

FORTY-FIRST REPORT
PUBLIC ACCOUNTS COMMITTEE
(1985-86)

(EIGHTH LOK SABHA)

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

MINISTRY OF TRANSPORT

DEPARTMENT OF RAILWAYS

RAILWAY BOARD



Presented in Lok Sabha on 28 April, 1986

Laid in Rajya Sabha on 28 April, 1986

**LOK SABHA SECRETARIAT
NEW DELHI**

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PART II*

Minutes of the Sitzings of Public Accounts Committee (1935-36) held on :

18-9-1935 (AN)
19-9-1935 (FN & AN)
&
23-4-1936 (AN)

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(1985-86)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 41st Report of the Committee on Sub-Paras 1.12(b) and 1.12(c) of Para 1 of the Advance Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Railways) regarding compensation claims arising from movement of foodgrain wagons.

2. The Advance Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Railways) was laid on the Table of the House on 24 February, 1984.

3. In this Report, the Committee have observed that due to diversions, foodgrain wagons at times become unconnected at the Depot or the Depots whereby they reach and become missing from the Depot or the Depots to which they should have been delivered but have not been delivered. They have been constrained to point out that the number of missing and unconnected foodgrain wagons reconciled in a year has not kept pace with those reported afresh during the course of the year and in fact the outstandings have increased 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. 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.

4. 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 reconciliations. 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 *ibid* is already over, the Committee have

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desired to be apprised whether the reconciliation/match adjustment has since been completed upto March 1980. The Committee have also desired that the reconciliation to be completed upto 1983-84 in the second phase may also be expeditiously completed latest by October, 1986. The same process should be repeated until the un-reconciled wagons relate to a twelve or fifteen months arrear period.

5. The Committee have observed 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. The Railways have been operating a system of monitoring wagon 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, according to the Committee, suggested the possibility of the system of monitoring 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 have been constituted exclusively to reconcile the missing and unconnected wagons pertaining to these areas. The Committee have hoped 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.

6. The Committee have been 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). As those 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 have considered that immediate remedial measures are a must to contain them. For this, the Department of Food/FCI should act in close coordination with Department of Railways. The Committee have desired to be apprised about the steps taken in this direction.

7. The Public Accounts Committee (1985-86) examined this paragraph at their sitting held on 18 and 19 September 1986. The Public Accounts Committee (1985-86) considered and finalised this Report at their sitting held on 23 April, 1986. The Minutes of the sittings form Part II* of the Report.

8. For reference, facility and convenience, the observations and 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 to the Report.

9. The Committee would like to express their thanks to the officers of the Ministry of Transport (Department of Railways) and the Ministry of Food and Civil Supplies (Department of Food) for the cooperation extended by them in giving information to the Committee.

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

NEW DELHI;
24 April, 1986

4 Vaisakha, 1908 (Saka)

E. AYYAPU REDDY,
Chairman,

Public Accounts Committee.

*Not Printed (one cyclostyled copy laid on the Table of the House; add 5 copies Placed in Parliament Library).

REPORT

FAILURES TO TRACE MISSING WAGONS

Audit Paragraph

1. In case of missing wagons with foodgrains of Public or the FCI, the claims are settled by linking similar unconnected wagon loads; where such unconnected wagon loads could not be traced, compensation was paid for non-delivery. During 1981-82, 2,580 such cases (of grains wagons of Public) involving payment of compensation for Rs. 41.12 lakhs for non-delivery were settled (against 1719 cases for Rs. 20.98 lakhs in 1977-78).

2. According to the records of the FCI, the total number of their missing wagons since 1969 was 5,830. The total number of their wagons traced and linked by the Railways so far (March 1983) was 4,337 leaving a balance of 1,493. In their accounts for 1981-82, an amount of Rs. 67.23 lakhs was shown by FCI as due from Railways on account of claims of missing wagons. However, according to the report of Southern Railway Administration to the Railway Board in June 1983, against the outstanding number, 1,493 missing wagons as on 31st March 1983, the FCI had been delivered 3,265 unconnected foodgrain wagons in excess, valued at Rs. 7.1 crores.

3. Expeditious action is called for to ascertain the details of wagons delivered in excess to the FCI with a view to setting them against compensation for missing wagons claimed by them.

