

**PUBLIC ACCOUNTS COMMITTEE
(1974-75)**

(FIFTH LOK SABHA)

HUNDRED AND FORTY EIGHTH REPORT

**[Paragraphs relating to Financial Results and Earnings
of the Railways included in the Report of the
Comptroller & Auditor General of India for
the year 1972-73—Union Government
(Railways)]**



**LOK SABHA SECRETARIAT
NEW DELHI**

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- 18-9-74 (FN)
- 18-9-74 (AN)
- 19-9-74 (FN)
- 13-1-75 (FN)
- 16-4-75 (AN)

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PUBLIC ACCOUNTS COMMITTEE

(1974-75)

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SECRETARIAT

Shri B. K. Mukherjee—*Chief Financial Committee Officer.*

Shri N. Sunder Rajan—*Senior Financial Committee Officer.*

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Forty Eighth Report of the Public Accounts Committee (Fifth Lok Sabha) on paragraphs relating to Financial Results and Earnings of the Railways included in the Report of the Comptroller and Auditor General of India for the year 1972-73—Union Government (Railways).

2. The Report of the Comptroller and Auditor General of India for the year 1972-73 on Railways was laid on the Table of the House on 15th March, 1974. The Committee examined Audit Paragraphs at their sittings held on 18th and 19th September, 1974 and 13th January, 1975. The Committee considered and finalised this Report at their sitting held on 16th April, 1975. Minutes of these sittings form Part II* of the Report.

3. A statement showing the summary of the main conclusions/recommendations of the Committee is appended to the Report (Appendix). For facility of reference, these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of the paragraph by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the officers of the Ministry of Railways (Railway Board) for the co-operation extended by them in giving information to the Committee.

NEW DELHI:

April 16, 1975

Chaitra 26, 1897 (S).

JYOTIRMOY BOSU,

Chairman,

Public Accounts Committee

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CHAPTER I

FINANCIAL RESULTS

Budget Estimates

Audit Paragraph

1.1. The Railway budget for the year 1972-73 envisaged a surplus of Rs. 32.53 crores. The actuals showed a surplus of only Rs. 2.92 crores and this was credited to Railway Development Fund. The shortfall of Rs. 29.61 crores in the surplus occurred due to increase in revenue expenditure (Rs. 47.24 crores) and payment of dividend to General Revenues (Rs. 1.81 crores) partly off-set by increase in receipts (Rs. 19.44 crores).

1.2. The anticipated and actual gross revenue receipts and expenditure for 1972-73 and actuals for the preceding two years are shown in the table below:—

	Crores of rupees				
	Actuals 1970-71	Actuals 1971-72	Budget 1972-73	Actuals 1972-73	Variations
Gross revenue receipts	1166.96	1266.97	1143.33	1172.77	+ 29.44
<i>Deduct</i>					
A. Revenue Expenditure	562.22	927.56	971.40	985.31	+ 17.24
B. Payment to General Revenues	194.57	151.24	159.70	171.51	+ 1.81
Surplus or Deficit	409.84	178.17	32.53	2.92	- 29.61

[Paragraph 1(a) of the Report of C&AG of India for the year 1972-73 on Railways].

1.3. At the time of presenting the Budget estimates for 1972-73, an increase of 9.5 million tonnes in the revenue earning freight traffic over the previous year was anticipated. The actual materialisation was, however, a little over five million tonnes. While presenting the revised Estimates for 1972-73 alongwith the Budget for 1973-74, it was stated by the Minister of Railways that failure of economy to pick up during the greater part of the year had resulted in upsetting original calculations of the

volume of traffic likely to be handled. However, the estimates of revenue receipts were revised upwards by Rs. 31.17 crores.

1.4. Referring to the Revised Estimates for 1972-73, the Committee desired to know the reasons for upward revision of revenue receipts in the context of the downward revision of estimates of the additional traffic. In this connection, the Chairman, Railway Board explained during evidence:

"The traffic forecast on the additional traffic is always made not by ourselves alone but in collaboration with the Planning Commission, which takes a leading role in this, and with every other Ministry concerned; Steel, Mines, Industrial Development and Heavy Industry—all together. Our experience always has been that we have always whittled down the over-optimistic estimates that have been given to us and we have invariably exercised a moderating influence on these. Here again there are limits to which we can moderate in the face of positive assertions.

To give an example, I would state what happened in 1972-73. 12 million tonnes additional traffic was forecast; after our moderation, we had to whittle it down on the basis of coal to steel plants being 1.2 million tonnes, washeries 1.8 million tonnes and other public users 2 million tonnes making a total of 4 million tonnes—I am talking only of revenue traffic. In regard to raw materials to steel plants, the estimated additional was 0.2 million tonnes, finished products in steel products 0.5 million tonnes, iron ore an additional 2 million tonnes, foodgrains .3 million tonnes, fertilisers .5 million tonnes, petroleum products .8 million tonnes. In other general goods, we did not anticipate any increase at that time. What actually happened was that coal movement to steel plants came down to .9 million tonnes; although we had moved 1.3 million tonnes extra of raw materials and .2 million extra of finished products, coal to steel plants and washeries came down by 1.8. Export iron ore movement came down because of reduction at Bailadilla and shipping difficulties in Paradeep and Kakinada ports. In regard to cement, production was down by 1.9 million tonnes because of power cuts in that year which could not be anticipated. In regard to foodgrains, the estimate of additional quantity was exactly the same, .3; in regard to fertilizers instead of .5 only .2 materialised. In the category to other goods, we moved 1½ million tonnes extra. So the net result was 5.2 million tonnes."

The Financial Commissioner for Railways further explained:

"In 1972-73, there were two contrary trends in our economy while agricultural production was below normal, industry was buoyant. In the first half of the year, we had drought in many parts of the country which affected the economy and rail transport. On the other hand, it is a very curious phenomenon that in the industrial sector although in the eastern region, the iron and steel production was not coming up, it was more or less compensated in other parts of the country where the conditions were favourable. Take the case of foodgrains. It came down by 9.7 per cent in that year. In industry if you take the index for calendar year 1972, the increase is 7.1 per cent. But if you take the financial year 1972-73, the index is 5.3 per cent which shows that towards the last quarter of the year, there was a slackening of industrial activity which brought down the percentage from 7.1 to 5.3. In other words, throughout the calendar year from January to December, there was a steady growth in industry, but when you take the figures for April to March, the growth is only 5 per cent against 7 per cent. When we revised the estimates, while we were aware of the position in regard to the agricultural economy, we were not quite clear about this trend in the industrial economy, namely that it would suddenly come down in the last quarter of the year. We were, therefore, working on the trends of performance at that time. For example, in the quarter ending June we were down by 20,000 tonnes—in terms of additional traffic: in July freight traffic started picking up and for the first time, we were plus 8,000 tonnes which trend went on right upto January. By December, the figure was 4.72 million. We were hoping that the last quarter would turn out, as is normally the case to be the best part of the year for the railways. It was our hope that we would be able to reach 3.6 million tonnes of additional traffic. On top of that there was improvement in mix, there was an extra million and a half in general goods. At the same time, our lead was improving. In other words, we were carrying traffic a longer distance. Unfortunately in the last quarter of the year not only the tonnage fell but also the lead came down very precipitately. These factors account for the difference between the revised estimates and the final estimates."

1.5. The Committee pointed out that from the figures of revenue earning traffic and the revenue earnings given in the Revised Estimates of the year 1972-73, it could be inferred that in the beginning low

estimates of the earnings were made to increase the tariff and towards the end they were revised upwards to cover up the enhanced tariff rates. To this the Financial Commissioner for Railways replied:

“The main object in revising the tariff was to improve our income. At the time of framing the budget estimates, we had the revised estimates of 1971-72 before us and the estimate for 1972-73 were to be framed with reference to these figures. At the time of the Revised estimate, we were expecting a gross traffic receipt of Rs. 1,078 crores, and as a result of the budget proposals, and after taking into account growth of traffic and other related factors the figure came up to Rs. 1,143.10 crores. You will see that we assessed an increase of Rs. 65.10 crores. Even without the budget proposals earnings came to Rs. 1,126.10 crores. At that time there was a desperate effort being made by the Government to reduce the working expenses. They were being held at a very low figure. We had mentioned in one of the documents presented to Parliament that it was the barest minimum.

Looking at it in retrospect, I do not know whether it was not a case less of under-estimation. We have been criticised earlier that for a number of years we have been overestimating our revenues and underestimating our working expenses with the result that when we present the final figures to Parliament it is a picture of deterioration. We have been a little more conservative in 1972-73 and perhaps in our zeal to comply with the wishes of the PAC we have erred a little on the other side, but I do not think it could be called a deliberate attempt to play down our earnings. I would like the Committee to consider this aspect.”

In the same context the Member Traffic said:

“I only wanted to add to what the Chairman and the Financial Commissioner stated regarding the estimates of the tonnage to be lifted during the year, that the estimate of 9.5 million tonnes was well within achievement and was based on the buoyance emerging after the Bangladesh crisis; there was an upsurge of activity and a resumption of normal work in the eastern sector which had been impeding us for the previous two years, 1970-71 and 1971-72, and based on the upsurge of activity and better movement, it was felt that we would do 9.5 million tonnes. However, 1972-73 was the first year in which there was a power crisis and power cuts. These were never experienced as much before in the eastern sector.

considering the extent to which they occurred in the DVC and the Bihar State Electricity Board. In fact, this power crisis in the eastern sector took everybody by surprise and it was a potent factor in bringing down the estimated traffic in April, May and June to which the Financial Commissioner referred. In the remaining months of the year the movement had picked up by 5.2 million tonnes. We would have done even better but for the prolonged interruption in traffic which occurred from the north to the South and from the east to the north due to factors which affected movement. For example, there was the Andhra agitation which lasted for about three months. Our greatest lead comes from the traffic of goods from the north to the south, such as coal, foodgrains, etc.

"...For three months, therefore, those interruptions affected both the tonnage and the lead. Similarly, there was an agitation in Punjab and it affected our traffic; then there was a major strike by the Electricity Board staff in Uttar Pradesh which resulted in an almost total stoppage of movement between the Northern and the Eastern Railways. These were the contributory factors to reduction of the tonnage and the lead which was expected. But for these factors, I do not think we were very wrong or far away from the target."

1.6. The Committee desired to know as to how much of the actual increase of revenue receipts *viz.* Rs. 19.44 crores over the Budget estimates was attributable to increase in tariffs introduced in the budget for 1972-73. The Railway Board have in a note on the subject stated:

"Out of the total increase in earnings of 19.44 crores over the Budget estimates in 1972-73, there was an increase of Rs. 14.94 crores in passenger earnings and Rs. 4.44 crores in goods earnings.

Of the total increase in passenger earnings, an increase of Rs. 12.35 crores took place in third class, due mainly to increase in traffic and partly to a change in the mix as between the various components *viz.* Mail and Express and Ordinary, etc. and also between the different distance legs. There has been a concomitant increase also of about Rs. 3 lakhs included in the total for third class due to increase in fares.

There was an increase of Rs. 2.59 crores in upper classes on account of an increase in traffic and also a change in the mix

as between the constituent classes. The concomitant increase due to increases in fares has been about Rs. 12 lakhs, included in the total for Upper classes.

The increase of Rs. 4.44 crores in goods earnings had resulted from an increase in miscellaneous goods earnings (wharfage, demurrage, crantage, etc.)”.

1.7. In the course of evidence before the Committee, the Financial Commissioner for Railways also explained:

“There was an increase of Rs. 4½ crores in goods earnings. The additional earning is accounted for by our miscellaneous charges like demurrage, wharfage etc. There is no freight element in this increase. From 1st December, 1972, we had increased our demurrage charges rather steeply... Goods earnings did not improve beyond the budget estimate in the final results. So far as passenger traffic is concerned, it improved with quantity; we had a much larger traffic.”

1.8. The Committee note that the Railway Budget for the year 1972-73 envisaged a surplus of Rs. 32.53 crores. However the actuals showed a surplus of only Rs. 2.92 crores. At the time of presenting the Budget estimates for 1972-73, an increase of 9.5 million tonnes in the revenue earning freight traffic over the previous year was anticipated. The actual materialisation was a little over 5 million tonnes. However while presenting the revised estimates for 1972-73 alongwith the Budget for 1973-74, although the estimates of additional traffic were revised downward the estimates of revenue receipts were revised upwards by Rs. 31.17 crores. The reasons for the upward revision of the revenue receipts when it was well known that the additional revenue earning traffic was not going to materialise, have not been adequately explained. The Committee are not at all impressed by the elaboration of circumstances which prevented the Railways from achieving the target of 9.5 million tonnes in the revenue earning freight traffic, viz. power crises and power cuts in the eastern sector, prolonged interruptions in traffic which occurred from north to the south and from east to the north due to factors which affected movement, agitation in Punjab, major strike by the Electricity Board staff in Uttar Pradesh, fall in agricultural production due to drought etc. The Committee are strongly inclined to think that at the time of framing the budget the revenue estimates have been deliberately played down to justify the increase in tariffs and towards the close of the year these figures were revised upwards to cover up the enhanced tariff rates. The Committee cannot but deprecate such a practice. In this context, the Committee

would like to invite the attention of the Ministry of Railways to the observations made by the Committee in their 120th Report (1973-74):

"The Committee had in their earlier reports repeatedly emphasised the need for more accurate estimation of the revenue and expenditure at the time of budgeting. It is, however, seen that against the Budget Estimates for 1971-72, the actuals of Gross Revenue Receipts and Revenue Expenditure for the year recorded an increase of Rs. 26.52 crores and Rs. 24.34 crores respectively. Further, in the case of earnings the variation in the actuals for 1971-72 against the revised estimates for 1971-72 was as high as Rs. 18.75 crores. The explanations for these wide variations are not at all convincing and the Committee are left with the impression that the budgetary control on Railways is not what it should be. The Committee feel that there is lot of scope for improvement in the system and they hope that necessary remedial measures will be taken in this direction."

1.9. The Committee would like to emphasise that the budgetary proposals should be formulated on more realistic estimates so that there is no scope for any misgivings.

Social Burdens

Audit Paragraph

1.10. For the first time, the payment (Rs. 143.35 crores) to the General Revenues, after excluding Rs. 16.25 crores for payment to States in lieu of passenger fare tax and Rs. 1.91 crores as contribution towards safety works, was less than Rs. 143.53 crores representing interest on loan capital at the average borrowing rate (*viz.*, 4.77 per cent during 1972-73) of Central Government applicable to commercial undertakings during the year. In other words, the return to the Central Government on the capital invested in the Railways fell below its average borrowing rate during 1972-73. This reduction in the return was primarily due to concessions and exemptions of Rs. 24.01 crores obtained on the basis of recommendations of the Railway Convention Committee, 1971 in its Interim Report approved by Parliament in December, 1971. The value of similar concessions and exemptions for the year 1971-72 was Rs. 22.06 crores.

[Paragraph 1(b) of the Report of C&AG of India for the year 1972-73 on Railways.]

1.11. The matter regarding the quantum of dividend paid by railways falling short of the average rate of interest on Capital-at-charge was considered by the Public Accounts Committee 1973-74. The Committee recommended (Paragraph 1.96 of 120th Report) that the Railway Board should, while placing their proposals before the Convention Committee, 1973 clearly bring out the implications of further reliefs *vis-a-vis* contribution element, taking the capital-at-charge as a whole.

1.12. During evidence the Committee enquired whether the implications of further reliefs *vis-a-vis* contribution element had been brought to the notice of the Railway Convention Committee, as desired by the Public Accounts Committee. The Financial Commissioner for Railways stated:

“We were specifically asked by the PAC to do so. When we sent our views to the Railway Convention Committee, we also sent a copy of that to the PAC Secretariat. For the first time this year the net dividend payment will be short of the average borrowing rate; while this statement is generally true, I might make a slight correction. In this figure the loss on strategic lines is also included—that is Rs. 5.94 crores. This loss is to be made good to railways. It is a matter of accounting convenience that it is shown as a set-off in Dividend liability. Otherwise at least for the time being we will not be falling short of the average. We have brought **this aspect** to the notice of the Railway Convention Committee. Over the years the average borrowing rate of the Government of India is increasing; when old debts are liquidated and new loans are taken the average borrowing rate goes up.”

1.13. The Committee drew attention to the recommendation made by the Committee on Transport Coordination to the effect that the concessions in fares and freights should be taken into account in determining Railways' commitment to the general revenues and enquired whether the matter had been taken up with the Railway Convention Committee and if so with what results. The Financial Commissioner for Railways stated:—

“We have quantified the losses which we incur and as part of regular programme we put this figure in the budget documents which we present to Parliament. This figure keeps on varying from year to year. We have asked for some relief but to the best of my recollection the Committee has not taken any decision. For the time being we have been given some relief but the full benefit of the relief does not even cover the total amount of social burden that we have to bear.”

1.14. It is seen from the 'Indian Railways Year Book 1973-74' that the losses borne by the Railways in 1974-75 because of their social obligations have been estimated at about Rs. 203.91 crores. Out of this, Rs. 45.61 crores account for the loss on principal low-rated commodities such as foodgrains, oilseeds, sugarcane and ores etc. During evidence the Committee enquired on which of the low-rated commodities there was an element of subsidy. To this the Financial Commissioner for Railways replied:

"In the two commodities the D.A.C. mentioned specifically earlier, one was bamboo and the other was sugarcane. In regard to bamboo we have done two things. One is that we have changed the rates. It was at the level of 45. and we have raised it and we have now classified it at 60. That means that the basic rate itself has gone up. We have reclassified it. Therefore, the basic rate is very much higher than what it was originally. On top of that, now these are all the escalations of this year's budget, viz., 22 per cent. Therefore, the loss in bamboo will be more or less covered, I would not say, completely wiped out. This is the situation as it is to-day.

On sugar-cane we have not completed our study yet. While the Railway Board think that the sugar-cane rate was rather low, the North-Eastern Railway, about 25 per cent of whose traffic is sugarcane traffic, is of the view that it is not losing. We are most anxious not to take any hasty action because we do not want N. E. Railway to lose 25 per cent of their traffic.

