCI to sign the agreement in this regard soon and settle the claims and counter-claims outstanding upto March, 1984.

The Committee had also desired in the earlier Report that after the completion of second phase of reconciliation, the process of clearing the arrears should be continued even thereafter. However, the Ministry have not stated in their reply whether reconciliation relating to the period subsequent to 1983-84 has since been taken up or not. The Committee desire that reconciliation after 1983-84, if not already commenced, should be taken up without any further delay and completed under a time bound programme. It is imperative that the recommendations of the High Level Committee on Reconciliation of Missing and unconnected Wagons of the FCI, that recon-

ciliation must be done on yearly basis by the Zonal Railways and at the end of each financial year both the organisations should review the position at the apex level, should be scrupulously observed and no diverted wagon or missing wagon should be left unreconciled beyond one year. The Committee also desire that freight traffic computerisation should be introduced at the earliest. They would like to be apprised about the steps taken in this regard. The Committee would also like to be apprised of the findings of the final report of the aforesaid Committee on reconciliation and action proposed to be taken thereon. The Committee would also like the finalisation of this Report to be expedited.

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11.

Railways/Food

The FCI is stated to be pursuing the question of settlement of their outstanding claims on account of loss/pilferage and damage to foodgrains in rail transit with the Railways. The Ministry of Railways have stated in this connection that FCI was asked (on 28 October, 1986) to furnish a list of their outstanding claims with a view to reconciling the position. The Committee would like to be apprised as to how far these steps have helped in clearing the outstanding. As substantial amount is locked up in the arrears, the Committee desire that these outstanding should be cleared at the earliest under a time bound programme and that there should be a regular monitoring at an appropriately higher level to watch the progress. They would like to be apprised about the latest position in this regard. The Committee would also like the Railways and FCI to take necessary steps to ensure that in future such huge arrears of outstanding claims do not pile up.

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1	2	3	4
4	14.	Railways/Food	<p>The Committee are not satisfied with the contention of the Railways that it is not always possible to send a transit invoice alongwith the wagon.</p> <p>They urge the Ministry of Railways to ensure that the relevant instructions on the subject contained in the Manual are scrupulously followed and compliance monitored so that transit invoices are invariably placed inside the covered wagons and in case of open wagons they are carried by the guard alongwith the train documents. This will ensure proper identification of the diverted wagons.</p>
5	13.	Railways/Food	<p>While the Committee appreciate the steps taken by the Railways (i.e. issue of instructions dated 27.12.1985) they are of the opinion that it is a belated step and should have been taken much earlier in which case the amount would not have increased from Rs. 21.21 crores as on 31st March, 1982 to Rs. 40.62 crores as on 31st March, 1984. According to the Ministry of Railways the concerned Zonal Railways have already made significant progress in finding out the diverted route and assessing actual freight charges due from FCI and that the work is still in progress and is being monitored closely. The Committee would like to be apprised about the extent of settlement brought about by the Railways as a result of these measures. It is also pertinent to note in this regard the observations made by the Department of Food that FCI officers are regularly maintaining liaison with their counter-parts in the Zonal Railways for settlement of these claims but the pace of settlement is very slow. The Committee desire that Ministry of Railways (Railway Board) should direct</p>



the Zonal Railways to get all the arrears of the excess payment of freight charges claimed by FCI cleared under a time bound programme and also attend to new claims, if any, simultaneously so that the same do not fall into arrears. The Committee also desire the Railways to consider the suggestion of the FCI to simplify the rules for granting refunds. The Committee would like to be apprised about the latest position in regard to arrears on account of excess payment of freight.