[Sub-para 1.12(c) of para 1 of Advance Report of C&AG of India for the year 1982-83, Union Government (Railways)]

Failure to provide escort and enroute inspection of food specials

4. Instructions to provide RPF escorts to food specials of Food Corporation of India (FCI) in covered or open Box wagons (covered by tarpaulins) moving from the loading station of Northern Railway, and to inspect the tarpaulin covers on the wagons enroute, were issued by the Railway Board in 1969 and 1977. However, due to non provision of escort by adjacent Railways and lack of proper inspection enroute by the Security and Commercial Departments, the wagons were received with seals tampered or tarpaulins disturbed

with shortage of full bags at the destination stations on Southern, Central, Eastern and Western Railways. There were 1023 claims for complete and partial shortage of grains and pulses settled for Rs. 17.36 lakhs during 1981-82.

[Sub-para 1.12(b) of para 1 of Advance Report of C&AG of India for the year 1982-83, Union Government (Railways)]

5. The Committee took up the above paragraphs for detailed examination.

During evidence the Committee desired to know the difference between missing and unconnected wagons. The representative of Railway Board explained as under:

“When there is no trace of the wagon but it has been delivered, then it is missing. Unconnected wagon means that we know it has been booked to place A but it was delivered at place B. In case of missing wagons, we have still to link where it has gone. We have to do this reconciliation.”

6. The representative of Food Corporation of India added in this connection as under:

“May I explain ‘missing in the sense that it is a paper transaction. It is not missing. It is not accounted for. The goods have reached some depot. They have been unloaded. They have been issued. They have been consumed also. It is that the linking has not taken place.”

7. On enquiry as to why there should be any instances of missing and unconnected wagons, the representative of Railway Board explained:

“The main problem arises because they (wagon) get damaged on the way and they become sick. In every train two-three wagons get damaged because of these defects..... we are loading in a large measure to North-Eastern region to Assam, Manipur and Mizoram. If any of the wagon becomes sick or the whole train gets diverted to Bihar or West Bengal or to other places, that is how the wagons are missing. They become available in other places. We keep all the records in each place, but some records become unconnected because of labour problem, strike etc. We keep the overall record and advise them to connect all these things. This has to be done by different zones of the FCI, that is why the exchange of records takes time.”

8. Clarifying the position further in this regard, the representative of Food Corporation of India stated:

“Whenever diversion of a full rake takes place, it takes place in consultation with the FCI. There are a large number of wagons which get detached from the full train or get damaged or after transshipment they reach a different depot. It is not done in consultation because of the operating exigencies of the Railways. So it becomes unconnected in a depot and it goes to a different depot and it is missing from the depot to which it should have gone but has not gone.”

9. According to Audit para 5,830 foodgrain wagons of FCI were missing since 1969; of these 4,337 wagons were traced and delivered to FCI upto March 1983. When asked to explain the inordinate delay in tracing these missing wagons, the Department of Railways (Railway Board) stated in a note as under:

“It may be clarified that there has not been any delay in delivery of these wagons. Some wagons of foodgrains are diverted from one destination to another. These diverted wagons are treated as unconnected at diverted stations. Matching of unconnected wagons with so called missing wagons is a continuous process. It is not that missing wagons are traced and delivered afterwards. All that is done is reconciliation of wagons delivered at stations to which they were not booked with those which, on account of diversion did not reach their original destination at all.”

10. The Committee desired to know the latest position regarding reconciliation of missing wagons which remained to be traced yet by the Railways. In a detailed note furnished in this regard, the Department of Railways (Railway Board) have stated as under:

“Reconciliation of wagons delivered and wagons due to the FCI is a continuous process. The FCI were asked to furnish lists of missing wagons of the FCI and unconnected/diverted wagons delivered to the FCI so that these lists could be verified by the Zonal Railways and reconciliation of such wagons could be completed. These lists as received from FCI have been reconciled by the Railways in respect of Central, Western, Northern, Southern and N.E. Railways for wagons delivered upto 31-3-1980. However, the position as reconciled by the Railways has also

been finalised by FCI in respect of Northern and a major portion of Southern Railways. For wagons delivered after 1-4-1980 and upto 31-3-1984 the reconciliation has been completed by the Railways in respect of Western and Southern Railways and is in progress for the remaining Zonal Railways. For unconnected and missing wagons upto 31-3-1980 tracing 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 match-adjusted between the missing wagons and the unconnected wagons on the basis of the commodity and the number of bags.

The position of each Zonal Railway is being forwarded to FCI in phased manner for necessary check at their end. The work involves tremendous labour as old records have to be traced.