As it is, over the years, we have been losing sugarcane traffic. That is because it is carried by road. We are anxious that before we finalise review of the freight rate we have complete study of this traffic by road."

1.15. The Committee desired to know whether the Railways had any arrangement for making a study of the profitability of the end-products of the commodities which the Railways have been carrying at subsidised rates or at rates which are hardly profitable. In this connection, the Committee pointed out that although bamboos were being transported at highly subsidised rates, the paper mills who use bamboos as raw material were making fabulous profits on the end-products. The Financial Commissioner for Railways stated during evidence;

"We have been concentrating on the economics of rail transport rather than the profitability part of an industry."

He added: "Over the years, we have been helping industrialisation by carrying the raw materials needed by factories at a favourable rate. For processed or finished goods the rate is higher as in the case of cloth, steel or any other item."

1.16. In reply to a question whether the subsidised transport provided to industrialists was justified the witness stated:

"Leaving aside the subsidy part of it, it is a moot point whether we should at all take into account the profitability part of it, or not. In practice it is difficult to do so. . . . That, I am afraid, is in a different sphere altogether. Whether the profitability should be shared by transport is a different question altogether."

1.17. On being pointed out by the Committee that such propositions could be got examined by giving specific projects to the Universities and other institutions etc., the Financial Commissioner for Railways stated:

"I have gone to them many time, but without much success. I do not know what you have in mind. How to take away the profits of an industrialist does not lie in the field of transport economics."

He further added: "After all, we are a public sector undertaking not entirely a commercial organisation. There are two ways of dealing with the problem. Either we can be given grants-in-aid which will appear as credits in our balance sheets or the extent of burden can be noticeably taken in judging our performance."

1.18. As regards the consideration by the Railway Conervation Committee of the question of social burdens borne by Railways, the Financial Commissioner for Railways stated during evidence:

"A memorandum on this subject was submitted to the earlier Committee also. But that Committee could not go into it in a detailed fashion before finalising its report. So, this subject is still before the Committee and it is very difficult for us to state what will be the position or in what direction they are likely to move. In the mean time, as suggested by the PAC and other bodies, we are bringing to the notice of Parliament in all our budget papers the extent of social burdens that the railways bear under the present working conditions. In the last meeting the Chairman of the PAC was also kind enough to refer to this subject and we had expressed the view that the object of bringing this to the

notice of Parliament is that the railway's financial performance should be judged, bearing in mind the burden that we have to bear on this account. We have also mentioned that in other countries there is a mechanism of relieving the burden to a major extent by giving direct subsidy or by other means. It is for the Railway Convention Committee to decide how we should proceed in the present circumstances and what we should do, but there is no specific recommendation made by the Ministry of Railways as such because we thought that the recommendations should come from such a high body as the Railway Convention Committee rather than from the Ministry of Railways."

1.19. The Committee note that as per calculations made by the Railway Board the losses borne by the Railways in 1974-75 because of their special obligations have been estimated at about Rs. 203.91 crores. Out of this amount, Rs. 45.61 crores are attributed to the loss suffered by the Railways annually for the carriage of principal low-rated commodities such as foodgrains, oil seeds, sugarcane and ores etc.

1.20. The Committee would, however, like to stress that the Railways should not be required to carry any item other than Government owned cereals, pulses and Government relief materials especially for public distribution system at reasonably concessional rates. All other items should be carried at 'the cost plus' rates basis; otherwise the losses will have to be borne by the weaker section of the society even those who hardly get any benefit out of it through direct and indirect taxation.

1.21. They do not see any reason why industrial raw materials or other items should be transported at a loss or at low profit. The Committee therefore urge that Railway Board should pay attention to this aspect of the matter in a more business like manner. Under no circumstances any commodity other than mentioned above should be carried by the railways at below 'cost plus profit' basis. The rate of profit however may be decided on the merit of each item after studying the profitability of the end product.

Freight Structure

Audit Paragraph

1.22. (c) The Railway Convention Committee, 1971 also recommended in its Sixth Report, approved by Parliament in April 1973, that the arrangements proposed by it for the period 1971-72 to 1973-74 may be given retrospective effect to cover the first two years of the Fourth Five Year Plan, i.e., 1969-70 and 1970-71, as well and that these arrears of

reliefs may be suitably adjusted in the current year's accounts. It was decided that such arrears of relief amounting to Rs. 36.29 crores should be used to reduce the loan liability of the Railways to the General Revenues on proforma basis. Accordingly, Rs. 19.56 crores were adjusted to extinguish completely the loan liability of Railway Revenue Reserve Fund and the balance of Rs. 16.73 crores was used to reduce the loan liability of Railway Development Fund.

1.23. (d) For the sixth year in succession the Railways had to obtain loan from General Revenues for financing works chargeable to the Railway Development Fund and also for payment of interest on the loans obtained earlier. The Fund closed with a nominal balance of Rs. 1.96 crores on 31st March 1973 and the total loan liability of this fund to General Revenues was Rs. 85.65 crores at the end of 1972-73 as against Rs. 86.65 crores at the end of the preceding year.

1.24. (e) There were net accretions during the year to Railway Revenue Reserve Fund, Depreciation Reserve Fund and Pension Fund which closed with balances of Rs. 33 lakhs, Rs. 174.16 crores and Rs. 125.06 crores respectively at the end of 1972-73.

1.25. (f) As on 31st March, 1973 the Railways also owed Rs. 72.17 crores on account of deferred dividend payments on new lines, which is in the nature of a contingent liability.

[Paragraph 1(c) to (f) of the Report of C. & A.G. of India for the year 1972-73 on Railways].

1.26. The Committee were informed by Audit that the end of 1971-72 the liability of Railway Development Fund to General Revenues stood at Rs. 86.65 crores. Of this Rs. 16.73 crores were cleared on a proforma basis utilising the substantial relief in payment of dividend for the years 1969-70 and 1970-71 granted by the Railway Convention Committee 1971. The liability of this fund at the end of 1974-75 was expected to be Rs. 132.69 crores.

1.27. In regard to the position of Revenue Reserve Fund the Committee were informed by Audit as under:—

“In order to meet the shortfall in the payment of dividend during the years 1969-70 and 1970-71 loans for Rs. 8.86 crores and Rs. 24.92 crores were obtained from General Revenues as the balances in the fund were inadequate to meet the shortfall in dividend liability. After repayment of instalments of loans a sum of Rs. 19.56 crores was outstanding on 31st March, 1972. This was wiped out on proforma basis by utilising the arrear

reliefs in payment of dividend for the years 1969-70 and 1970-71 granted as a result of recommendations of Railway Convention Committee 1971 made in its sixth Report.

In view of the anticipated deficits in the years 1973-74 and 1974-75 the Railways have again borrowed Rs. 99.72 crores and 90.56 crores during 1973-74 and 1974-75. The fund is expected to close with a loan liability of Rs. 157.03 crores on 31st March, 1975 as per Budget estimates of 1974-75 which is a steep deterioration as compared to the cumulate absence of loan liability on 1st April, 1972."

1.28. The Committee were further informed that out of Rs. 72.17 crores of deferred dividend, an amount of Rs. 28.16 crores related to new lines which had completed moratorium but the dividend could not be paid as there was no surplus left in the working of the new lines.

1.29. Referring to the loans outstanding and the contingent liabilities of the Railways the Committee enquired whether the financial results for the year 1972-73 could be termed as satisfactory even though the accounts revealed a surplus of Rs. 2.92 crores. The financial Commissioner for Railways deposed: "The financial position of the Railways is very very unsatisfactory. . . . We have exhausted all our Development and Revenue Reserve Funds. We are unable to meet our interest charges, development charges, loan liability etc."

1.30. On being asked about the steps taken or proposed to be taken to check the deteriorating financial position of the Railways the Financial Commissioner for Railways stated:—

"Action has to be taken on many fronts and not in one direction. Firstly, we must be compensated adequately, in some form or other, for the extra social burdens that we carry. This is a decision which is not in our hands. We have been pressing for it not only before the Railway Convention Committee but also elsewhere at the time of budget-making. Take the transport of foodgrains where there is a hidden subsidy of nearly Rs. 48 crores. Our case is that this should be passed on to the distribution cost of foodgrains and let the subsidy be at one point and not at different points. The Government find it difficult to accept this position straightway because out of the total foodgrains that we carry, 50 per cent is on account of public distribution and 50 per cent on private account. There is a lurking fear that if we raise our freight rate then the private sector, which controls the major portion of the distribution of foodgrains might increase the price much beyond the relief we

got, and this is not the time when the prices of foodgrains should be increased.

Secondly there is need for restructuring of our freights and fares, which consists of two parts. The telescopic rate should be rectified and brought more in alignment with the cost. Then the overall income should be commensurate with the cost of working expenses. This second part is very difficult to control because 85 to 90 per cent of our working expenses are accounted by staff and fuel cost. Instead of improving the position during the last two years the burden of labour costs has gone up so much that all the effort that we had made earlier to bring our freight and fare into alignment has been completely thrown overboard.

I can give the figures of staff costs to show how they have been going up. At the end of March, 1973, our wage bill was Rs. 518 crores; at the end of March, 1974, it went up to Rs. 627 crores; at the end of this year, it will go upto Rs. 841 crores. It will be going beyond that because of additional D.A. increases. Two additional D.A. increases are already in the offing. With the costs going up from Rs. 518 crores to Rs. 841 crores over a period of 24 months, something very drastic has to be done to balance our budget.

Thirdly, we have to improve our services both in quantity and in quality. We have also to improve our productivity all along the line. As the incharge of the finances of the Railways. I can say definitely that unless the volume of business improves, the financial position of the Railways will continue to be weak because the costs keep on going up. We cannot keep on resorting in increases in fares and freights.

These are the four major policy decisions we have to take. Of course, I am not talking about further small measures to be taken."

1.31. The Committee pointed out that in the matter of improvement of Railway finances the emphasis was only on the need for augmenting traffic revenue and the rationalisation of freight structure. However, no attention was given to the removal of bottlenecks which hampered the growth of traffic and optimum utilisation of the assets. In this context the Committee drew attention to the following observations contained at page 3 of the "Indian Railways—Report & Accounts, 1972-73":—

"From the financial results of the year, two conclusions of a general nature flow. First, the rate of annual growth in expenditure,

mainly attributable to rising wage bill and escalating prices of materials, has turned out to be higher than the increase in earnings, indicating the need for a better adjusted pricing policy; second, the Railways have not been able to make the best use of their assets, specially those added during the years."

1.32. The Financial Commissioner for Railways stated during evidence:

"It is true that we could not make the best use of our assets because of various reasons. Our price structure of course needs a review because the bulk of our tonnage is low-rated traffic, for example raw materials for the steel plants, coal, foodgrains and commodities like that. We had to take exceptional action in respect of one of the commodities, i.e. coal. All along coal was being kept out of the standard schedule of our traffic. We were losing quite a heavy amount, 38 crores in a year. To fit it into the standard structure was one of the measures that we took. The same thing holds good regarding foodgrains the movement of which involves loss to the Railways. There was an attempt to readjust our freight rates on this basis even in 1972-73. You will recall that in the budget, the lowest rate 27.5 was to be eliminated and freight structure upto 52.5 was raised by one step. It is in consonance with this background that this comment has been made. It is not only the best-utilization of our assets, that is important; if our pricing policy is not correct, we would lose even then. The two things are separate, but they are two-pronged solution of the same problem. The functioning of the Railways cannot be rewarding unless we make the best use of our assets. Also the structure of fares and freights has to be in conformity with our existing conditions."

He added:—

"When we have to improve our position, we have to take a view both of the present working conditions as well as the pricing structure. The structure cannot be divorced from the increasing tempo of our expenditure. Expenditure is not a fixed or static amount and correlation between rising expenditure and revenue earnings must go on. Pricing policy has to be related to the financial position of the Railways as may be now or later. The need for restructuring of freights and fares is not of the moment only, but is a continuous process."

"... While we have been trying to keep pace with the rising expenditure to a certain extent, we have never undertaken a basic

restructuring of our charges. The gap between earnings and expenditure has been so narrow showing that periodic adjustments of fares and freight rates have really made no great impact.

We have a freight policy the basic ingredient of which is that for the longer distance we lower the rate per tonne carried. The freight rate is telescopic as the distance increases. This is based on the economic assumption on a very good ground that with greater lead the cost of transport per unit comes down. If the cost comes down then we must pass on the benefit, to the customer. Over the years when we made the customer a benefit much greater than what we obtained ourselves with the result that when the tonnage carried increased the earnings did not increase correspondingly. Thus, the shortfall in earnings got accentuated."

The witness further added:—

"Basically, the rates must keep more or less in sympathy with the rising cost of operation. For the long distance the benefit which should be passed on to the customer should be in the same proportion as the reduction in costs which the railways derive. We have to see that this gap between the costs of telescopic rates is narrowed. We have made an attempt only this year; it has not been done earlier. This year we have done it both in the original and supplementary budget."

1.33. The Committee were informed that the Freight Structure Enquiry Committee was appointed in 1956. Rationalisation in the freight structure was made in 1970. To a question whether there should be a regular committee to go into the question of freight structure on Railways, the Member Traffic replied: "That is a matter which can be given consideration."

1.34. During evidence before the Committee the Financial Commissioner for Railways agreed that keeping in view the loans outstanding and the contingent liabilities of Railways the overall financial position of the Railways could only be termed as "very unsatisfactory". In regard to the remedial steps taken or proposed to be taken by the Railways in order to check the deteriorating financial position, it was made out that besides the other steps such as increasing productivity and improving operational efficiency there was an urgent need for restructuring of freights and fares on the Railways. The Committee were informed that although some readjustment in the freights and fares had been made in the past few years, no basic restructuring of the tariff policy as such had been undertaken. The Committee are of the view that the adjustments of freights and fares made every years at the time of budget are motivated mostly

by the considerations of bridging up of budgetary gaps. There has never been any serious attempt to bring these rates in alignment with the ever increasing costs. Such periodical readjustments can at best be regarded as ad hoc. The Committee feel that there is need for rationalisation of the tariff policy vis-a-vis the cost of services provided by the Railways. They therefore recommend that the question of restructuring of freights and fares on the basis of cost plus profit may be remitted to an Expert Committee for a thorough examination.

Plan Outlay

Audit Paragraph

1.35. The following table gives the anticipated and actual Plan outlay during 1972-73:—

	Budget 1972-73	Actuals 1972-73	Variations
(Crores of rupees)			
Capital	158.70	209.32	50.62
Depreciation Reserve Fund	120.00	113.60	-6.40
Development Fund	20.00	21.49	1.49
Open Line works Revenue	7.00	7.08	0.08
Total :	305.70	351.49	45.79

[Paragraph 1(g) of the Report of the Comptroller and Auditor General of India for the year 1972-73 on Railways].

1.36. It is seen from the Audit paragraph that the capital outlay during the year 1972-73 exceeded the Budget Estimates by Rs. 50.62 crores. The break-up of this increase under various components is given below:—

	Budget Estimates	Actuals	Variations
(Crores of rupees)			
New Lines and Electrification	37.51	30.94	-6.57
Rolling Stock	25.78	71.48	45.70
Works and Miscellaneous (Such as investments in Road Services taking over of P & T wires etc.)	57.80	68.12	10.32
<i>Inventories</i>			
Stores suspense	(-)12.67	22.05	34.72
Manufacture suspense	(-)11.27	14.68	25.95
Miscellaneous advances	1.55	2.05	0.50
Total :	158.70	209.32	50.62

1.37. From the above it is noticed that whereas the expenditure on New lines and Electrification and Rolling Stock was less than the budget provision, the increase in the capital expenditure has occurred mainly due to increased outlay on inventories. Explaining the reasons for lesser expenditure under the heads 'New Lines and Electrification' and 'Rolling Stock', the Financial Commissioner for Railways stated during evidence. "In that we were achieving a probable saving that we promised to Parliament. When our budget was ready, a cut was imposed by Government of Rs. 7.75 crores. That is why some of the works had to go slow."

1.38. Referring to the heavier capital outlay during 1972-73 as compared to the budget estimates, the Financial Commissioner for Railways deposed during evidence:—

"We must admit that though that year we were trying to economise, it did not fructify. The situation somehow went out of hand. Though the situation was getting worse for a number of years the net result became apparent only this year. Take the case of inventories. Though we wanted to have a reduction here, we could not do it because the prices had gone up. Then the production in some of our units had gone down. The steps we have undertaken have borne some results in 1973-74. Even though the inventories in the Railways have gone up in 1973-74, it is a temporary aberration on account of the price rise and low production in our units."

In reply to a question the witness added:—

"In 1971-72 there was an over-run in inventory. In 1972-73 the situation was bad. Therefore, we decided to set up an inventory control team on each railway, consisting of a stores officer and a finance officer, whose responsibility it is to scrutinise all purchases and make sure that purchases are not made unless they are urgently required and there is real need for this and apply scientific methods with the computerised programme and transfer the surplus, of one railway to other railways. Before the introduction of computerised information the railway headquarters were not in a position to know the surplus lying in various store depots of the railways which some other railways could make use of. Now by this inter-railway organisation this kind of coordination is taking place.

"In the production units the production has fallen down as against the target and so inventory has accumulated. In the workshop manufacture suspense account also the figure has gone up because of the same reason, namely, the slowing down of production in Chittaranjan and DLW.

“So far as manufacturing suspense account is concerned, the position in the railways is not so bad except in the eastern railway. It came to our notice in August, 1972 when we had the FA&CAOs conference of the railways. We found there was some procedural lapse and because of certain other reasons also the balances had gone up. Some of the reviews and revisions which they should have taken up, such as the costing of shop manufactured articles, they had not taken up for quite some time.”

1.39. During evidence the Committee pointed out that although the country was in need of transport infrastructure the expenditure on new lines, etc. was less than the budgeted account. But on the contrary the expenditure on inventories had gone up several times. In this connection the Committee drew attention to the fact that whereas the Government had imposed a cut of Rs. 7.75 crores on the Railways' capital expenditure in 1972-73, the Railways' outlay on inventories alone exceeded the budget by more than Rs. 50 crores. The Financial Commissioner for Railways stated during evidence:—

“The question of inventories was engaging our attention. But, before the trend could be rectified, another year went by. There were certain difficulties in controlling the stores suspense because in our production line at that time both at Chittaranjan and Diesel Loco Factory there was a fall in production and so the stores procured could not be used. Therefore, they had to lie in inventory.”