Instructions have been issued to the Railways that they should set up special cells to keep a special watch on the claims of Food Corporation of India and to see that the reconciliation of wagons due and wagons delivered to FCI for the current transactions does not fall in arrears."

11. During evidence the Committee enquired whether the Railways, at the end of the financial year, reconciles the figures of the missing and unconnected wagons with the Food Corporation of India. The representative of Deptt. of Railways (Railway Board) replied in the affirmative and added:

"We have been doing reconciliation every year. For 1983-84 we could reconcile 4514 missing wagons and 3380 unconnected wagons. Similarly, in 1984-85 we could reconcile 8149 missing wagons and 5212 unconnected wagons. But still the backlog is there. It is due to records not available or the staff are not available."

12. In this regard the representative of Food Corporation of India stated:

"We have been doing the reconciliation year to year and there is a certain progress made. But as we make progress every year more number of wagons become missing and unconnected. So the total is still a formidable figure. FCI maintains 2000 depots throughout the country. They are spread all over. It is all done manually. The reporting system has to be geared up."

13. At the instance of the Committee the Department of Food have furnished the following statement indicating the progress of reconciliation of missing and unconnected wagons from 1977-78 to 1983-84:

Year	Missing Wagons (As on 31-3-84)			
	Opening balance (at the beginning of the financial year)	Fresh reported (during the course of the year)	Reconciled during the course of the year	Closing balance (at the end of the financial year)
1977-78	8,082	8,677	8,948	7,811
1978-79	7,811	8,647	9,297	7,161
1979-80	7,161	19,560	14,401	12,320
1980-81	12,320	21,982	29,503	13,799
1981-82	13,799	23,521	25,714	11,606
1982-83	11,606	12,472	9,457	14,621
1983-84	14,621	9,609	4,514	19,716
		1,04,468	92,834	
Unconnected Wagons (As on 31-3-84)				
1977-78	7,950	3,912	5,714	6,148
1978-79	6,148	3,337	3,092	6,443
1979-80	6,443	9,163	6,786	8,825
1980-81	8,825	13,821	11,852	10,794
1981-82	10,794	4,852	6,179	9,474
1982-83	9,474	7,481	5,005	11,950
1983-84	11,950	8,962	3,080	17,532
		51,581	41,699	

14. The Zonal Railway-wise position of missing and un-connected wagons as on 31 March 1984 was 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	714	699
South Central	490	615
South Eastern	2,104	1,042
Southern	1,938	1,966
Western	65	43
D.P.T.	91	63
TOTAL	19,716	17,532

15. According to Department of Food, the year-wise break-up of the 19,716 missing and 17,532 unconnected wagons as on 31 March, 1984 was as under:

Year	Missing	Unconnected
1967-68	80	31
1968-69	410	221
1969-70	150	112
1970-71	365	287
1971-72	1261	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	1800	1946
1979-80	3800	2370
1980-81	2709	3017
1981-82	1541	2591
1982-83	2490	1996
1983-84	1076	695
TOTAL	19,716	17,532

16. During evidence, the Committee expressed concern about these 2,200 odd wagons unaccounted as on March, 1984 and desired to know whether it was not due to deliberate diversion for misappropriation by some persons in collusion with the Railway operating staff. The Chairman, Railway Board stated in reply:

"Sir, it is a case of book accounting and there cannot be any fraud."

17. In reply to a question whether diversion is made to help the private traders, the witness stated:

"The diversion is done only to another depot of the FCI and not to traders."

18. In this connection, the representatives of Railway Board stated:

"In regard to the foodgrains, we have given to the Government party and the State Government Civil Supplies Department. Normally, it is not given to the party at all."

19. When the representative of FCI was asked to explain as to whether unconnected wagons could be delivered to private party, he deposed:

"It is possible that unconnected wagons are delivered to a private party. It can be a State Government or a private party. Such instance has happened in the past. The private party can hold a railway receipt and he can present it and the wagon is delivered."

20. In reply to a query as to how he can obtain delivery of the wagon when it is marked to FCI, the witness clarified:

"Sir, we are talking of unconnected wagons and not the wagons marked to FCI. Sometimes, the wagon label gets lost or it is missing and the owner's name is also missing."

21. The Committee asked the representative of Railway Board whether there was any difficulty in removing the outside label from the wagons. He admitted that:

"The label can be removed."