1.40. Asked about the measures taken to control the inventories on Railways, the Financial Commissioner for Railways stated:—

“We sent a team of officers who surveyed the work of the railways. They had pointed out certain areas in which improvement could take place both in the matter of accounting and also in the matter of purchases and those measures were implemented. In fact, now, we have a standing team of officers on each railway and it is called the Inventory Control Team. It consists of one Store Officer and one Finance Officer. It is a long term process. We got some results in 1973-74. Inventory balances had come down after two years instead of going up. I think this is a creditable achievement. I think it is about the order of Rs. 17 or 18 crore.”

1.41. The Committee wanted to know the Railway-wise position in regard to the reduction in inventories during the period from 1969-70 to

1973-74, and what has been the impact of inventory control enforced on the Railways. In a note the Railway Board have stated:

“Railway-wise position indicating the inventories during the period from 1969-70 to 1973-74 is reproduced below:

Stores Balances on Railways as on

(Value in crores)

Railways	31-3-1970	31-3-71	31-3-1972	31-3-1973	31-3-1974
Central	16.36	15.55	19.39	15.70	13.49
Eastern	19.31	20.61	25.59	23.19	19.82
Northern	17.60	18.18	18.45	18.25	19.07
North-Eastern	8.41	8.10	10.48	10.25	9.79
Northeast-Frontier	8.58	8.61	9.75	10.47	11.61
Southern	11.13	11.81	15.79	18.15	15.76
South-Central	5.61	6.68	8.46	8.64	8.28
South-Eastern	14.44	17.06	23.81	28.17	23.00
Western	14.10	14.26	17.82	19.33	15.37
C. L. W.	9.14	7.56	12.99	19.79	21.09
D. L. W.	8.53	10.72	11.92	23.42	20.97
I. C. F.	4.49	6.95	7.69	8.77	8.48
TOTAL :	137.70	146.09	182.14	204.14	186.73

It will be seen from the above that the Stores Balances have increased by 36 per cent during the 5 year period under review. In this connection, it may be stated that during the period the price increase of materials is approximately 62 per cent as the Al. Commodities Wholesale Price Index has actually increased from 175.7 on 31-3-70 to 284.4 on 31-3-74. Only by maintaining strict control on inventories the increase in Stores Balances has been restricted to 36 per cent only as compared to the price increase of 62 per cent.

As regards impact of inventory control enforced on Railways, it is stated that Inventory Control Cell was set up in each of the Zonal Railways by the end of 1972 and was *inter-alia*

entrusted with the work of laying down procedures and practices necessary to be followed on the Railways for effective inventory management and to pursue their implementation by a selective control over all aspects of Materials management on the Railways.

The impact of inventory control cell set up on the Railways is quite clear on comparison of the position of inventories for the year 1972-73 and 1973-74 given below:

(Figures in crores of rupees)

Year	Stores Balances	Annual Issues as per Appropriation Accounts	Turnover of the Balance to Annual Issues
1972-73	204.13	373.22	55%
1973-74	186.73	384.50	49%

"The Inventory Control Cells have been able to attain a substantial reduction of Rs. 17.40 crores in the Stores Balances as compared to the year prior to their set up and the turnover ratio *i.e.*, balances to issues also has improved from 55 per cent to 49 per cent."

1.42. It was stated during evidence that a Committee, had been set up for Stores Inventory Control. The Committee desired to know the terms of reference of this Committee as also the recommendations made by it so far and the action taken thereon. In a note, the Railway Board have intimated:

"The terms of reference of the Committee on Inventory Management on Railways are as under:

- (i) To review the policy and procedures on the Indian Railways for inventory control and procurement of stores, including stores procured through the DGS&D, with the object of ensuring materials availability at the optimum level;
- (ii) To review the systems to check thefts and pilferages in the stores;
- (iii) To examine the possibility of obtaining stores through agencies other than the DGS&D;
- (iv) To have a thorough examination of the import of spare parts for the rolling stock;

- (v) To examine the feasibility of setting up of ancillary units by Small Scale entrepreneurs for manufacture of spare parts in and around the Production Units; and
- (vi) To review the quality control of spare parts.

The first Report of the 'Committee on Inventory Management on Railways' regarding streamlining of procedures and other important aspects of materials management on Indian Railways is expected to be received shortly."

1.43. In a note on the balances under Manufacture Suspense, the Railway Board have stated:

"The balances under Workshop Manufacture Suspense represent the value of works in progress and that of completed works awaiting adjustment and of undercharges/overcharges. It may be mentioned, however, that the outstanding balance under this head includes the value of the works in progress not only in the major Mechanical Workshops, but in all the other workshops on the Railways as well, such as Engineering, Signal and Electrical workshops, Clothing Factories, Printing Presses etc.

The trend of balances under WMS for the last 5 years is as follows:

	Balance to and of				
	1968-69	1969-70	1970-71	1971-72	1972-73
	(Crores of rupees)				
Open Line Railways	15.19	14.94	18.42	24.69	30.28
Production Units—					
C. L. W.	8.56	8.72	7.60	9.50	12.31
D. L. W.	9.62	6.67	9.19	8.28	13.37
I. C. F.	6.15	7.05	7.39	5.25	6.34
Total for Production Units	24.33	22.44	24.18	23.03	32.02
Grand Total	39.52	37.38	42.60	47.72	62.30

It will be noticed that the trend of balances is generally on the increase. Due to the mounting cost of labour and materials, the value of the works in progress will naturally rise and to that extent some increase in the WMS balances over the years is inevitable.

The position of the balances under WMS on the Eastern Railway is not satisfactory. Under the orders of the General Manager, Eastern Railway, a Committee of Administrative Officers has been appointed to look into the problem; the report of this Committee is expected to be received by 31st December, 1974.

Upto the year 1971-72 it can be stated that the balances under WMS were quite in consonance with the outturns in all the Production Units. In the year 1972-73 also the balance at I.C.F. is quite commensurate with its outturn. At CLW and DLW, however, in this year there has been unfortunately some increase due to the fact that the production in these factories has not been upto the targetted level for various reasons.

As brought out in para 9 of the Audit Report, at DLW as against original target of 153 locomotives and the revised target of 135 locomotives, the actual production was only 95 locomotives. Briefly the reasons are serious labour troubles in the plant commencing from May/72 and power cuts and interruptions.

At CLW against the anticipated outturn of 116 locomotives only 101 locomotives were produced. Even out of this, 101 locomotives, 19 ACMT locomotives could not be finally despatched due to non-availability of traction motors."

1.44. Referring to the increase in the balances under the Manufacture Suspense from year to year, the Committee enquired whether it was not a case of over-provisioning. To this the Financial Commissioner for Railways replied: "It is not over-provisioning. . . till 1970-71, I would not call it a bad picture at all. Take 1968-69. The CLW suspense account was Rs. 8.56 crores. In the next year it was Rs. 8.72 crores; almost the same. In 1970-71, it dropped to Rs. 7.6 crores. It has gone up in 1971-72 and it was much worse in 1972-73 because of inadequate production.

Similar is the case with the DLW. The manufacture suspense account was Rs. 9.62 crores in 1968-69; it fell to Rs. 6.67 crores next year. It went up to Rs. 9.19 crores in 1970-71 and it fell again to Rs. 8.28 crores in 1971-72. 1972-73 has been a very bad year when it had gone up to as high as Rs. 13.37 crores. But for the position in the DLW in 1972-73 and in the CLW for 1971-72 and 1972-73, in the other years, I would say that they were commensurate with production."

1.45. As to the factors which led to a decrease in the production in DLW and CLW, the Member Mechanical stated:

"Talking about the year 1972-73, we must submit that that was a year when we had an endless amount of labour unrest as well as

severe power cuts, and as a result of these things, there was a very great repercussion on production. The same is also true of DLW where there was, from May, 1972 onwards, a very serious type of labour unrest, and, therefore, production came down. The cost of inventories is thus going up. It was also significantly due to the cost of components supplied by the BHEL going up. For example, an electric loco set which was being given at Rs. 8 lakhs per locomotive went upto Rs. 12 lakhs in 1972-73. Today, it is about Rs. 18 lakhs. Therefore, this had an impact on the inventory and the stock balance. So the causes are: loss of production and cost of components going up."

1.45A. Referring to the new policy enunciated by the Railway Minister in his budget speech of 20th February, 1973, in regard to launching of new railway projects or opening of new lines, the Financial Commissioner for Railways stated during evidence:

"Apart from the unremunerative nature of the works, there is another facet of the problem which may cause a little difficulty, at least in the short run and that is the constraint on resources for plan purposes. You are fully aware that even in the current year, which is the first year of the Plan, we are asked to economise and cut back on Plan outlays. We have reason to believe that we are not going to get any more funds next year, because the funds are being pre-empted for use on the hard core like fertilisers, foodgrains, oil etc. In this context, it is possible that we may not have sufficient funds to give full effect to the policy which the late Railway Minister had enunciated in his budget speech."

1.46. The Committee pointed out that just as there was a hard core in the overall economy of the country, the Railways should also fix priorities and prepare a hard core plan for which the funds must be provided for. To this the Financial Commissioner for Railways replied:

"That point is very well taken. We are trying our best with the Planning Commission and the authorities which are distributing the funds. We had submitted each project and when it is more or less agreed to, then the distribution of funds goes on that basis. So far as the Railways are concerned, the first category or the hard core are such works that are directly connected with lifting the traffic, that is, project-oriented lines, the rolling stock and the line capacity works. Then there is the second category which comprises the safety works, developmental works and

other works of that kind. Under the second category we have also to draw priorities. The thinking for the time being is that wherever we have entered into commitments in respect of the second category, they should be honoured to the extent the funds are available. That is the present thinking."

He added:

"The object of planning is to move the largest volume of traffic over a given distance. We have found over the years that while we have the basic infrastructure in stations and other assets, we could make use of them in an intensive manner if we traverse longer distance and run speedier trains. Over the years the distribution of plan outlay between the rolling stock and the civil works, tilted in favour of rolling stock and that is how we have been able to produce results by making greater use of fixed assets by adding to our mobile assets, i.e., wagons, coaches and locomotives. Even today about 50 per cent of our plan outlay is accounted for by rolling stock and the balance by all other items. We are re-examining the pattern of civil future plan outlays. It is possible that for creation of fixed assets, such as railway lines, we may have to allocate larger funds hereafter."

1.47. The Committee note with concern that the capital outlay during the year 1972-73 exceeded the budget estimates by Rs. 50.62 crores. The excess occurred mainly under "Stores Suspense" and "Manufacturing Suspense" which signify increase in inventories. It is indeed surprising that while on the one hand following a cut of Rs. 7.75 crores on the Railways' capital expenditure imposed by the Government, the Railways were trying to economise on the expenditure on new lines and electrification, on the other hand their outlay on inventories alone exceeded the budget by more than Rs. 50 crores. This not only shows lack of planning but also points to the need for fixing up of priorities in a more realistic manner.

1.48. During the course of evidence the Financial Commissioner for Railways stated that in the context of existing constraints on the national resources for plan purposes, the Railways had been asked to economise and cut back on plan outlays. The Committee feel that the provision of transport infrastructure and railway operations were equally important for the national economy and hence the Railway Board should draw up their priorities for which funds must be provided and prepare a hard core plan in consultation with the Planning Commission. Unless the Railways reach hilly, backward, and underdeveloped areas, the process of the deve-

lopment of those areas will be indefinitely delayed and consequently the economic development of those areas will suffer and regional imbalances will grow further. On the other hand, Railways hasten economic growth of the hilly and backward areas and ultimately in course of time the Railways as well as the country are bound to gain.

1.49. The Committee note that whereas the budget estimates for 1972-73 envisaged reduction in the 'Stores Suspense' and 'Manufacture Suspense' to the extent of Rs. 12.67 crores and Rs. 1.27 crores respectively, the actuals under these heads registered additions of the order of Rs. 34.72 crores, and Rs. 15.95 crores respectively. The increases under the heads 'Stores Suspense' and 'Manufacture Suspense' have been attributed to a significant fall in production in two production units viz. DLW and CLW. This is a matter of great concern. The Committee would urge that necessary remedial measures should be taken to remove the bottlenecks coming in the way of fuller production in the two production units.

1.50. In their 126th Report (Fifth Lok Sabha) the Committee had expressed the view that the inventory management on the Railways was not what it should be. The Committee were then informed that inventory control units had been set up in all Zonal railways and a high powered committee on Inventory Management under the chairmanship of Deputy Railway Minister had been appointed to review the position. The Committee desire that the High Power Committee should expeditiously complete their work so that the necessary improvements in the inventory management could be brought about.

Order for additional wagons

1.51. The Budget Estimates for 1972-73 for Rolling Stock were Rs. 75.78 crores and the actuals under the head were Rs. 71.48 crores. Thus it will be seen that during 1972-73 the expenditure on rolling stock was less than the budget by about Rs. 4.30 crores. During the course of the same year a supplementary grant of Rs. 2.54 crores had been obtained in December, 1972 to enable the Railway Board to place orders for 15,000 wagons on the wagon builders on urgent basis. This was attributed to the urgent necessity to avoid wagon shortage and provide adequate capacity ahead of actual materialisation of traffic in the context of renewed economic and industrial activity. The programme of delivery of wagons was expected to commence during 1972-73 itself.

1.52. In a written note on the subject, the Railway Board have stated :

"The capital outlay on rolling stock in the Budget Estimates for 1972-73 was Rs. 75.78 crores. There was, however, a cut

(probable savings) of Rs. 4.31 crores whereby the net capital outlay voted by the Parliament was only Rs. 71.47 crores. The final outlay on rolling stock was Rs. 71.48 crores. There was therefore, no saving in the capital outlay on rolling stock during 1972-73.

Originally based on the load available on the industry at the time of formulation of the Budget Estimates, funds to the tune of Rs. 41.46 crores (capital plus D.R.F.) were provided for wagons. After adjusting the probable savings under the head 'Wagons', the net outlay for wagons was only Rs. 40.75 crores (Capital and DRF). This was to cover anticipated production of about 14,000 wagons both from industry and Railway workshops plus wagon components required for these wagons.

The ordering of additional 15,000 wagons (all of which were against Capital) against the second and third supplementary Rolling Stock Programmes was a subsequent development with a view to meet the needs of traffic and also to give additional load to the industry to enable them to step up production. With this additional order, it was expected that the industry would plan for increased production and speed up deliveries. To meet this contingency, additional funds to the tune of Rs. 2.54 crores were asked for. This represented the cost of 240 BOXT wagons. The sanction for withdrawal of Rs. 2.54 crores from the Contingency Fund was obtained on 27th September 1972 as this amount was expected to be used up against the supplementary orders for 15,000 wagons. Additional order for 347 BOXT wagons was placed on 30th September 1972 on M/s. Texmaco. Another order for 368 BOXT was placed on M/s Cimmco on 6th October, 1972. Against these orders, it was expected that 240 BOXT wagons will be manufactured during October, 1972 to March, 1973 utilising Rs. 2.54 crores withdrawn from the Contingency Fund. Out of these additional orders, both M/s. Cimmco and Texmaco actually turned out 201 BOXT wagons during October, 1972 to March, 1973.

At the time of Revised Estimates, the provision under the head 'Wagons' was raised to Rs. 46.8 crores i.e. an increase of Rs. 5.33 crores over the Budget Estimates despite a revision in the anticipated production from 14,000 wagons in the Budget Estimates to 11,400 wagons in the Revised Estimates. The reasons for additional funds are briefly explained as under:—

- (i) On account payment necessitated due to additional orders against the provision of 15,000 wagons.
- (ii) Increased amount of escalation payments.
- (iii) Fresh orders of wheel sets placed on foreign firms.

Since the above developments took place during the period September, 72 to January, 73, additional provision in Revised Estimates was necessitated.

The actual expenditure under the head 'Wagons' was Rs. 39.70 crores *i.e.* a saving of Rs. 6.38 crores with reference to Revised Estimates. This was on account of following reasons.

- (i) Less production of 566 wagons resulting in saving of approx. Rs. 2.5 crores.
- (ii) Less receipts of wagon components from indigenous sources/abroad and corresponding non materialisation of payments to the extent of Rs. 3.8 crores."

1.53. While introducing the budget for 1974-75 on the 27th February, 1974, the Minister of Railways had made the following observations in regard to the results of financial year 1972-73 :

"When my able predecessor presented the Railway Budget for that year (*i.e.* 1972-73), he had every hope that the upward trend in our economy would bolster rail transport and thereby improve Railway's earnings. Unfortunately very early in the year it became apparent that these expectations might not come true...."

1.54. The Committee asked about the reasons for placing orders for 15,000 wagons by securing a supplementary grant in the context of the statement by the Ministry of Railways that very early in the year it became apparent that the additional goods traffic hoped for was not likely to be achieved. The Financial Commissioner for Railways stated during evidence : "We were expecting a production of 14,000 wagons. And the budget was framed accordingly. That year also, there was a lot of criticism in Parliament about wagons not being available. . . .The industry was also under stress. There was unrest in the eastern sector. Our need for transportation was there. The wagons were in short supply sometimes; and their supply can improve if the wagons are procured ahead of the original demand. Taking all the three factors into account, Government took a decision and announced in Parliament on two different occasions, to place further orders. At the same time we had also tentatively decided that the departmental production of wagons should go up. In the interests of both industrial economy and the need for transportation, an order was placed. It was more or less clear that our expectation of deliveries could not be for more than 11,400 wagons. At that time, *i.e.* during December-January, the revised estimates are framed; but we

should then not have asked for supplementary demand. In that case, the original budget would have been equal to our total requirements. That is a failure on our part."

1.55. Justifying the placement of orders for 15,000 wagons on the wagon builders on urgent basis, the Railway Board have in a note, stated:

"It has been experienced during 72-73 that there was shortfall inspite of efforts made in the supply of wagons which was due to the disturbed conditions prevailing at that time with the result that the outstanding registrations had been consistently high. With the increasing road competition if the wagons required by the trade and the public sector are not made available, high rated traffic inevitably goes to the road. Apart from this failure to meet traffic requirements as and when demand is received causes a great deal of discontentment within the trade and industry as well as Government undertakings. This has resulted in serious criticism in the press and particularly in Parliament. While replying to the discussion on Appropriation (Railways) Bill, 1972, the then Minister for Railways Shri K. Hanumanthiah made an announcement in the Rajya Sabha on 25th May, 1972 that 8000 BG wagons in terms of four wheelers will be ordered. The intention was to adjust these additional wagons against the 5th Plan requirements. In fulfilment of this assurance rolling stock programme for 8000 wagons was approved in June, 1972.

Further review was made in August, 1972 in consultation with the Planning Commission. In these reviews the Planning Commission also indicated that the Railways should provide adequate capacity ahead of traffic and since they constitute an infrastructure they should not go entirely by the financial considerations on return of capital. Based on these reviews it was decided that the additional quantity to be ordered should be enhanced from 8000 to 15,000. It was also considered necessary to order this quantum of wagons to give a much needed reassurance to the wagon building industry."

1.56. The Committee were informed during evidence that for 1973-74 about 10,000 wagons had been ordered and taking into account the average number of wagons to be condemned, there will be roughly an increase of about 7,000 wagons during the year. Asked whether this

addition of 7,000 wagons would be justifiable in the light of the volume of traffic expected, a representative of the Railway Board stated:

"When we place order for wagons, we take all these factors into account, how many wagons are going to be scrapped, what is the anticipated traffic increase etc. After taking the overall picture, we say our net need for extra wagons is so many. That is also split into various types."

1.57. In the same context, the Chairman, Railway Board stated:

"The point is that wagon ordering and building up is supposed to be done in relation to the plan target. As it is, in 1973-74 and 1974-75, we are not producing what would be required in 1978-79, because the average level of output of wagons should be 20,000 a year which is the rate at which we should proceed if we are going to reach the target of 280 million in 1978-79, the end of the Fifth Plan. But we know already that there is going to be adjustment in the Fifth Plan. So deliveries in 1974-75 are only expected to be around 11,000—12,000, if I am not mistaken, and the order for the next year will be on the basis of the backlog, what they are expected to produce in the next year, the year after and again on an adjusted view of what the target is going to be in 1978-79. We were accused way back in 1968-69 that we were trying to kill the wagon building industry by not placing orders. One of the reasons cited even today is that so many units have closed down because the orders are inadequate. This is a dilemma because if you want to produce 20,000 wagons a year, all the units that have gone out of production must come back. Attempts are being made to revive them but I cannot say because we are very stringent about placing orders."

1.58. The Committee asked whether the ordering of additional wagons was based on some estimated requirements or merely to avoid criticism in Parliament about non-availability of wagons and if there was real shortage who was to be blamed—the manufacturing units or the planning on Railways. The Member Traffic deposed during evidence: "The position was that during the Third Plan we added about 1 lakh wagons to our fleet. By the time the Third Plan ended, the wagon capacity was marginally ahead of the demand. It can be said, as I have said in evidence on an earlier occasion, that at the end of the Third Plan the railways carried all the traffic which was offering and the wagon capacity was marginally ahead of the demand. Although the then PAC thought it was much ahead of demand. We explained the position in detail in support of our submission. Then we came into the

recession years 1966—69 and the marginal increase in wagon capacity at the end of the Third Plan, gave the impression of a big margin. Everybody including the PAC accused of excessive wagon holdings. Then in deference to the discussion and other considerations, the Railway Board cut down the wagon orders.

The wagon units which got less orders are now finding it difficult to come back into stream. We are placing orders even to-day, but I do not think the production is coming up or is likely to come up in a hurry."

1.59. The Committee pointed out that the allocation for wagons in the Plan holiday period after the Third Plan and during the Fourth Plan period were all done in agreement with the Planning Commission and moreover at the end of the Third Plan there was a small surplus so far as the wagons were concerned. Asked why in view of the above position difficulty was experienced and orders for wagons were placed, the Member Traffic stated: "If you go back to five years it will be seen that we drastically reduced the orders. 15,000 was advance order for Fifth Plan as compensation for the drastic reduction that we made in the earlier year."

1.60. On being pointed out by the Committee that in view of the fact that the supplementary grant proved to be unnecessary and the calculations were not correct it could be inferred that the order for wagons was placed only to support the manufacturers, the witness stated: "I do not think that the inference is quite right because that is not the consideration for placing orders. If we have shortage in a particular type of wagon, we go in for that wagon."

1.61. The Committee desired to be informed of the requirements, availability and future production programme of wagons in order to meet the requirements of the Fifth Plan. In a note, the Railway Board have stated:

"Wagon requirements are assessed for the Plan period taking into account the anticipated growth of traffic. In calculating the requirements consideration is given to various streams of traffic. The lead of each stream as well as the amount of empty haulage incidental to that stream, speeds of movement, detentions in the marshalling yards en route as well as detentions at terminals etc. After thus calculating the wagon requirements an allowance is provided for the traffic during the peak period viz. November to March and for repairs and maintenance. From the gross requirements thus worked out, the anticipated holding at the commencement of the Plan are deducted to arrive at the net require-

ment of wagons on additional account. To this is added the requirement on replacement account to provide for replacement of the overaged stock. Requirement of wagons for the Fifth Plan have also been worked out on this methodology.

The draft Fifth Five Year Plan lays down a target of 300 million tonnes of originating traffic but the provision of rolling stock has been made on the basis of 280 million tonnes. Railways had estimated that they would require to procure 108,892 wagons (in terms of 4-wheelers) including 84,417 wagons on additional account and 24,475 wagons on replacement account to handle 280 million tonnes of traffic. In the draft Fifth Plan document, provision has been made by the Planning Commission for 1,00,000 wagons including 80,000 on additional account and 20,000 on replacement account. Actual procurement is, therefore, being planned accordingly subject to availability of requisite funds and the trends of actual traffic materialisation.

The requirements of wagons are met by supply against orders placed on the wagon building units in the industry and also by manufacture in the Railway workshops. Although the installed capacity of the wagon building industry has been indicated as about 33,000 units per year, their present production capability is only about 10/11,000 units per year due to closure of some Units, and some units being sick etc. etc. Some of the units which were sick or closed have been taken over by the Government for revival of production. With the revival of production in these units, it would be possible for the industry to step up their production to about 18,000 units per year. The three units of Railway workshops where wagon manufacture is being undertaken now, have a total capacity for 2,000 wagons per year. This is also capable of being stepped upto about 4,000 per year.

The actual production of wagons, however, would depend also on the availability of funds during each year. During 1974-75 which is the first year of the Fifth Plan, the funds available are adequate only for about 12,000 wagons in terms of four-wheelers. The indications are that the availability of funds for the next year may also be of the same order. However, if adequate funds become available and actual traffic arising also warrant procurement of wagons @ 20,000 per year as envisaged in the Fifth Plan the indigenous capacity is adequate to meet this requirement."

1.62. The Committee note that at the time of formulation of the Budget Estimates for the year 1972-73, the Railways had planned production of 14,000 wagons both from industry and Railways workshops. Accordingly funds to the tune of Rs. 41.46 crores were provided for in the Budget. At the time of Revised Estimates, the anticipated production of wagons was revised and brought down to 11,400 wagons against the 14,000 wagons provided for in the Budget Estimates. However, during the course of the year an additional order for 15,000 wagons was placed on an urgent basis on the wagon builders by obtaining a supplementary grant of Rs. 2.54 crores. The main justifications given for the placement of the additional orders, for wagons were that firstly, there was lot of criticism in Parliament about wagons not being available; secondly, the wagon building industry was suffering from lack of orders and thirdly there was shortfall in supply of wagons due to unrest in the Eastern sector. It is relevant to recall that the Minister of Railways, while reviewing the results of the financial year 1972-73 in his speech on the Railway Budget for 1974-75 had inter-alia stated that it had become apparent very early in the year (1972-73) that the additional goods traffic hoped for was not likely to be achieved. The Committee wish the Railway Board had estimated their wagon requirements in a more realistic manner, particularly keeping in view demands for wagons in hand. In any case the Committee would like that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available.

Operating Ratio

Audit Paragraph

1.63. The operating ratio of the Railways which is the percentage of total working expenses (including Appropriation to Depreciation Reserve Fund and Pension Fund) to the gross traffic receipts was higher during 1972-73 than in the past four years as shown below:—

1968-69	. . . . .	82.60 per cent
1969-70	. . . . .	82.66 per cent
1970-71	. . . . .	84.13 per cent
1971-72	. . . . .	83.11 per cent
1972-73	. . . . .	84.47 per cent

1.64. This ratio takes into account the increases in fares and freight rates on the one hand and the increase in working expenses on the other, but does not take into account the liability of the Railways for payment of dividend to General Revenues.

1.65. The operating ratios of Northern, Southern, South Central, South Eastern and Western Railways worsened in 1972-73 as compared to 1971-72. Details for all railways are given below:—

Railways	1970-71	1971-72	Budget 1972-73	Actuals 1972-73
Central	73.18	71.95	73.1	71.04
Eastern	92.98	101.55	94.1	99.81
Northern	84.90	82.26	82.7	83.41
North Eastern	101.80	98.65	96.2	97.35
Northeast Frontier	139.49	144.14	139.6	143.82
Southern	98.44	94.75	92.7	97.89
South Central	82.65	82.24	79.8	83.95
South Eastern	71.20	68.61	68.0	73.65
Western	74.72	71.71	71.8	74.14
All Railways	84.13	83.11	81.8	84.47

1.66. The steepest decline was in the South Eastern Railway. There the operating ratio increased from 68.61 per cent in 1971-72 to 73.65 per cent in 1972-73 because the working expenses increased by 10.6 per cent while earnings increased by 3.1 per cent only.

[Paragraph 2 of the Report of Comptroller & Auditor General of India for the year 1972-73 on Railways.]

1.67. It will be noticed from the Audit paragraph that the operating ratio of the Railways as a whole deteriorated to 84.47 per cent in 1972-73 against 83.11 per cent in 1971-72. The Zonal Railways on which the operating ratio worsened during the year 1972-73 were (i) Northern (ii) Southern (iii) South Central (iv) South Eastern and (v) Western Railways.

1.68. The Committee wanted to know the specific reasons for the deterioration in the overall operating ratio during 1972-73 as compared to the last four years and what remedial steps had been or were proposed

to be taken for improving the operating ratio. In a note, the Railway Board have stated:

"The overall operating ratio of the Indian Railways during 1972-73 as compared to the last 4 years was as under:

Year	Operating ratio
1968-69	82.5
1969-70	83.0
1970-71	84.2
1971-72	83.1
1972-73	84.5

It will appear from the above figures that the overall operating ratio recorded significant deterioration in 1970-71 and 1972-73. In the other three years, the ratio remained more or less at the same level.

The significant deterioration in 1970-71 was mainly the result of (i) payment of interim relief to staff on the recommendation of III Pay Commission accounting for an increase of Rs. 35 crores in working expenses and (ii) a decrease of 5.52 per cent in the total volume of originating goods traffic leading to drop in earnings. With freight traffic picking up and recording an increase of 2.2 million tonnes coupled with adjustment in fares and freight rates, the ratio in 1971-72 again improved to the level of 1969-70.

The budget estimates for 1972-73 had envisaged an improved operating ratio of 81.8 per cent. The budget estimates provided for increase of about 3 per cent in passenger traffic and of about 9.5 million tonnes of additional revenue earning originating freight traffic. These increases in traffic, alongwith an upward adjustment in fares and freight rates, were expected to result in an increase of about Rs. 65 crores in the gross traffic receipts of railways during 1972-73. On the working expenses side (excluding dividend to General Revenues), an increase of Rs. 34 crores was provided for.

The overall actual increase in gross traffic receipts corresponded to the budget anticipation of about Rs. 65 crores. This was inspite of a shortfall of 4.3 million tonnes of originating freight traffic in 1972-73 as compared to the anticipations as a result of the adverse effect of a variety of extraneous and

unforeseen factors on railway operations. These factors included (i) extensive power shedding in the eastern region during summer months slowing down movement over electrified routes, (ii) disturbed law and order conditions in different parts of the country, especially the Mulki agitation in Andhra Pradesh which had a crippling effect on rail movement to and from Southern India for over 3 months and (iii) sporadic staff agitations on some railways, particularly the locomen's strike on Southern and South Central Railways in September 1972. The shortfall in earnings on account of non-materialisation of the full quantum of additional freight traffic was made up by an improvement in the lead of the goods traffic actually carried and the earnings from passenger traffic exceeding the budget anticipations.

The actual increase in total working expenses, during 1972-73 far exceeded the budget estimates and amounted to about Rs. 71 crores, an excess of about Rs. 47 crores over the budget estimates.

With the earnings for 1972-73 more or less coming upto the expected levels but the working expenses recording excessive increases, the anticipated improvement in the financial performance of the Railways could not materialise. It deteriorated to the level depicted by the operating ratio during the year.

For improving the operating ratio of the Indian Railways, vigorous efforts have been made at augmentation of earnings supplemented by economy in expenditure. The improvement in the financial position of the Railways, depends not only on the rating policy of the undertaking but also on the physical performance in the context of the state of national economy from time to time. It is essential that the volume of traffic must grow and the productivity of the Railways should improve. Accordingly, not only the traffic offering is to be met in full but fresh traffic is to be solicited for movement where transport capacity permits.

Concrete steps have been taken to marshal wagons quicker in yards and repairs of damaged rolling stock undertaken without loss of time so as to secure faster movement of traffic throughout the Railway net work. Ticketless travel, thefts and pilferage are now being combated more effectively. The Railways' assets are being put to a more intensive and a profitable use.

An entirely new approach has been thought out and applied during the current year to Railways rating policy. Some of the salient features of this policy are:—

- (i) the basic freight rates structure should progressively be brought closer to the costs of line haul and terminal services.
- (ii) reduce the telescopic effect of the freight rates beyond a distance where it tends to operate to the disadvantage of the railways.
- (iii) freight charges on low rated commodities like coal, bamboo, ores etc. should be revised to bring the freight rates in alignment with the current costs.
- (iv) the revision in passenger fares should be so adjusted as to make available transport capacity for carriage of more industrial and agricultural products.
- (v) fares in distance zones which can be conveniently covered by road should be brought generally closer to bus fares, thereby releasing rail capacity for long distance passenger and freight traffic. These measures will also help towards a more meaningful rail-road cooperation particularly when the railways participate in the State Road Transport Corporations both managerially and financially.

To keep the revenue expenditure to barest minimum certain economy measures have been taken which aim at yielding a saving of Rs. 50.37 crores during the current year. Exchequer control introduced on the Railways last year has been further refined to help achieve the required economy."

1.69. The following table gives the gross earnings and gross working expenses of the railways for the years 1968-69 to 1972-73:

Year	Gross earnings	Gross working expenses
	(In crores of rupees)	
1968-69	900.91	744.06
1969-70	955.38	789.77
1970-71	1009.23	849.02
1971-72	1101.70	915.57
1972-73	1165.73	984.71

It is seen that the increase in earnings in 1972-73 over 1968-69 was Rs. 264.82 crores or 29.4 per cent. The increase in working expenses was Rs. 240.65 crores or 32.3 per cent.

1.70. In reply to a question the Railway Board have, in a written note, stated that "the trend of increase in traffic receipts is generally commensurate with that under working expenses". During evidence the Committee enquired if the trend of increased traffic receipts was considered commensurate with that of working expenses, what were the reasons for the short-fall in the earnings of the Railways. The Financial Commissioner for Railways explained:

"In these five years, taking from the lowest to the highest figure, 1968-69 to 1972-73, our gross traffic receipts increased by 264 crores and our working expenses increased by only 242.85 crores that way there is a surplus. But there is a point... Railway finances need more than merely cover the working expenses. There is the development fund commitment of about 20 crores a year outside working expenses... Then we have dividend liability. Then only the profit and loss and balance sheet can be drawn. So we have to generate surplus not only to meet our working expenses but also other expenses. When we take all the liabilities into account, then we will not be able to call this a very happy picture. It is true that in some years, in those four to five years, there have been marginal surpluses. Yet, on the whole, really speaking, the financial position has not been good because we have not taken into account the contingent liabilities and the indebtedness we have, and the dividend liabilities which have been increasing. If we take this into account, as we should, I would not say that finances of the railway are well-conducted if only the working expenses are covered."

1.71. The Committee enquired whether the Railway Board had analysed the causes of increase in the working expenses in the last 5 years under the broad groups; staff, repairs and maintenance and fuel and which group accounted for the highest increase and what cost control measures were proposed to be adopted. In a note, the Railway Board have stated:

"The increases in Working Expenses during the last five years (1968-69 to 1972-73) under the broad groups; staff, repairs and maintenance, and fuel are shown below:

STAFF COSTS	(Figures in crores of rupees)
1972-73	518.80
1971-72	495.17
1970-71	459.94
1969-70	420.53
1968-69	393.28
Increase over 5 years period 1968-69 to 1972-73	125.52

REPAIRS AND MAINTENANCE

Year	Staff cost	Stores and Material	Total
1972-73	235.54	74.35	309.89
1971-72	224.81	47.93	272.74
1970-71	208.81	39.72	248.53
1969-70	190.92	32.85	223.77
1968-69	178.55	30.50	209.03
Increase over five year period 1968-69 to 1972-73	56.99	43.85	100.84

FUEL

1972-73	162.37
1971-72	155.93
1970-71	146.93
1969-70	151.17
1968-69	139.13
Increase over 5 Year period 1968-69 to 1972-73	23.24

The above figures show that the aggregate increase under staff is Rs. 125.52 crores, under Maintenance and Repairs (inclusive of the cost of staff engaged thereon) Rs. 100.84 crores and Rs. 43.85 crores (exclusive of staff costs) and under fuel Rs. 23.24 crores. The increase under Staff is therefore the highest.

Staff Costs

The increase in staff costs is caused by 2 factors—

- (a) increase in number, and
- (b) increase in average cost per employee.