Para 1455 of the Indian Railway Commercial Manual provides that:

"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 inside the wagons."

22. When the Committee drew the attention of witness to the aforesaid para, the representative of Railway Board stated:

"When an individual wagon is sent, we keep the label inside also, but in the case of rakes, we are not doing that. . . . We are keeping a note of this and would issue necessary orders."

23. On enquiry whether it was not easy for the unscrupulous persons in absence of any label outside it to manipulate the wagon number and take the delivery, the Chairman, Railway Board stated:

"The number cannot be manipulated. The wagon has a number and a person with a railway receipt has his number mentioned in the receipt. That number cannot be manipulated. If there is a big conspiracy to commit fraud, that is a different matter. Here we are talking about normal operations."

24. It is learnt from Audit that the Ministry of Railways (Railway Board) had written a letter No. 83/TC-III/72 to FCI on 26 November, 1984 wherein it was mentioned that the Railways had supplied 6598 wagons of foodgrains in excess to FCI till 31 March, 1984 and the dues outstanding against FCI totalled Rs. 19.70 crores. The Committee desired to know whether the FCI agreed to this claim of the Railways. In reply the Department of Food have stated in a note as under:

"The position available with the Food Corporation of India does not tally with the figures as given by the Railway Board. It is not correct to say that FCI has to pay a net amount of Rs. 1970.08 lakhs in full and final settlement of their claims."

25. On enquiry about the position of their (FCI) claims for short supply of wagons of foodgrains by the Railways as on 31 March, 1984, the Department of Food have stated in a note as under:

"The total outstanding claims of the FCI on account of non-delivery of foodgrain wagons by the Railways upto 31-3-84 was for Rs. 308.46 crores. At the same time as per FCI records, Railways have delivered 17532 wagons as unconnected to FCI. The value of these unconnected wagons and Debtors (Railway Claims) are booked for reconciliation with the Railways."

26. When asked to indicate how the cost of unconnected wagons delivered by the Railways, for which FCI stands liable to pay its cost, is exhibited in FCI Accounts, the Department of Food have stated in a note:—

"From 1981-82 onwards liabilities are created for unconnected wagons and Debtors (Railway Claims) are booked for missing wagons. Excess of liability over Debtors or Vice-versa, as the case may, is exhibited in FCI Annual Accounts."

27. During evidence the Committee desired to know the value of 2200 odd wagons which were due to FCI as on 31 March, 1984. The representative of Food Corporation of India replied:

"Our exercise says that the total comes to Rs. 10.47 crores".

28. However, Audit para points out that in their accounts for 1981-82 an amount of Rs. 67.23 lakhs was shown by FCI as due from Railways on account of claims of missing wagons. In reply to a query as to how it was that an amount of Rs. 67.23 lakhs only was shown by FCI in their accounts for 1981-82 as the claim due from Railways on account of missing wagons, the representative of Food Corporation of India replied:

"The figure of Rs. 67.23 lakhs which the Audit took pertains only to sugar wagons."

29. When asked as to why FCI did not get it corrected, the witness admitted that:

"This should have been corrected."

He added:

"This paragraph has not come to us for comments or for correction. So somehow we were ignorant. But when we checked up this figure, we found that it pertained only to sugar wagons and it does not include other foodgrains, namely, wheat and rice which we also deal in."

30. The Committee desired to know the steps which have been taken to settle the major outstandings against the Railways. In a note furnished in this regard the Department of Food have stated as under:

“After a claim for missing wagon is preferred, it is for the Railways to trace the wagons and prove delivery to the Food Corporation or to settle its claims. Over the years, a large number of wagons remained missing which were not finally traced by the Railways and delivery of which wagons was not proved to the FCI. Some of these wagons pertain to as early as 1967-68. At this distant date, it would not be possible to undertake through tracing of these wagons. It has been decided jointly by the FCI and the Railways that the missing and the unconnected wagons should be match adjusted, on the basis of the commodity booked and on bag to bag basis. This effort is currently on and it is hoped to settle this major problem shortly.”

31. In this connection, the representative of Railway Board has stated during evidence:

“Sometime back we appointed a team of FCI and Railway officers to reconcile some of these missing wagons.... we have decided to appoint a high level team.”

32. When asked during evidence as to how this high level team would reconcile when the old records are not available, the Chairman, Railway Board explained:

“Sir, we have been discussing it with the Department of Food. What we will do is that after the high level Committee has given its report and tried their best to reconcile something will remain un-reconciled. There is a directive that in such a case between two Government undertakings there has to be arbitration.”