(a) The number of employees in 1968-69 was 13.54 lakhs while in 1972-73 it was 14.15 lakhs, i.e., an increase of 59,000. These increases occurred mainly due to—

- (i) liberalisation of leave reserves;
- (ii) extra posts created for re-classification in accordance with the Adjudicators' Award.

- (iii) limited relaxations of the ban on the creation of posts in offices and to fill up a percentage of existing vacancies;
- (iv) extra staff for maintenance of new assets; and
- (v) extra staff required for manning of unmanned level crossings, track patrolling etc. for purposes of safety.

(b) The average cost per employee in 1968-69 was Rs. 2933 while in 1972-73 it was 3714 an increase of Rs. 781 per employee. This was mainly due to—

- (i) increase in the rates of dearness allowance;
- (ii) sanction of interim relief; and
- (iii) increase in rates of travelling allowance, running allowance, night duty allowance, house rent allowance and city compensatory allowance, etc.

Steps taken to Control Staff Costs

- (i) A ban has been imposed on the creation of extra posts in offices, and relaxations therefrom are given by the Board only in very exceptional circumstances.
- (ii) Extra operational staff is sanctioned only on demonstrable justifications on the basis of increase in traffic.
- (iii) Additional posts required for the maintenance of new assets are sanctioned after a general review has been made to determine if the requirements cannot be met from within the existing sanctioned strength.
- (iv) Work study methods and operational research techniques have been adopted to reduce the staff strength to the extent possible.
- (v) Restrictions have been imposed on the filling up of vacancies in the lowest grades.
- (vi) Improved methods of maintenance of track, viz., measured shovel packing, directed track maintenance, and use of tie-tampers have been introduced. Long welded rails are also now being used. These measures are expected to reduce the staff content of track maintenance cost.
- (vii) Incentive scheme in Workshops has also been extended with a view to increase productivity and lower unit staff costs.
- (viii) Introduction of the use of computers.

- (ix) The Efficiency Bureau of the Railway Board makes an annual study of the trends of staff on Zonal Railways and based thereon restrictions are placed on the creation of additional posts even for maintenance and operational purposes.

Economy in Fuel

Railways have also taken the following steps to economise expenditure on fuel:—

- (i) A special drive has been launched to keep locomotives in optimum efficiency.
- (ii) Trip rations have been carefully fixed and cases of excess consumption are taken up.
- (iii) Surplus locomotives have been withdrawn and kept in good storage.
- (iv) Staff have been trained in better driving and optimising the use of fuel. Awards are given to engine drivers for consistently good fuel performance.
- (v) Thefts and pilferages of coal and diesel oil are being minimised.
- (vi) A full-fledged Fuel Economy Organisation has been set up on the Railways to undertake the fuel economy work on each Zonal Railway.
- (vii) A special organisation has been set up under the Chief Mining Engineer at Dhanbad to ensure quality control on supplies of loco coal.
- (viii) Trials and experiments are being conducted by the RDSO to improve the design features of locomotives to effect reduction in coal consumption.
- (ix) Conversion from low tension to high tension supplies of electric current.
- (x) Steps have been taken to economise on power consumption by switching off lights and fans at stations, etc., during periods of lull in traffic.
- (xi) The substitution of incandescent lamps by fluorescent and HPMV lamps.

Economy in Stores

- (i) Increased utilisation of scrap.
- (ii) Reclamation of components.
- (iii) Minimisation of pilferages.

(iv) Use of alternate material in place of non-ferrous components and fittings."

1.72. The Committee were informed by Audit that the increase in train kilometres during the period 1968-69 to 1972-73 was as under:

Train Kilometres (in millions)		
	Passenger	Goods
1968-69	241.5	200.4
1972-73	251.5	206.8
Increase percentage	4.1	3.2

As against these increases, the number of open line staff increased by 4.5 per cent.

1.73. The number of man-days lost during the years 1970-71 to 1972-73 due to strikes/agitations/go-slow movements etc. by Railway employees, as intimated by the Railway Board, are as under:—

Railway	1970-71	1971-72	1972-73
Central . . . . .	..	..	..
Eastern	1,10,215	31,637	9,056
Northern . . . . .	..	..	..
North Eastern	19,443	76,381	9,108
Northeast Frontier	55,557	14,417	15,219
Southern	15,329	384	73,400
South Central . . . . .	..	..	2,764
South Eastern	1,44,816	376	31
Western	1,971	50	2,318
C. L. W. . . . .	..	..	..
D. L. W. . . . .	..	..	..
I. C. F. . . . .	..	497	..
TOTAL :	3,47,331	1,23,742	1,11,896

1.74. In a note the Railway Board have stated:

"During the years 1971-72 and 1972-73, the number of man-days lost happened to be 1,23,742 and 1,11,896 respectively. The

comparative figures thus show that Railways continue to incur loss in mandays due to strikes etc., which naturally affect the railway operation.

The figures of mandays lost may not always be sufficiently indicative of the effect of go-slow, work-to-rule movements etc. on operations particularly if these take place in crucial nerve centres."

1.75. During evidence the Committee enquired whether the Railways have tried to make a deeper probe into the problem of mandays lost so as to reduce the number of mandays lost due to strikes, etc. A representative of the Railway Board stated:

"We have a well organised permanent negotiating machinery, a joint consultative machinery, at the divisional level, at the zonal level and at the Railway Board level. The Union representatives hold frequent meetings. In fact, in the last few years, these labour representatives have been able to get substantial concessions for the staff; these work out to about Rs. 30 crores during the last four years. Therefore, it is not that the Railways are not alive to the problem of labour. There are personal contacts. But in a vast administration with 14 lakh employees, some bickerings are bound to be there. We are trying our best to get over them."

The Chairman, Railway Board, added:

"I would like to emphasise that prior to these two years, the fact remains that we had a prolonged period of industrial peace. After all, in the last two years there have been economic pressures and other pressures which have been acting on the labour force not only here but everywhere. In the Eastern region, particularly, for instance, there have been disturbed conditions even for a long time and even when our labour was not agitated, there they were under different kinds of economic and other pressures. These two years cannot really be regarded in any way representative of industrial relations. Basically there has been always a situation of industrial peace on the railways. The trade union relations have been developing for a long time and have been established on a very good institutional basis as well as individual basis. You will recognise that in the last two years the environmental conditions have been different and the economic pressures have been different."

1.76. The Committee drew attention to the increase over the years in the number of staff on Railways and desired to know the justification for this increase. The Financial Commissioner for Railways stated:

"If I may be allowed to take the discussion back to the year of 1972-73, I find the number of employees in 1968-69 was 13.54 lakhs and in 1972-73 it was 14.15 lakhs, an increase of 59,000 men. No upgradation and this is not a picture of only one class. This is the picture of all the classes of staff and if I mistake not and it is mostly in relation to Class III and IV. I find over the years the leave reserves had been depleted and there was some dispute with the organised labour unions and as a result of that, leave reserves were liberalised. There were also some extra posts created in accordance with the adjudicator's award and some relaxation of the ban on upgradation of posts was given which was in operation for a long time because things were beginning to hurt too much. Therefore, the ban on certain posts was lifted and certain posts were filled and some extra staff—most of them were maintenance staff—were also sanctioned. Then we had extra staff for track patrolling and for the purposes of safety and level crossing. You remember those years were rather bad. We had to undertake patrolling of the tracks extensively. This has accounted for the increase in the staff in monetary terms. I find that the figure of staff costs was Rs. 276 crores in 1964-65 and it has gone up to Rs. 518 crores in 1972-73, an increase of Rs. 242 crores. This tendency had accelerated in the last two years not because of increase in staff but because there is also inflation, increase in cost of living, wage increases and DA increases. I would bring to your notice specifically that the railways being a labour-intensive organisation, the bulk of the expenditure is on labour costs. It was already 60 per cent of the total expenditure on labour and it has gone up to 70 per cent. Therefore, this is a factor which we have to bear in mind."

1.77. The Committee asked whether in view of the escalation of labour costs on Railways from 60 to 70 per cent of the total expenditure, any cost analysis of the staff expenditure had been done. A representative of the Railway Board stated:

"...at every point where we feel there is unproductive work, work study teams are going into it. Before any additional posts are sanctioned, they go into it and without a detailed work study it is difficult to find out whether the strength of

the staff in a particular location is either adequate or superfluous. So, this is a regular practice now and particularly during the last two or three years these work study teams are going into this matter."

The Chairman, Railway Board, added:

"In the Railway Board also every year we carry out an analysis of what the staff are on the different railways in relation to the workload and wherever a tendency to increase is noticed, we apply the regulations, we regulate it as far as possible."

1.78. The Committee asked whether the causes for deterioration of operating ratios in 1972-73 on the five railways referred to in the Audit paragraph, had been analysed. The Financial Commissioner for Railways stated during evidence:

"We have now taken each railway unit as a working unit and gone into the detailed analysis of its working costs and expenditure. It was necessary for making a comparative study that we should breakup the expenditure into items which are controllable and which are non-controllable and some items which stand in between because we can have a shade different from these two categories. For example, non-controllable items will be staff, their rates of pay and allowances, annual increments, leave reserve percentages if they have been changed according to some formula or decision taken by the arbitrator, scale of retirement benefits laid down by the Government and certain other minor items. Similarly, in stores and fuels, variations could be the outcome of prices and tariff revisions. This gives a list of non-controllable items.

Under controllable items we have the same headache, but the increase could not be related to work-load or price inflation. Where the rate of consumption of stores is not related to the requirement of the total maintenance of assets, our fuel consumption rate has gone up. So, we have tried to make a certain definition of controlled and non-controlled items. In addition, we have tried to put them on a common footing. Supposing, they were adjusted towards the level which were foreseen at the time of estimates or that of the earlier year, then by adjusting the results, what is the ultimate picture? Taking these two things into account we find that the Northern Railway's operating ratio was 82.26 per cent in 1971-72 but after the adjustment made for the price increase and the wage increase, the figure comes to 81.1; in other words, the

original picture showed that 82.26 per cent had gone up to 83.41 per cent but when we make allowance for these adjustments, the operating ratio comes down to 81.1 and, therefore, in our view we cannot say that the operating ratio in real terms has gone up; it has, in fact, come down.

The reverse is the picture in the case of the South Eastern Railway. There we find that the operating ratio, unadjusted, was 73.65 and after adjustments are made it rose to 75.3. Then, we started examining it and went into the specific reasons as to why this position has come about. . . . We find that the main reasons, which call for some kind of a further probe at the level of the Railway, are as follows. One is that they have an excessive growth of staff strength in the mechanical and traffic departments compared to the work-load. They have spent much greater amount of money on maintenance and repair cost on certain assets, like track steam locomotives, diesel locomotives, signals and telecommunications. They also spent seemingly an excessive amount on oil allowances etc. Also, they have paid much more money than we normally would associate in terms of compensation claims."

1.79. According to the Audit paragraph, in 1972-73, the steepest decline in the operating ratio was recorded in the case of South Eastern Railway. It is also seen that the percentage of diesel and electric traction is the highest on this Railway. The Committee wanted to know how does the unit cost of operation (cost of hauling a train over one kilometre) on the South Eastern Railway compare with other Railways in the light of percentages of traffic moved by cheaper modes viz., diesel and electric tractions. In a note, the Railway Board have *inter-alia* state :

"It will be observed that on South Eastern Railway the cost of haulage of a coaching train is the highest. On the good side also the South Eastern Railway's cost of haulage is also the highest excepting the Eastern Railway.

It will be noticed that the D.R.F. element in the unit cost per train kilometre both for coaching and goods on South Eastern Railway is the highest amongst the four comparable Railways. This is due to the fact that heaviest capital investments have been made on the South Eastern Railway towards modernisation of traction and operating facilities. This has had the effect of inflating the unit cost per train kilometre both coaching and goods."

1.80. The Committee are concerned to note that the operating ratio of railways, which is the percentage of total working expenses to the gross traffic receipts, was higher during 1972-73 than in the previous four years. In 1968-69, the operating ratio of all Indian Railways was 82.60 per cent. It increased to 84.13 per cent in 1970-71 and after registration a slight improvement in 1971-72 worsened to 84.47 per cent in 1972-73. An increase in the operating ratio implies that the working expenses have increased more rapidly than the gross earnings of the Railways. While the increase in the gross earnings of the railways in 1972-73 over 1968-69 was 29.4 per cent, the increase in the working expenses was 32.3 per cent. For bringing down the operating ratio the Railways will not only have to augment their earnings substantially but will have to effect significant economies in all spheres, particularly in materials management. As stated by the Financial Commissioner for Railways during evidence before the Committee, the finances of railways cannot be considered to be well conducted if only the working expenses are covered. The Committee need hardly emphasise that all out efforts need be made to increase the earnings of the railways by attracting more traffic and improving the operational efficiency.

1.81. From the information made available to the Committee, it is seen that aggregate increase over 5 years period in the staff costs was of the order of Rs. 125.52 crores. Similar increases under the heads 'Maintenance and Repairs' and 'Fuel' were Rs. 100.84 crores and Rs. 23.24 crores respectively. The Committee note that whereas the percentage increases in the passenger train kilometres and goods train kilometres in 1972-73 over 1968-69 were 4.1 and 3.2 respectively, the percentage increase during the same period in the number of open line staff was 4.5. The little increase in the cost of staff is quite understandable in the context of the rising prices.

1.82. The Zonal Railways on which the operating ratios deteriorated in 1972-73 as compared to 1971-72 were Northern, Southern, South Central, South Eastern and Western Railways. The steepest decline occurred in the case of South Eastern Railways where the operating ratio increased from 68.61 per cent in 1971-72 to 73.65 per cent in 1972-73. The Committee were given to understand that each Zonal Railway was now being considered a separate working unit for the purposes of analysing its financial results. The Committee trust that a careful watch will be kept on the working of each Railway and necessary remedial steps taken, wherever necessary, to ensure that the performance of each Zonal Railway improves from year to year.

1.83. A disturbing feature noticed by the Committee is that the unit cost of operation on the South Eastern Railway vis-a-vis other comparable

railways was about the highest in 1972-73. This is stated to be due to the fact that the heaviest capital investment for modernisation of traction and operating facilities had been made on this Railway and this has had the effect of inflating the unit cost per train kilometre of both coaching and goods. This causes concern to the Committee. The Committee hope that the Railway Board would ensure that there is no escalation of the unit cost of haulage.

Railways Finances

1.84. The net revenue in the working of Railways in the past few years and percentage of net revenue to capital-at-charge is given below:

	Net Revenue crores of Rs.	Percentage on capital- at-charge
1969-70	146.56	4.6
1970-71	144.73	4.3
1971-72	169.08	4.8
1972-73	164.43	4.4
1973-74	55.41	1.4

1.85. The Committee were informed by Audit that the percentage of net revenue on capital-at-charge during the First, Second and Third Plan periods were 5.4, 5.1 and 5.7 respectively.

1.86. The Committee desired to know the specific measures proposed to be taken to improve the Railway finances in view of the deteriorating position of net revenue in the working of Railways. In a note, the Railway Board have stated:

"The railway finances started showing a downward trend from 1964-65 when they could not raise adequate resources to finance their Development fund Works. From 1966-67, the railways were unable to meet fully even their annual dividend liability to the General Exchequer. The financial position of the railways has been steadily worsening over the last decade due to near-stagnant volume of traffic on the one hand and increasing cost of inputs (e.g. Staff and Fuel bills, rising prices etc.) on the other.

A vigorous economy drive has been initiated to scale down revenue expenditure by Rs. 50.37 crores during the current year. Directives have been issued to the General Managers of

Zonal Railways to achieve the above minimum level of economy in expenditure in indentified areas by creating an atmosphere of austerity all round.

We are aiming to achieve this year a saving of Rs. 50.37 crores under revenue expenditure and Rs. 25 crores under plan expenditure. Exchequer Control introduced on the railways last year, has been further refined to help achieve the required economy.

An overall view has been taken of railway finances and economy in expenditure had been supplemented by efforts at augmentation of earnings. During the current year adjustment in freight rates and fares have been made from 1st April, 1974 and again from 15th September, 1974 after a mid-year review. Further improvement in the financial position of the railways very much depends on the physical performance of the undertaking. It is essential that the volume of business must grow. Accordingly, not only the traffic offering after May last is being met in full but fresh traffic is being solicited for movement where transport capacity permits. Success in this direction depends not only on the greater productivity within the undertaking, but also on the health of the national economy from time to time.

Some of the other broad measures to improve the financial position of the Railways were recently outlined in the speech of the Minister for Railways in the Parliament on 21st August, 1974, an extract from which is reproduced below for ready reference:—

“Productivity, which has been at a low ebb for so long, has to be reviewed up at all work places and at all levels. After the strike it has revived and is being steadily improved upon. The physical performance and the financial position of the Railways can only go up if we do not miss this opportunity not only to restore but improve upon the norms of the productivity—traffic must move faster throughout the railway net work.

Wagons must be marshalled quicker in yards and damaged rolling stock must be attended to without loss of time. Workshops must improve their output both quantitatively and qualitatively. Ticketless travel and thefts and pilferages have to be combated assiduously. There must be an urgent awareness of the crisis through which the Railways are passing. I expect all the railwaymen to put in their

very best. I am sure that they will face this challenge as successfully as they have met every crisis in the past.

The magnitude of the problem has compelled me to come to a hard conclusion. I am quite clear that Railway assets should be put to a more intense and profitable use. Productivity of railwaymen should show marked improvement. All wasteful practices should be eschewed. Proposed economy measures must also fully bear fruit. Nonetheless, an adjustment in the fares and freight rates is also inescapable if the Railways are not to end the year in a massive loss.

Government at the highest level have already decided that the quantum of deficit finance should not be allowed to go up. It is, therefore, essential that the loss of railway working should be held down to the smallest possible size."

1.87. The Committee were informed by Audit that the increase in earnings of the Railways in 1972-73 over 1968-69 was 29.4 per cent and increase in working expenses was of the order of 32.3 per cent. During the same period the increase in the quantum of traffic was 24.9 per cent under passenger traffic (in terms of passenger kilometres) and 12.1 per cent under revenue earning goods traffic (in terms of net tonnes kilometres). Under Goods traffic the increase in terms of originating tonnage was 2.6 per cent only.

1.88. The Committee desired to know whether in view of the changed traffic pattern, the Railway Board had thought of any new strategy to be followed for running the Railways more economically. In this connection, the Member Traffic informed the Committee as under:

"There is a change in the pattern of traffic. For instance, there is growth of food-grain traffic in North India. Now, there are two or three actions we have taken. One is that where the changes are known as lasting for some time, the route capacity is developed. Apart from physical development of the route capacity, operational changes and improvements are also made by way of long distance marshalling. Where the traffic change involves a long distance pattern, we change our pattern of marshalling and make a train for the longest distance possible so that the transit time can be reduced and the delays that occur at marshalling yards can be avoided.

Similarly, where changes have come about of this nature, in consultation with the producing agencies and the consuming

agencies and all those responsible for offering the traffic to us, we consider introduction of some rationalisation on the pattern of movement so that cross movements are avoided and we do not have the same commodity moving both ways involving wastage of route transport capacity. We have endeavoured to do that in the case of food-grains, cement, etc. where the pattern has substantially changed. For instance in the case of cement we are making over long distances, unlike some years ago, from places in South India to Kashmir and Assam. So, the patterns are reviewed in consultation with the Ministries and other agencies concerned so that cross movement avoided.

Similarly, for food-grains, we have tried to balance the rail movement between the indigenous production and imports so that we do not send food-grains indigenously produced to those areas which can be conveniently reached by port, to their natural hinterland."

1.89. In reply to a question whether in the context of changed traffic pattern line capacity was found to be adequate, the witness stated: "In the case of food-grains, when the production went up in North India in 1968, we found that we had to serve the entire country by moving the food-grains from the North. So we developed the North-South route going from Delhi to Madras. The works were sanctioned and the entire route is practically doubled except certain bridges and that, incidentally, also helps to move cement in the return direction. Similarly, as I have said just now, where the changed patterns are known to be lasting for some time, we have endeavoured to develop and planned physical capacity to cope with the increased volume of traffic consequent to the changed pattern."

1.90. The Committee observe that the percentage of net revenue to the Railways' capital-at-charge ranged between 5.1 to 5.7 during the first, second and third plan periods. After the 3rd plan there has been a steep deterioration in the financial results of the Railways. The percentage of net revenue to capital-at-charge which stood at 4.6 in 1969-70 dropped down to 1.4 in 1973-74. From 1966-67 the Railways have not been able to meet fully even their annual dividend liability to the General Exchequer, except in the years 1970-71 and 1971-72. It would appear that the massive investments made on dieselisation, electrification and modernisation of Railways over the years, have, instead of bringing about any improvement, only added to the cost of railways operations. It is painful to observe that from 1968-69 to 1972-73, the net increase in the goods traffic in terms of originating tonnage was a mere 2.6 percent against an

increase of 29.4 percent in earnings and 32.3 percent in the working expenses. The growth rate on the Railways has thus been stagnant. The Committee have in the past persistently decried the creation of needless capacity a substantial cost, leading to over-capitalisation and an unnecessary increase in the Railways' dividend liability. They feel that what is now required is not some half-hearted measures aimed at bringing about some economy in expenditure or some ad-hoc adjustments in the freights and fares but a bold rethinking at the highest level about the role of railways in the national economy. The Committee have no doubt that if the operational efficiency of the Railways has to be brought to the optimum level, it will be first necessary to put the existing assets in the form of rolling stock, line capacity etc. to much better use than now.

Revenue Receipts

Audit paragraph

1.91. The revenue receipts during 1972-73 were Rs. 1,162.77 crores which were more than the budget estimates by Rs. 19.44 crores. The details are shown below:—

	Actuals 1971-72	Budget 1972-73	Actuals	Variations
(Crores of rupees)				
Passenger earnings				
Upper Classes	39.09	38.80	41.38	+ 2.58
Third Class	281.04	290.07	302.43	+ 12.36
TOTAL	320.13	328.87	343.81	+ 14.94
Other Coaching earnings	69.43	66.39	65.64	- 0.75
Goods earnings	675.30	716.24	720.68	+ 4.44
Sundry earnings	36.83	35.50	35.60	+ 0.10
Suspense	-5.10	-3.90	-3.31	+ 0.59
Gross Traffic receipts	1096.59	1143.10	1162.42	+ 19.32
Miscellaneous receipts	0.38	0.23	0.35	+ 0.12
Total Revenue Receipts	1096.97	1143.33	1162.77	+ 19.44

1.92. At the time of presentation of the Railway budget in March, 1972, an increase of about 3 per cent on the passenger traffic over the previous year was anticipated and including the effect of adjustment of fares of suburban and non-suburban season tickets, the estimates of

passenger earnings were placed at Rs. 328.87 crores which were Rs. 12.87 crores more than those in the revised estimates for 1971-72. Expecting an addition of about 9.5 million tonnes of revenue-earnings goods traffic over the traffic in 1971-72 and also after adjustments in the freight rates as proposed in the budget, goods earnings were placed at Rs. 716.24 crores, representing an increase of Rs. 51.24 crores over the revised estimates of 1971-72.

1.93. To offset the increases in working expenses due to higher wage and fuel bills, the budget proposed rationalisation of the structure of fares and freights.

1.94. A supplementary charge of 5 per cent on parcels and luggage traffic was introduced. Passenger fares for upper classes and monthly season tickets were enhanced. A supplementary charge for journeys undertaken by super-fast express trains was also levied. These increases in passenger fares were expected to yield additional revenue of Rs. 2.37 crores.

1.95. In the revised freight structure classification of certain low-rated commodities was raised by one step (upto class level 52.5). The minimum weight for charge for loading certain bulky article was also raised. The combined effect of these adjustments was expected to yield additional revenue of Rs. 12.67 crores.

1.96. The actual earnings for 1972-73 were Rs. 1162.42 crores, that is, Rs. 19.32 crores more than the budget estimates and Rs. 65.83 crores more than the actuals of the previous year. Passenger traffic in terms of passenger kilometres was 133,527 millions, that is, 6.5 per cent more than that in the previous years.

1.97. The anticipated increase of 9.5 million tonnes in revenue-earning traffic did not fully materialise. The revenue earning traffic carried during the year was 175.3 million tonnes which was only 5.2 million tonnes more than that carried in the preceding year. However, the shortfall in originating traffic was partly made good by increase in average load and proportion of high rated commodities.

[Paragraph 3 of the Report of the Comptroller & Auditor
General of India for the year 1972-73 on Railways]

1.98. It is seen from the Audit Paragraph that the Budget Estimates for 1972-73 envisaged an increase of 9.5 million tonnes of revenue earning goods traffic. The actual increase in the traffic of 1972-73 was only

5.2 million tonnes. The table below shows the broad categorise of commodities, the originating traffic envisaged and actual materialisation:—

	Revised Estimate 1971-72	Actual Estimate 1972-73	Budget 1972-73	Actuals 1972-73
(million tonnes)				
<i>Steel Plant Traffic</i>				
Finished Products	6.30	6.0	6.50	6.7
Raw materials (excluding coal)	15.87	15.7	16.16	17.0
<i>Cool Traffic</i>				
Steel Plants	12.00	11.4	12.60	11.7
Washeries	5.55	5.4	6.25	5.3
Other users	31.37	31.9	34.00	34.1
Iron Ore for Export	10.00	9.9	12.00	9.3
Cement	11.50	11.2	12.50	10.5
<i>General Good</i>				
Food grains	15.82	15.5	16.00	15.8
Fertilizers	4.92	5.2	5.50	5.4
Mineral oils	9.53	10.1	10.50	10.2
Other General Goods (including manganese ore for export)	47.72	47.8	48.00	49.3
Total Revenue Traffic	170.68	170.1	180.00	175.3

1.99. It is seen from the above that in the case of cement, the originating traffic in 1972-73 was less by 0.7 million tonnes, compared to the year 1971-72 and 2 million tonnes less compared to the Budget for 1972-73. However, it is noticed that the cement output rose from 14.9 million tonnes in 1971 to 15.8 million tonnes in 1972 (*vide* paragraph 1.3 of Review of Performance of Indian Railways—February, 1974). Explaining the reasons for the shortfall in cement loading during 1972-73, the Railway Board have in a note stated:

“Cement moved by rail during the year 1972-73 was 10.51 million tonnes as against 11.20 million tonnes moved in 1971-72. The main reasons for shortfall in cement loading in 1972-73 are given below:—

Wagon supply in the first quarter of 1972-73 was seriously affected on account of severe disruption to normal move-

ment, particularly in the Eastern sector on account of very heavy power shedding and frequent power trippings. Apart from affecting train running on the electrified sections directly, such serious power shortage affected the working of Railways also through its effect on the working of loco sheds, marshalling yards, electric colour light signals, carriage and wagon depots etc. On the South Eastern and Eastern Railways, the repercussions of such power shedding were particularly serious and loading of cement as well as other commodities suffered.

Severe summer conditions all over the country in the first quarter of 1972-73 also had their repercussions on railway working.

There were extremely heavy rains in July, 1972 in Bombay area when the track got flooded and falling boulders obstructed movement on South East Ghat. There was a series of failures of the overhead electric traction also as a result of which loading towards Bombay area had to be severely regulated.

A major strike in the month of August 1972 in the cement industry severely affected loading of cement. The loading in August 1973 itself went down by 0.32 million tonnes over August, 1972.

Another factor which affected the ability of the Railways to meet the full requirements of the cement industry was that a large number of covered wagons had been rendered unfit for loading of commodities like cement which are highly vulnerable to damage by wet. During the major part of 1970-71 and the first half of 1971-72, when the law and order situation in the Eastern Sector was unsatisfactory, a large number of wagons were damaged by miscreants deliberately by punching holes in and even removing the panels of wagons containing valuable materials like sugar, cement etc. All those covered wagons could not be used for loading of vulnerable commodities like cement till they were repaired. The Railways engage themselves in a massive effort to improve loading of all commodities, including cement, from September, 1972 onwards and there was a steady increase in loading during October, November and December, 1972 over the same period in 1971. This rate of loading could not, however, be sustained due to a

sharp drop in cement loading on Southern, South Central and South Eastern Railways where movement was adversely affected by the Mulki Rule agitations from November, 1972 onwards. Restriction in movement had to be imposed on a large scale as the agitation lasted upto February, 1973. Severe power cuts imposed in a number of States like Tamil Nadu, Andhra Pradesh, Rajasthan, Gujarat etc. towards the end of 1972 which continued in 1973 also affected rail movement of cement.

Engineers of the U.P. State Electricity Board went on strike in January, 1973. This resulted in complete disruption of movement on the Mughalsarai-Tundla section of Northern Railway and consequently movement of cement from Eastern and Southern regions was adversely affected.

A strike by Railway staff of Bilaspur and Chakradharpur Divisions of South Eastern Railway towards the end of February, 1973 also affected cement loading in the latter part of February and first part of March, 1973."

1.100. Paragraph 9.2 of "A Review of the Performance of the India Railways (February, 1974)" reads as under :—

"The Railways have taken various steps to arrest and reverse this trend, through their Marketing and Sales Organisation. The tonnage lifted and earnings derived from selected commodities on which the Marketing and Sales Organisation specially keeps a tab, and which continued to show a rising trend upto 1971-72, received a set-back in 1972-73 owing to unfavourable operating conditions discussed in the preceding paragraphs. Loading of and earnings from selected high-rated commodities dropped by 2.6 and 0.2 per cent respectively in 1972-73 as compared to the previous year. The containers loaded numbered 28,759 and fetched an earning of Rs. 1.41 crores. Though there was a drop in container loading in 1972-73, the earning per container increased to Rs. 488 from Rs. 451."

1.101. The Committee enquired about the reasons for the drop during 1972-73 in the loading of and earnings from selected high-rated commodities. In a note, the Railway Board have stated:—

"The tonnage lifted and earnings derived from selected high-rated commodities on which the Marketing and Sales Organisation specially keeps a watch and which continued to show a rising

trend upto 1971-72, received a set back in 1972-73 owing to unfavourable conditions caused as a result of a variety of extraneous and unforeseen factors. The loading of and earnings from selected high rated commodities dropped by 2.6 and 0.2 per cent respectively in 1972-73 as compared to the previous year."

2. There were large scale power sheddings by Damodar Valley Corporation and the Bihar Electricity Board during April-May, 1972 and a strike by the U.P. State Electricity Board staff in January, 1973. These power sheddings resulted in considerable disruption to the running of trains not merely on electrified routes but also on other sections worked on steam traction as there were many cases of water shortage and signal failures. Production in major industrial establishments covering largely high rated items were also hit by power shedding.
3. In addition, students agitation in Punjab, Haryana and Assam and pro and anti-Mulki Rules agitation in Andhra Pradesh lasting over 3 months and mass-absenteeism by locomotive staff in September, 1972 on the Southern and South Central Railways affected the running of trains. Drought conditions in certain parts of the country had a direct impact on the loading of high rated traffic. Apart from affecting the production and despatch of high rated traffic drought conditions resulted in the available rail capacity being used for rushing, low-rated essential commodities to the affected areas.
4. A series of floods and breaches occurred in the months of June to September, 1972 dislocating operations on the Central, Northeast Frontier, South Eastern and Western Railways."

1102 During the course of evidence the Committee pointed out that the volume of traffic on Railways depends on the quality of service given by the Railways. In this context the Committee desired to know the steps taken by the Railways to provide transportation facilities for the movement of bananas from Maharashtra to Delhi. The Member Traffic deposed before the Committee that "Over the years, the transportation of bananas from Central India (which is the principal source of bananas) to Delhi and Northern India has been improved. There may be a few individual cases of delays which were highlighted in the press and papers, but if you go back to the last five years, you will find that the general transportation has improved. In fact, we dieselised the banana trains in preference to some other trains so that bananas can move quicker. The service has definitely improved as compared to what it was five years ago."

1.103. The Committee called for a detailed note on the action taken by the Railway Board on the recommendations of the Administrative Reforms Commission in regard to improvement of services on Railways for winning back high rated goods traffic. The note furnished by the Railway Board is reproduced below:—

“Railways have taken a number of measures to improve their quality of service, offer attractive terms, provide total transportation etc. so as to capture high rated traffic from other modes of transport. These measures are described below:—

- (i) Market research and canvassing are carried out by Marketing and Sales Organisation of the Zonal Railways. Close liaison is kept with the representatives of the trade and industry with a view to meeting their requirements
- (ii) Container service, providing fast door to door damage free and pilferage free service, introduced for the first time in January, 1966 between Bombay and Ahmedabad, has been gradually extended on other routes and is now available on the following 11 routes:—

- | | |
|---------------------------------|------------------------|
| 1. Bombay-Ahmedabad | 2. Bombay-New Delhi |
| 3. Madras-Bangalore | 4. New Delhi-Calcutta |
| 5. Bombay-Madras | 6. Bombay-Secunderabad |
| 7. Bombay-Bangalore | 8. Calcutta-Madras |
| 9. Bombay-Calcutta | 10. Bombay-Kota |
| 11. New Delhi-Madras-Bangalore. | |

The extension of the service between New Delhi and Secunderabad, Calcutta and Secunderabad and Madras and Secunderabad is under consideration. The service has proved popular with the trade and industry as can be seen from the following figures:—

Year	Number of containers loaded	Gross freight earnings
		Rs. lakhs
1966-67	1864	3.64
1973-74	29205	157.64

- (iii) Freight forwarder scheme in goods under which freight forwarders collect 'smalls' (less than wagon load consignments)

from individual traders and offer them as wagon load consignments for movement between specific points and at fixed lumpsum per wagon rates, was first introduced on Indian Railways in the year 1969. The advantages of this scheme are (a) elimination of handling of 'smalls' consignments at booking and destination stations and intermediate repacking points thus eliminating the chances of pilferage and damage enroute and also reducing the transit time (b) providing door to door service and (c) securing better payload for wagons.

The service has become very popular as can be seen from the following figures. The service is available between 54 pairs of stations:—

Year	No. of wagons (4 wheeler) loaded under the Scheme	Freight earned
		Rs. lakhs
1969-70	496	12.32
1973-74	15382	396.75

The service was extended to parcels traffic in 1972. The results are encouraging as can be seen from the following figures:—

Year	No. of parcel vans loaded	Freight earned
		Rs. lakhs
1972-73	141	3.55
1973-74	995	28.58

- (iv) Special watch is kept on the loading and earning of 47 selected high rated commodities and where shortfalls occur, remedial measures are initiated.
- (v) Special 'station to station' rates are quoted to attract traffic to rail.
- (vi) Door to door service has been provided to the customers through Out Agencies, City Booking Offices and Agencies, Street Collection and Delivery Services in big towns and Mobile Booking Services in important cities. These services are progressively extended to cover other areas also as and where such facilities are found necessary and economically justified.