33. In this regard the representative of Food Corporation of India added:

“We thought about this Committee at a high level because this has been going for many years. Its purpose is to sort out these things and after they give the recommendations, we would like to evolve a machinery for this so

that every year reconciliation is done and it is not carried forward."

34. On being pointed out that the reconciliation should be more frequent the witness replied:

"The booking of this month goes to next month. Monthly is not possible. All transactions must be reconciled at the close of the year."

35. But when stressed again by the Committee for more frequent reconciliation, the Chairman, Railway Board intervened to say:

"It will be done".

36. In this connection, the representative of Railway Board further stated:

"We are going to computerise the freight movement system. Once we computerise it, then every wagon will come on the computer and there will be no difficulty. But till such time it is computerised, this difficulty will be there."

37. Subsequently on enquiring as to whether the high level Committee had since been appointed, the Department of Food stated in a note:

"Yes, a Committee has since been constituted vide Railway Board's notification No. 85-TC. III|72|5 dated 15 October, 1985. The Committee is expected to submit its report for the first phase i.e., missing and unconnected wagons upto 31-3-1980 within four months from the date of notification.

38. As regards the constitution of this Committee and its terms of reference, the Department of Food have *inter alia* stated in a note as under:

"It has been decided to constitute a committee of the following officers of the Railways and the FCI.

Central Committee

1. Jt. Director, Traffic Comml. Railway Board—Convener
2. Jt Manager (MC), FCI, Hqrs.

Sub-Committee (for Eastern, South-Eastern and NF Railways)

Since most of the problem of missing and unconnected wagons of the FCI is confined to the East Zone of FCI, it has been

decided to constitute a sub-Committee for Eastern, South Eastern and North East Frontier Railways. This sub-Committee will consist of the following officers:

1. Additional Chief Claims Officer, Eastern Rly. For Claims pertaining to Eastern Railway.
2. Dy. Chief Comml. Supdt. (Claims) N.F. Rly. For claims pertaining to N. F. Railway.
3. Dy. Chief Comml. Supdt. (Claims), S.E Rly. For claims pertaining to S. E. Railway.
4. Jt. Manager/Movt. FCI Calcutta. For Eastern, N. F and S. E. Railway.

Terms of reference

In the first phase, reconciliation upto 1979-80, should be completed so that cases upto 31-3-80 do not figure again in future reconciliations. In the second phase, case from 1980-81 to 1983-84 should be taken up for reconciliation. The reconciliation should be first on zonal Railway basis. It would be coordinated at Central level on inter-zonal Railway basis. The Committee should submit their report within a period of 4 months.

All Zonal Railways as well as Zones of FCI (Zonal claim Cell) should immediately set up special cells and up-date their records for finalising reconciliation|match adjustment. The Central Committee will visit the Zonal Railways, Zones and the Regions for this purpose. Wherever they find that any Zonal Railway or FCI, Zone/Region has not made the requisite progress, they should immediately report the matter to the Managements of Railway Board and FCI accordingly. The sub-Committee will also make out programme and visit concerned Railways viz., South Eastern, Eastern and N.F. Railways, Zones, Regions to ensure timely reconciliation and submit its report to the Central Committee."

[14(18)/85-FC-II]

39. From the Annual Report of FCI for the year 1981-82, it is seen that apart from Rs. 67.23 lakhs claimed from the Railways for missing food wagons, Rs. 21.21 crores had also been claimed by FCI from Railways as excess payment of freight. When asked to explain the claim for the excess freight from the Railways, the representative of Food Corporation of India stated:

"Sir, the question here is 21 crores of the excess freight payment. That is what we have to recover from the Railways.... For a single transaction, I have paid the freight

twice. For instance, I am paying the freight charge while despatching the consignment. If it has not reached the original destination but it reached another station, than I am asked to pay the freight charge again. So excess freight is being paid, which we have to recover from the Railways, which again is a continuing process."

In this connection, Chairman, Railway Board stated:

"He is talking of cases where the wagon was originally booked on pre-paid basis, and people at the diverted destination do not know whether it has been paid for. If the Railway Receipt is available with them, the Railways will not charge again. Because of the unconnected nature of the wagon, the Railway Receipt had gone to the original destination. So, the Railways will charge again."