- (vii) The need for courteous behaviour towards rail users is constantly borne in mind so as to attract traffic to rail.
- (viii) Increased block rake loading and movement to provide fast through transit. Recently this has been extended to finished steel traffic from steel plants.
- (ix) Quick transit has been provided through super express goods trains runnings between important cities/towns. The timings of these trains have been notified in public Time Tables.
- (x) Several measures to prevent claims have been taken, important among them being:—
 - (a) Use of commercially fit and water tight wagons for loading commodities susceptible to damage by wet;
 - (b) proper rivetting and E.P. locking of wagons carrying valuable goods so as to prevent wagon breaking;
 - (c) ensuring pad locking of brake vans, luggage vans and parcel vans. etc.;
 - (d) escorting of goods trains by Railway Protection Force armed personnel in vulnerable sections;
 - (e) patrolling by armed Railway Protection Force personnel as also by Railway Protection Force Dog Squads in vulnerable major yards;
 - (f) collection of crime intelligence and conducting of surprise raids by the staff of the Crime Intelligence Branch of Railways as well as the Central Crime Bureau, Railway Board, with a view to tracking down criminals and receivers of stolen railway property under the Railway Property (Unlawful Possession) Act, 1965;
 - (g) Maintenance of close co-ordination between Railway Protection Force, Government Railway Police and State Police Officers to deal with criminals and receivers of stolen properties;
 - (h) shadowing of trains/wagons loaded with foodgrains, sugar, oilseeds etc., by Railway Protection Force staff in order to detect the *modus operandi* of crimes and the areas where they are common and to arrest the criminals;
 - (i) insistence on provision of dunnage to protect flap doors where required, for instance in case of wagon load consignments of sugar, grains and pulses and oilseeds;

- (j) proper marking and addressing of packages, to avoid their going astray.
- (k) proper labelling of wagons to avoid misdespatches and to prevent them from becoming unconnected;
- (l) emphasis on correct documentation and securing relevant documents with wagons;
- (m) proper handling of goods at forwarding, destination and transshipment points;
- (n) proper supervision and careful tallying of packages during loading and unloading;
- (o) ensuring use of pictorial labels on fragile goods with a view to preventing breakage, damage etc.;
- (p) patching of panel-holes of wagons not only in sick lines but also in yards and goods sheds so that goods are not pilfered through holes, and rain water cannot seep in;
- (q) intensification of surprise checks to detect cases of short loading and other irregularities and malpractices;
- (r) regular analysis of damage and deficiency messages issued by and received at stations;
- (s) close watch over movement of wagons/vans carrying perishable traffic, so that they are not detained en route;
- (t) prompt fixation of staff responsibility in large number of claims and giving of exemplary punishment in selected cases.
- (u) Normally high rated traffic (class 60 and above) is exempted from operating restrictions in respect of movement.

1.104. The Committee have repeatedly emphasised in the past that in order that Railways are able to rehabilitate their weak financial position, it would be necessary for them to re-capture the high rated traffic by a commercially-oriented approach which would ensure better customer service, including collection and delivery service, quick settlement of claims, quicker movement of goods and prevention of pilferage. In this connection attention is invited to the observations/recommendations contained in ~~paragraphs~~ 1.8 and 1.9 of the 116th Report of the Public Accounts ~~Committee~~ (Fourth Lok Sabha).

1.105. A review of the Railways' performance in 1972-73 reveals that the loading of and earnings from selected high rated commodities on which the Marketing and Sales Organisation specially keeps a watch dropped by 2.6 and 0.2 per cent respectively in that year as compared to the previous year. This has been attributed by the Railways to a variety of extraneous and unforeseen factors such as large scale power sheddings, agitations and labour troubles on Railways resulting in disruption to the running of trains and loss in production in major industrial establishments covering largely high rated items due to power shedding. This would indicate poor management on the part of the Railways. It is, however, seen that although the output of cement in 1972-73 recorded an increase of about a million tonnes as compared to 1971-72, the Railways' share of originating traffic in cement in 1972-73, dropped by 0.7 million tonnes when compared to the year 1971-72. This only shows that despite all the efforts made to recapture high rated traffic the Railways have not only failed to capture additional traffic from other modes of transport but have actually been unsuccessful in retaining their share of traffic. This indicates inefficiency. The Committee can only express the hope that Railways will make more vigorous efforts not only to retrieve the lost traffic but also to capture additional traffic.

Wharfage, demurrage, craaage etc.

1.106. The Committee were informed that during 1972-73, the increase of Rs. 4.44 crores in goods earnings had resulted from an increase in miscellaneous goods earnings such as wharfage, demurrage, craaage etc. The Committee called for statistics regarding the amount of demurrage and wharfage waived year-wise on each Zonal Railways during the period from 1969-70 to 1973-74. The information furnished by the Ministry of Railways is tabulated below:

Statement showing year wise amount of demurrage and wharfage waived, zone-wise

(Figures in Lakhs of Rs.)

Railway	1969-70	1970-71	1971-72	1972-73	1973-74
Central	78.26	75.55	105.34	111.18	127.92
Eastern	82.85	89.48	133.83	120.21	156.04
Northern	77.02	78.76	117.74	107.07	164.46
North Eastern	7.18	14.16	12.94	32.72	74.15
Northeast Frontier	18.30	20.66	18.13	28.37	25.50
Southern	47.35	36.67	38.24	30.90	49.91
South Central	25.52	44.47	39.42	53.51	54.75
South Eastern	33.07	41.96	51.56	45.88	47.44
Western	40.60	44.34	51.70	71.12	86.57
TOTAL	410.15	446.05	568.92	600.96	786.74

1.107. It is seen from the above that the amount of demurrage and wharfage waived each year is constantly increasing. During evidence, the Member Traffic stated:

"Demurrage and wharfage are two things which are within the discretion of the Zonal General Managers. Sometimes, there are certain circumstances which arise from time to time which prevent the users from removing the goods from the wharf or wagons and it is only under these conditions that wharfage or demurrage is waived."

1.108. The Committee enquired about the steps taken and proposed to be taken to prevent misuse of Railway sidings and wagons. In a note, the Railway Board have stated:

"Some of the steps taken in the recent past to prevent misuse of railway wagons and railway sidings by the trade are indicated below:

(a) Demurrage charges are levied when the goods are not unloaded within the permissible free time after placement of a wagon. The demurrage rates were enhanced and made sufficiently deterrent from December, 1972. The demurrage payable for a B.G. four-wheeled wagon works out to Rs. 134/- for 24 hrs., Rs. 295/- for 48 hrs., Rs. 510/- for 72 hrs. and so on.

(b) Section 77 of the Indian Railway Act has been amended to reduce the Railway's liability as bailee from 30 days to 7 days from the termination of transit.

(c) In order to ensure that wagons indented by the consignors are fully loaded, and freight realised on the minimum weight prescribed, the following Rule 164A has been inserted in the Goods Tariff No. 34—Part I—

"164A—Except in the types of cases covered by Rule 164, when a wagon is indented and utilised, the goods loaded in such wagon will be subject to a minimum charge leviable at the wagon-load rate on the minimum weight prescribed for that commodity."

(d) In order to discourage over-loading of wagons with bulk commodities like stone, ore, timber, etc., Rule 161 of Goods Tariff No. 34—Part I has been revised to the effect that if the over-weight exceeds the permissible carrying capacity of a wagon by more than one tonne, freight on 'over-weight' will be chargeable at double the highest class rate for the distance such over-weight is carried.

2. The matter regarding quicker releases of wagons receives constant attention of the Railways. For expediting unloading and removal of wagons, wherever possible, the trade is contacted, meetings are held with Chambers of Commerce etc. In the event of heavy congestion, as a last resort, booking to the congested area is restricted. Wherever possible Railways also under-take unloading of wagons, if the consignee fails to do so in time, and realise unloading charges from the consignee."

1.109. In reply to a question regarding collections of demurrage charges etc., the Member Traffic stated during evidence: "In regard to demurrage, I would not say that there was a half-hearted policy because in 1972-73 we raised the demurrage charges per wagon from Rs. 16 to Rs. 50 for steel plants and enhanced the demurrage substantially for other users. We are also thinking of auctioning the goods which remain undelivered for seven days or more."

1.109. In reply to a question regarding collections of demurrage charges accrued, waived, recovered etc. are given in the table below:

(In lakhs of rupees)

Year	Bal.	Accrued	Waived	Recovered	C. Bal.	Percentage of amount waived
1969-70	402	1787	410	1398	381	22.9
1970-71	381	1871	446	1366	440	23.8
1971-72	440	2096	569	1527	440	27.1
1972-73	440	3642	601	1794	687	22.8
1973-74	687	3753	787	2242	1411	21.0

[Para 41.39—Part I Review and Appropriation Accounts and Annexure 'C' in Detailed Appropriation Account.]

1.111. It is seen from the above that the figures of the amounts accrued and waived have recorded appreciable increases from the year 1969-70 onwards. The percentage of the amount waived to the total accruals has ranged between 21 per cent to 27 per cent during the period from 1969-70 to 1973-74.

1.112. The Committee are concerned to note that the amounts of demurrage and wharfage charges accrued and waived each year have rapidly shot up from year to year. In 1969-70 the total accruals on account of demurrage and wharfage charges were of the order of Rs. 17.87

crores. The corresponding amount for the year 1973-74 was as high as Rs. 37.53 crores. Similarly the amount waived in 1969-70 was about Rs. 4.10 crores. In 1973-74 the amount waived touched the figure of Rs. 7.87 crores. The percentage of the amount waived to the total accruals has ranged between 21 per cent to 27 per cent during the period from 1969-70 to 1973-74. The large accruals on account of demurrage and materials charges not only point to the greater misuse of railways wagons and premises but at the same time reflect on the poor mobility of wagons. The Committee are of the view that larger amounts of accruals and waiver of demurrage and wharfage charges are indicative of a serious malaise which needs to be curbed more vigorously. Collusion of railway staff with unscrupulous traders cannot be ruled out.

1.113. The Committee feel that the existing deterrents are not having the desired effect and hence there is need for more rigorous steps for curbing this evil. The higher the offence the more severe should be the punishment. The position may accordingly be reviewed with a view to taking necessary remedial measures.

Rail-Road Coordination

1.114. While reviewing the trends of railway traffic during the year 1973-74, the Railway Board have in paragraph 9.1 of 'A Review of the Performance of the Indian Railways (February 1974)' observed as under:

"While dealing with the trend of traffic in the current year, it may not be out of place to draw attention to a competitive transport situation which has gradually developed, involving a number of elements, some of which arose on the supply side and some on the demand side. The growth of secondary manufacturing industries especially in the small-scale and decentralised sectors has created a greatly increased demand for specialised transport services calling for safe, fast and reliable scheduled services including door-to-door delivery. This new demand situation received added stimulus owing to the rapid development of road and road transport services on the supply side of transportation. In this process, a good proportion of the 'high-rated' and 'high-profit-yielding' traffic has been creamed off by road transport, leaving the 'low-rated' traffic like coal, foodgrains, fodder, stones, salt, ores, etc., freight on some of which does not even cover costs, to be moved by the railway over long distances. The road hauliers, apart from certain inherent advantages like being able to pick up traffic and deliver it at different points

do not also have the legal liability which the Railways have of being required to lift any traffic offered without showing undue preference either to any set of customers or to any type of traffic."

1.115. Referring to the recommendations of the Administrative Reforms Commission on the question of coordination between road and rail transport, the Committee enquired what steps had been taken to secure rail road coordination in so far as goods traffic was concerned and what has been the States' response to the idea of a coordinated national transport policy. The Member Traffic explained during evidence: "In the State Transport Corporation of each State there is a senior railway officer as member.... The State Transport Corporation deals with passenger traffic.... So far as the State Transport Authority is concerned, which deals with licences, our zonal railway officers like the Chief Commercial Superintendents and Marketing and Sales Superintendents have represented to the Regional and State Transport Authorities regarding grant of licences and that whether the railways have got adequate capacity to carry traffic licences should not be issued. The response from the Road Transport Authority to the suggestions of the railway was not very encouraging. Notwithstanding the representation made by the Railway Administration, the licences were given.

Last year, as a pilot project, we appointed two special officers at the headquarters of the two States, one at Bombay liaising with the Maharashtra State Transport Authority and one recently at Lucknow liaising with the U.P. State Government. It is with the specific object of pointing out to the State Governments where they feel licences should not be issued and where traffic can be carried by the railways, without having any competition between rail and road transport. This pilot project has yet to show its results. We have tried it only in two States, Maharashtra and U.P. We will be able to give you a picture of it after a few months, as to what influence they have been able to exercise to prevent competition between rail and road transport and help each other."

1.116. In regard to representation of the Railways on the State Road Transport Authorities, the witness added: "At the Transport Development Council meeting held in February, 1973 and presided over by the Minister of Shipping and Transport, I myself made a suggestion in the meeting for representation on the State Road Transport Authorities. The reaction of the State Governments was not very favourable to that."

1.117. The Chairman, Railway Board further explained: "There is need for coordination in passenger traffic also. Our representation on these State Transport Corporations has not really produced the effect

that it should have. Actually, the planning Commission is seized of the whole subject of coordinated transport development. They have not been able to evolve any instrument by which the coordination can be effected effectively.

Recently, we have set up a Committee to have coordination between rail and coastal shipping transport. It will be submitting its report. It will be economical if a certain amount of coal, Bengal-Bihar coal, moves to southern India and the west coast by sea rather than by rail. The coastal shipping transport, as you know, has been in the doldrums for a long time. Lack of coordination affects other means of transport also, not only rail-road transport, that is, aerial ropeway, belt conveyer, water transport, etc. The planning Commission has not been able to devise any instrument by which coordination can be effected effectively. It is not enough to say that by a prohibitory order, you can achieve it. There should be some system by which it can be controlled. If you merely try to win an argument with the State Governments, it may not work. It concerns general policy, taxation policy, and other policies also come into this matter. We have been pursuing this with the Planning Commission. The instrument for control cannot be prohibitory because that is sometimes self-defeating."

1.118. Subsequently in a note on the coordination between rail and road transport in regard to the goods traffic, the Railway Board have stated:

"Goods transport by road is almost entirely in the hands of private operators and with the liberal issue of permits to road hauliers by the State Government even on routes where capacity exists on the Railways, there is wasteful competition. Though the need for coordination between the different modes of transport has been accepted by the Government it has not been possible to achieve much in this direction so far.

2. The recommendations of the Committee on Transport Policy and Coordination which went into this problem, were considered by the Group of Secretaries in January 1969 when it was agreed that broad guidelines should be drawn up to assess the quantum and type of long distance traffic which should move by road keeping in view the existing transport facility provided by the Railways as well as the road transport industry. The following suggestions were made in this connection to the Ministry of Transport for ensuring that both rail and road services in the country develop according to their special advan-

tages and characteristics so as to provide together a composite network of services at the lowest cost to the economy:—

- (i) The road vehicle permits for distances exceeding 300 kilometres should not be granted and where granted prior approval of the Railways must be obtained.
- (ii) Permits can be made available for distances over 300 kilometres in the following cases:—
 - (a) where there are no suitable rail links to serve the area viz., Kashmir and Himachal Pradesh;
 - (b) to carry less than a wagon load traffic to road side stations on the congested rail routes, viz., Igatpuri, Bhusaval, Grand Chord of Eastern Railway, Vijayawada-Madras Section etc.;
 - (c) between points where road route is shorter by a specialised distance as compared to the rail route to give the consumer the benefit of an economic rate;
 - (d) temporarily, for a specified route where rail route is disrupted due to breaches, cyclones etc.;
- (iii) Statutory provisions should be made to protect Railways' interests on the following matters:—
 - (a) all permits for movement of traffic issued by the State Civil Supplies and other authorities should be endorsed for movement by rail and road.
 - (b) provisions should be made for a periodical joint survey and checks by States and Railways of the volume and nature of inter-state road traffic. This will remove the handicaps from which the Railways suffer, viz., they are required to publish statistics of various commodities moved without corresponding stipulation on road transport. This will also help detect over-loading, misuse and violation of conditions under which road permits are issued and plug loopholes which lead to loss of revenue and whereby the road hauliers derive unfair advantage to cut their rates to the disadvantage of Railways.
 - (c) State Road Transport Authorities must provide a density chart of traffic moving on National and State Highways to enable planning of rail and road facilities to optimum level within the resources available.

3. However, the State Governments have not only been liberal in the issue of inter-state road permits, but have also started issuing permits for inter-state movement in each zone by entering into reciprocal agreements. Since the scheme as a whole goes against the interests of the Railways, the attention of the Chief Ministers and the Governors was drawn by the former Railway Minister to the adverse effect that the special zonal agreements amongst various States would have on the working of the Railways. It was emphasised that Rail Road Coordination can be achieved only by pursuing a policy of disciplined transport licencing of long distance, inter-state routes and to restrict the issue of permits to road operators on inter-state routes only in cases where it is found that the Railways' capacity is not adequate to meet the need of all the traffic offering. The response from the State Governments is not encouraging and they consider that the matter should be taken up by the Railways with the Inter-State Transport Commission. At the same time they are not agreeable to the strengthening of the Inter-State Transport Commission and to vest it with powers to grant, revoke or suspend any permit or countersign any permit for the operation of transport vehicles in respect of Inter-State routes as envisaged in section 63A(2) of the Motor Vehicles Act, 1939.

4. The Transport Development Council in their meeting held on 15/16-2-1973 decided that the State Governments should form State Transport Development Council on the pattern of the Transport Development Council at the Centre with Railway's representation therein. Governments of Tamil Nadu and West Bengal have since formed such Transport Development Councils in which Railways are duly represented. The question of forming similar Transport Development Councils in other states is being pursued by the Ministry of Shipping and Transport.

In the States of Andhra, Assam, Haryana, Madhya Pradesh, Maharashtra, Karnataka, Orissa, Rajasthan, Tamil Nadu, West Bengal Transport Advisory bodies have been formed in which Railways' representatives are also associated.

5. It was also decided in the meeting of the Transport Development Council that the Motor-Vehicles Act, 1939 should be amended to provide for permissive powers to State Governments to take Railways' representative on the Transport Authorities in respect of the regions where there was scope/need for further rail-road Coordination. The matter is being pursued with the Ministry of Shipping and Transport who have indicated that the Motor Vehicles Act would be amended suitably when the next batch of amendments to the Act is taken up.

6. The State Governments have been asked by the Ministry of Shipping and Transport to give priority to providing link road connecting

railway stations which are not at present connected by link roads with the interior areas.

7. The Ministry of Petroleum and Chemicals has suggested the following measures, among others, to the State Governments, to reduce the consumption of petroleum products and HSD oil:—

- (i) Transport of goods by trucks for distances exceeding 500 Kms. should be restricted at the time of issue of new route permits, and at the time of renewal of the old route permits.
- (ii) Transport of goods over distances exceeding 500 Kms. should only be permissible on the basis of special permits to be issued by the Civil Supplies Department of the originating State. Such permits should be issued very sparingly and for movements of high priority only.
- (iii) The issue of permits for new goods vehicles may be suspended forthwith for the remaining part of 1974-75.

These suggestions if implemented, by the State Governments will go a long way to curb the competition by the roadways.