40. The Committee desired to know the amount due to FCI from the Railways as excess payment of freight as on 31 March 1984 and the latest position in regard to reconciliation of this claim. The Department of Food in a note furnished subsequently in this regard have stated as under:

"As on the 31st March, 1984, the FCI had claims for Rs. 40.62 crores on account of excess payment of freight on the Railways. These claims are mostly for double payment of freight involved in wagons delivered at stations other than the booked destination and some on account of error in rate, calculation or classification. The teams appointed to go into the reconciliation|match adjustment of missing wagons of the FCI with the unconnected wagons, at this stage, have not been able to undertake this job because of time bound assurance given to the PAC; however, as soon as the position of missing and unconnected wagons is reconciled, these claims are likely to be taken up as per assurance given by the Railways.

In regard to FCI claims for excess payment of freight as indicated above, the position would be reviewed as soon as the work relating to reconciliation of missing and unconnected wagon is over whereas the position of compensation claims is gradually improving partly because of rigid instructions to the regions not to prefer untenable claims and partly due to effective guidance for follow up action with the Railways. With the cooperation of Zonal

Railways in the matter of avoiding arbitrary rejections, the position can improve rapidly. The instructions have also been issued to discuss and settle tenable claims at an appropriate level."

41. The Committee desired to know the suggestions from FCI for improvement of the existing system. In reply the Department of Food have stated in a note as under:

"It is proposed to computerise important operations in the FCI after which it would be possible to link the missing wagons with the unconnected wagons which would help in reducing the number of missing wagons considerably. Railways will also have to gear up their machinery to trace missing wagons of the FCI.

A standing machinery has also to be set up in the FCI as also in the Railways which will meet periodically and reconcile the missing wagons with the unconnected wagons. Action on both the above suggestions is being taken."

42. When asked to state the steps which have been taken to reduce the instances of missing and unconnected foodgrains wagons in future, the Department of Food stated in a note as under:

"(i) The FCI has stopped diversion of wagons enroute and rather adopted a system of rebooking of such wagons when they reach the destination. However, sometimes the wagons are diverted due to certain operational reasons of the railways and FCI's own problems. This will reduce the number of missing wagons.

(ii) FCI District and other loading agencies have also been asked to:

(a) provide convey notes in each wagon at the time of loading to prevent them from becoming unconnected.

(b) to make marking on a few bags at the wagon doors indicating (X) name of the consignor (Y) forwarding and despatching destination.

(c) to ensure that the despatch documents are sent to the recipient points within 24 hours after completion of the loading so that the wagons are not unduly shown as unconnected at the destination."

43. The Committee desired to know the extent of the loss of foodgrains in transit by rail. The department of Food have stated in a note as under:

"The figures of transit loss of foodgrains in terms of quantity and money value for the years 1977-78 to 1984-85 is given below:

(Qty. in lakh MT value in Rs. crores)

	Transit (Qty.)	Shortages (value)
1977-78	1.69	23.27
1978-79	2.04	28.03
1979-80	2.85	40.54
1980-81	3.61	55.05
1981-82	4.09	71.55
1982-83	5.14	97.75
1983-84	4.66	95.85
1984-85	3.92	83.04

The above figures include transit loss during road journey as well. Exclusive figures for rail transit are not available."

44. The Committee desired to know the amount of compensation which was claimed by FCI for the loss/pilferage of foodgrains in transit and the amount recovered from the Railways during each of the years from 1977-78 to 1984-85. In a note furnished in this regard the Department of Food have stated as under:

"The amount of claims compensation, preferred by the FCI on account of loss/pilferage and damage to foodgrains in transit, the amount recovered by the FCI and amount not ac-

cepted by the Railways year-wise from 1977-78 to 1984-85 is given below:—

Year	Claimed by F.C.I.	Amt. recd. from Railways.	Claims not accepted by Railways i.e., repudiated.
		(Rs. in thousands)	
1977-88	74690	3513	10812
1978-79	62605	1501	8258
1979-80	54705	652	2096
1980-81	67870	833	4586
1981-82	62366	1615	11096
1982-83	61801	1800	44087
1983-84	53461	939	24300
1984-85	49464	841	57751
	48,69,62	1,17,12	10,29,86

The above figures do not include claims for missing wagons.

Figures for loss/pilferage alone are not available separately. The broad reasons for rejection of claim by the Railways for loss/pilferage and damage of foodgrains are 'said to contain railway receipts', 'loading/unloading not supervised by the Railways', 'dunnage not provided' etc."

45. On enquiry during evidence about the claims due to FCI on account of damage in transit by rail, the representative of FCI stated:

"We have an outstanding of Rs. 28.99 crores towards claims on account of damage and shortage losses."

46. In a note furnished subsequently in this regard Department of Food have stated in a note as under:

"The Food Corporation of India, claims for Rs. 28.99 crores on account of compensation i.e. shortage/damage, were as per the available reports in this office as on 1-9-85. These claims at the close of September '85 were Rs. 26.83 crores."

47. When asked to explain the reasons due to which the claims of FCI for loss in transit were rejected by Railways, the Department of Food stated in a note:

"In this connection, it is to elaborate that as per Section 47(f) of the Indian Railways Act, the Railways from time to time, publish rules for acceptance, carriage and delivery of goods:

Rule 145 of IRCA Goods Tariff says that where the Railway administration is not in position to count articles loaded by the sender, number of such articles need not be specified in the RR. The Railways do not count the number of bags loaded, consequently issue 'said to contain' RRs, also record remarks like 'Loading not supervised' and reject claims on this ground. Provision of dunnage to foodgrain consignments is a mandatory condition as per Railway rules. The FCI 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/found near the flap doors. The Railways are repudiating all claims for partial shortages irrespective of the position of the bags on this ground."

48. During evidence, the Committee desired to know whether the foodgrains were moved in open wagons. To this, the representative of Food Corporation of India replied:

"We do not get sufficient wagons also. We have succeeded in getting the proportion of box wagons increased by the Railways. The figures for 1982-83 is 5,12,102 wagons total loading and 14.6 per cent in the open; for 1983-84 the percentage is 14.2. Unfortunately the number of box wagons which they can make available to us is not sufficient."

49. 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 a full rake of foodgrains 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.

50. 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.

51. 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 reconciliations. 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 Reports 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.

52. 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 railwaywise 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 wagon 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.

53. 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 farudulent 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.

54. A number of valuable suggestions came up in the 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 sugges-

tions 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 Deptt. 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.

55. 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 foodgrains 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 freeplay 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/FCI should act in close coordination with Department of Railways. The Committee may be apprised about the steps taken in this direction.

56. The Committee find 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 of the FCI on account of shortage/damage in rail transit is stated to be Rs. 26.83 crores at the close of September 1985. The Committee are unable to understand how the FCI 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.

57. 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 years 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 FCI 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 FCI should invariably provide dunnage so that the Railways do not get a chance to repudiate the FCIs valid claims on account of other factors on the ground that the dunnage was not provided. The FCI 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.

58. 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 FCI for transporting foodgrains.

59. 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 along with 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.

60. 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 stage and these claims are likely to be taken up as soon as the position of missing and unconnected wagons 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.

NEW DELHI;
24 April, 1986.

4 Vaisakha, 1908 (S)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX

Statement of Recommendations/Observations

Sl. No.	Para No.	Ministry/ Deptt. concerned	Re commendation/observation
1	2	3	4
1	49	Railways <hr/> Food	<p>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 a 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.</p>
2	50	Railways <hr/> Food	<p>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 3,360 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 re-</p>

ported 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.

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Railways

Food

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 reconciliations. 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 Reports 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.

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 wagon 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.

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5.

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Railways

Food

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

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6. 54 . Railways
Food

be overlooked by the sub-committee which has been appointed to make a thorough study of the problem.

A number of valuable suggestions came up in the 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 every great importance and would like the Deptt. 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.

7. 55 Railways
Food

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 foodgrains 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|FCI should act in close coordination with Department of Railways. The Committee may be apprised about the steps taken in this direction.

8. 56

Railways
Food

The Committee find 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 of the FCI on account of shortage|damage in rail transit is stated to be Rs. 26.83 crores at the close of September

1985. The Committee are unable to understand how the FCI 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.

9.

57

Railways
Food

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 years 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 FCI 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 FCI should invariably provide dunnage so that the Railways do not get a chance to repudiate the FCI's valid claims on account of other

factors on the ground that the dunnage was not provided. The FCI 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.

10. 58

Railways

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 FCI for transporting foodgrains.

11. 59

Railways

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 along with 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.

12.

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Railways
Food

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 stage and these claims are likely to be taken up as soon as the position of missing and unconnected wagons 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 evi-

dence 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.

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