8. In the face of continuing competition from the road and the lack of effective coordination the Railways have taken the following steps to arrest the diversion of traffic to road:—

- (i) Keeping close liaison with the industry and trade through the Marketing and Sales Organisation set up on each Railway;
- (ii) Introduction and expansion of container services with a view to providing door to door service and with less packing cost to the customer;
- (iii) Introduction and expansion of freight forwarder services for collection of small consignments and providing an integrated rail-cum-road service without any handling en-route;
- (iv) Introduction of quick Transit Service between specific pairs of stations with guaranteed transit time; and
- (v) Operation of street collection and delivery services in important cities."

In another note the Railway Board have stated:

"It has been the constant endeavour of the Ministry of Railways (Railway Board) in the matter of rail-road coordination that the State Government should follow a policy of disciplined transport licencing and that the policy should be to issue

permits to road transport operators on routes where it is established that the railways' capacity is not adequate to meet the needs of all the traffic offering on the particular route. To achieve this objective, it was essential that a representative of the Railways should be associated with the State Transport Authorities and the Regional Authorities in-charge of granting licences/permits for operation of the road transport services. As a result of the discussion held between the Ministry of Railways and the Ministry of Transport and the Planning Commission, the State Governments were addressed in September, 1958 by the Ministry of Shipping and Transport that a representative from the Zonal Railways should be nominated as a member of the State Transport Authority.

The State Government, however, contested this decision as illegal in view of Section 44(2) of the Motor Vehicles Act, 1939, which reads as under:—

44(2)

"No person who has any financial interest whether as proprietor, employee or otherwise, in any transport undertaking shall be appointed or continue, as a member of State or Regional Transport Authority."

The Ministry of Law also opined at that time that representation of railway administration on the State Transport Authorities was illegal. The instructions issued in September, 1958 were cancelled by the Ministry of Transport in November, 1959. Thereafter the only alternative left for the Railways was to raise objections against the grant of road permits in individual cases.

The Ministry of Railways, however, again referred the matter to the Ministry of Law for elucidation of their interpretation of "any transport undertaking" suggesting at the same time that if necessary the Motor Vehicles Act, 1939 might be amended to provide for the Railways representation on the State Transport Authorities. The Ministry of Law opined that under the existing provision of the Act, there is an absolute ban on the appointment of a person who has any financial interest whether as proprietor, employee, or otherwise in any transport undertaking as a member of Regional or State Transport Authorities. In their opinion the term "any transport undertaking" includes Railways also.

The matter was considered by the Administrative Reforms Commission who in their recommendation No. 30(3) desired that a representative of the Railways might be associated with the State Transport

Authorities or other bodies which are incharge of the grant of licences or permits for operation of road transport services. The recommendation was referred to the Ministry of Shipping and Transport who advised in September, 1970 that the recommendation was unacceptable since it was in conflict with the provision of Section 44(2) of the Motor Vehicles Act, 1939.

The Public Accounts Committee also supported the recommendation of the Administrative Reforms Commission in their recommendation at Sl No. 10 (para 1.23, Appendix VII) of the 116th Report—4th Lok Sabha. The matter was again referred to the Ministry of Law who after considering the matter in great details agreed in September, 1971 with the view that the expression "any transport undertaking" occurring in Section 44(2) of the Motor Vehicle Act, 1939 refers to an undertaking engaged in the road transport service by Motor Vehicles and hence a representative of the Railways can be appointed as a member of the State or Regional Transport Authorities. It was also considered to amend section 44(2) of the Act so as to clarify the position.

In consideration of the opinion given by the Ministry of Law, the matter was again referred to the Ministry of Shipping and Transport and was also taken up in the 9th meeting of the Transport Development Council held at Srinagar in August 1971 when it was agreed that a representative should be taken on each of the Transport Authorities in the various States and if this was not permissible under the existing provision of the Motor Vehicles Act, 1939, the question of amendment of the Act suitably for the purpose should be considered.

The matter was again referred by the Ministry of Shipping and Transport to the State Governments for their comments in the matter. While some of the States agreed with the decision taken by the Transport Development Council, the Governments of Kerala, Gujarat, Mysore, and Rajasthan were not in favour of giving representation to the Railways in the Regional/State Transport Authorities. In the States of Tamil Nadu and Uttar Pradesh, there being single official transport authorities, the question of Railways' representation did not arise.

The Central Government (Railways), however, emphasised that they provide funds to the State Transport Corporations only to ensure coordination between the two modes of transport and if by the stand taken by the State Governments, the Railways are not given the representation in the Transport Authorities, which is the only means to control the unrestricted grant of permits to the road operators, the Railways financial participation in the State Transport Corporations will not serve much purpose. It was also emphasised that the decision taken in the Transport Development Council in August, 1971 was quite clear and did not leave any

scope for further consultation with the State Governments as the Ministers of Transport of the States concerned represent their States in the Transport Development Council.

Since, however, the views of the State Govts. had been obtained by the Ministry of Shipping and Transport and they were found to be evenly divided on the need for giving representation to the Railways on the Transport Authorities the matter was again referred to the Transport Development Council for consideration in the meeting held in February, 1973. The matter was accordingly re-examined and it was decided that the Motor Vehicles Act, 1939 may be amended to provide for the permissive powers to State Government to take railway representative on the Transport Authorities in respect of the regions where there is scope/need for further rail-road coordination. This has not been accepted by the Central Government and noted by the Ministry of Shipping and Transport for inclusion in the next batch of amendments to the Motor Vehicles Act, 1939.

The Ministry of Shipping and Transport are being reminded from time to time to expedite the amendment of the Motor Vehicles Act, 1939."

1.119. The Committee's attention has been drawn to the competitive transport situation which has gradually developed in the country. The Committee have always expressed their concern at the lack of a coordinated national integrated transport policy. They, however, regret to find that even though the need for coordination between the different modes of transport is accepted by all, there has been no worthwhile achievement in this direction. Every time the Committee review the working of the Railways on the basis of annual Audit Reports, a point is made that a good proportion of the 'high rated' and 'high profit yielding' traffic has been creamed off by road transport, leaving the 'low rated' traffic like coal, food-grains, fodder, stones, salt, ores etc., freight on some of which does not even cover costs, to be moved by the Railways over long distances. This not only involves wasteful competition between the railways and road hauliers but leads to a national waste inasmuch as the rail capacity created at great cost remains unutilised or underutilised in many sectors. It needs no emphasis that proper and effective rail road coordination can bring more business for the Railways. This happens because the Railways are unable to give full satisfaction to its users. Road transport is always much dearer compared to existing railway rates. In the context of the present-day circumstances arising out of the oil crisis, the need for a coordinated national integrated transport policy has become all the more important and compelling. It will, therefore, be in the fitness of things that this question is considered by Government at the highest

level to formulate a clear-cut policy and to evolve a suitable machinery for the effective implementation of the same.

1.120. The Planning Commission and State Governments may, however, be approached to discourage long distance road transport service in public and private sectors, both for passenger and goods traffic, once the Railways are able to meet fully the demand to the satisfaction of users and respective State Governments.

Revenue Expenditure

Audit Paragraph

1.121. The revenue expenditure during 1972-73 was Rs. 998.34 crores. The details are shown below:—

	Actuals 1971-72	Budget 1972-73	Actuals 1972-73	Variations
(Crores of rupees)				
A Working Expenses :—				
(i) State Administration Staff Welfare and Operating Staff	291.84	296.68	305.67	8.99
(ii) Repairs and maintenance	272.74	282.70	309.90	27.20
(iii) Fuel	155.93	158.95	162.37	3.42
(iv) Miscellaneous expenses including operation other than staff and fuel payment to worked lines and suspense	74.97	70.96	78.83	7.87
(v) Appropriation to Depreciation Reserve Fund	105.00	110.00	110.00	..
(vi) Appropriation to Pension Fund	11.38	15.85	15.85	..
B. Miscellaneous expenditure such as cost of Railway Board and its attached Offices surveys, Audit and subsidy paid to branch line companies.	8.73	8.96	8.64	— 32
C. Open Line works—Revenue	7.30	7.00	7.08	0.08
TOTAL :	927.89	951.10	998.34	47.24

1.122. The increase of Rs. 47.24 crores over the budget was mainly due to payment of interim relief to staff sanctioned by Government from 1st August, 1972 (Rs. 9.33 crores), increased expenditure on shed and shop repairs to rolling stock (Rs. 8.02 crores), more consumption of diesel oil [Rs. 5.58 crores—includes arrear adjustment (Rs. 1.23 crores) and increase in cost (Rs. 1 crore)], more expenditure on repairs and maintenance of electrical and signal services (Rs. 3.71 crores), more payment of compensation for goods lost or damaged (Rs. 3.05 crores), increase in expenditure on catering stores, clothing and stationery (Rs. 3.49 crores),

restoration of flood damages to track etc. (Rs. 2.67 crores), more expenditure on mileage, overtime, travelling and other compensatory allowances (Rs. 2.03 crores), increase in prices of materials (Rs. 2.51 crores), adjustments under suspense heads (Rs. 1.80) crores), increase in expenditure on electricity for traction purposes (Rs. 1.60 crores) and for other than traction purposes (Rs. 1.23 crores), more payment of rent for open line wires of Posts and Telegraphs Department (Rs. 1.40 crores), repairs and maintenance of service and residential buildings (Rs. 1.33 crores), more expenditure in railway hospitals on drugs, medicines and diet charges (Rs. 1.19 crores) and aggregate of minor variations of less than Rs. 1 crore each (Rs. 4.17 crores).

1.123. These increases were partly off-set by savings due to less consumption of coal (Rs. 2.93 crores) and fluctuations in adjustments from stock adjustment account (Rs. 2.94 crores).

1.124. The provision of Rs. 158.95 crores for fuel included the requirements for carrying additional 9.5 million tonnes of revenue-earning goods traffic and for increase of three per cent in passenger traffic expected during the year. Supplementary grants of Rs. 1.85 lakhs and Rs. 4.35 crores were obtained in December, 1972 and March, 1973 respectively, mainly for meeting expenditure on account of increase in the price of coal (Rs. 2.11 crores), arrear adjustments of previous years mainly under diesel oil (Rs. 1.08 crores) and more consumption of fuel due to increase in traffic (Rs. 1.48 crores). The anticipated increase in goods traffic did not fully materialise during the year.

[Paragraph 4 of the Report of the Comptroller and Auditor General of India for the year 1972-73 on Railways].

1.125. During evidence the Committee enquired whether apart from the steps to be taken for improvement of railway finances, any economy measures were under contemplation. The Financial Commissioner for Railways stated:—

“We have undertaken economy measures. In fact, they have been in operation for a number of years. We have underlined economy again this year. This has been announced by the Minister of Railways in Parliament. We hope to achieve an economy of Rs. 50 crores this year.”

1.126. As to the measures proposed to be taken for achieving an economy of Rs 50 crores, the witness stated:—

“We are trying to impose a financial discipline on the railways. We are not curtailing the performance of the railways. We are asking them to live within the means of budget, less 5 per cent. It will cover working expenses not only on staff but also materials, repairs and maintenance and other things.”

1.127. The Committee pointed out that when such blanket economy orders are enforced, it only results in the postponement of some essential maintenance services and deterioration in the standards of services rendered without any real saving in the fuel cost and fuel consumption etc. To this the Financial Commissioner for Railways replied:

"The first area of our economy would be our saving on fuel costs because the load which we are going to carry this year is below the target. . . . Instead of carrying 217 million tonnes, we think we will not be in a position to carry more than 198 million tonnes."

1.128. Asked whether any guidelines had been issued to the General Manager for effecting a 5 per cent economy, the Financial Commissioner for Railways state:—

"We have indicated certain areas which are more or less in line with the Government's directives on economy. For example, we have said unnecessary touring which involves extra expenditure by way of travelling allowance, daily allowance etc. should be cut down. Then, meetings and conference should be cut down. Certain discretion should be exercised in the employment of casual staff so that there may not be surplus. There should be a quick review of the staff requirements because there is a feeling that not only the railways but other Government departments also are over-staffed. Before the review of staff is undertaken, there should be an administrative ban on the creation of new posts of certain kinds. There should be some economy also in the use of materials in workshops for repairs and maintenance. Then there is inventory control. There is also a certain amount of waste in the use of materials and also overtime which should also be cut down to the minimum."

1.129. It is seen from the Audit Paragraph that in the budget for 1972-73 a provision of Rs. 158.95 crores for fuel was made. This included the requirements for carrying additional 9.5 million tonnes of revenue-earning goods traffic and for increase of three per cent in passenger traffic expected during the year. Supplementary grants of Rs. 1.85 lakhs and Rs. 4.31 crores were obtained in December, 1972 and March, 1973 respectively, mainly for meeting expenditure on account of increase in the price of coal (Rs. 2.11 crores), arrear adjustments of previous years mainly under diesel oil (Rs. 1.08 crores) and more consumption of fuel due to increase in traffic (Rs. 1.48). The actual expenditure on fuel during the year 1972-73 was Rs. 162.37. The anticipated increase in goods traffic did not however fully materialise during the year.

1.130. During evidence the Committee enquired what has been the level of fuel costs of diesel engines and how far it had gone down. The Financial Commissioner for Railways stated: "That is not a very significant factor because diesel costs have not really gone up after the Budget." To a question whether there has been a cut down in the diesel cost as it involved the vital question of foreign exchange, the Financial Commissioner replied in the negative.

1.131. The Committee desired to know how the economy in the fuel consumption especially liquid fuel consumption was being physically enforced. A representative of the Railway Board explained:

"In connection with economy on fuel, we have been taking action in two or three fields. One is regarding the question of pilferages of coal and second is regarding the maintenance of the assets and wherever there is a leakage, we have been trying to plug the loopholes. The second is regarding the diesel oil. We are ensuring that the operation improves so that the time required for doing a specific job is reduced and there is no wastage of fuel. We also see that there is better maintenance of the assets."

1.132. The Committee asked what steps were proposed to be taken to control consumption of diesel oil in the Railways in view of the steep increase in prices payable for petroleum crude. In a written note, the Railway Board have state:

"Railways have taken the following steps to control consumption of H.S.D. oil:—

- (1) To restrict dieselisation to the extent inescapable;
- (2) Intensifying measures to achieve maximum economy in consumption.

Dieselisation

"Diesel traction is introduced mainly to increase the throughout of goods traffic on sections on which steam traction has reached the saturation point and on sections far away from coal-fields. It is therefore not possible to revert to steam traction in such sections to curtail diesel oil consumption without drastically reducing throughout of goods traffic. Effective substitution of diesel hauled rail traffic can, however, be done by electrification on trunk routes for which Railways have already planned to maximise to the extent possible with the existing financial and other resources.

Railways have already decided to curtail manufacture of diesel locomotives for use in shunting services after utilising the

materials and components already committed for. These locomotives, in any case, are necessary for being utilised in critical areas.

The passenger services are dieselised only to a limited extent, the consumption of H.S.D. oil on these services being only 15 per cent of the Railways' total requirements of this fuel. The passenger services which are, as it is, unable to meet the full requirements, cannot be curtailed either in loads or in frequency which would be necessary in case of reverting to steam traction to reduce H.S.D. oil consumption.

It may be stated in this context that H.S.D. oil consumption on Railways is only 12 per cent of the total consumption in the country. Further use of diesel oil for rail traction is six times more effective for movement of freight traffic as compared to movement by road. In fact, the Planning Commission has been studying the substitution of long distance road movement of goods by rail.

Fuel Economy

Railways have been all along conscious of the need for effecting economy in the use of H.S.D. oil. Effective measures for achieving fuel economy have been in force from the very beginning of large scale dieselisation on Railways. With the cost of diesel oil escalating, it has become all the more necessary that utmost economy be achieved in the use of HSD oil. Railways have, therefore, already intensified the drive for utmost economy in fuel consumption.

A special investigation had been conducted by the Research, Designs and Standards Organisation of the Railways for identifying the main causes for excess consumption and based on this investigation, the Railways have been advised for taking effective remedial measures. Some of the salient features of the fuel economy drive instituted on the Railways are given below:—

- (i) Improved maintenance of locomotives to ensure leakage-free joints especially at inlet and exhaust elbows.
- (ii) Strict compliance for ensuring correct lubrication.
- (iii) Improvement in general cleanliness of the cooling circuit components to permit proper heat transfer for reduction in engine idling in the diesel locomotive maintenance shops.
- (iv) Periodical checks on specific fuel consumption of engines while giving load box tests.

- (v) Instructions to drivers to ensure that idling of engines is kept to the barest minimum by switching off whenever the detention is expected to be excessive.
- (vi) Intensive instructions to engine crews during training as also on the job by inspectors and instructors in matters pertaining to fuel economy.

A watch is being kept to ensure that the fuel economy measures are implemented. Fuel economy being a continuous process, the drive in this regard is also continuous. The fuel consumption results are analysed periodically to identify factors adversely affecting fuel consumption so that prompt remedial measures can be taken.

To safeguard against losses due to pilferage, the following steps have taken:—

- (1) Issues of diesel oil to engine tanks is through flow meters to the extent possible.
- (2) Maintenance of driverwise consumption for scrutiny with the actual trip rations to identify defaulting drivers. Their training through inspectors/instructors is arranged and deterrent action is taken under D.A.R. wherever warranted.
- (3) Calibration charts have been provided for each series of tank wagons at all fuelling installations to enable assessment of actual receipts.
- (4) The locking and sealing of various control valves of the oil installations has been undertaken to prevent unauthorised manipulation of these valves.
- (5) The fuel tank strainers on locomotives have been sealed to prevent siphoning out of oil from the locomotive tank."

1.133. The Committee note that during the year 1972-73 an amount of Rs. 158.95 crores was provided for fuel. This provision of Rs. 158.95 crores for fuel included the requirements for carrying additional 9.5 million tonnes of revenue earning goods traffic and for an increase of three percent in passenger traffic. The anticipated increase in goods traffic did not fully materialise during the year but the fuel bill of Railways registered an increase of Rs. 3.42 crores at the end of the year. Even after making allowance for the escalation in the price of fuel during the year, the committee feel that the increase in fuel bill was not commensurate with the increase in traffic. This only demonstrates that despite all the fanfare about the economy drive, the Railways have not been able to effect any tangible saving in the expenditure on fuel. The Committee

would like to emphasize that if fuel economy has to have any meaning it should be clearly reflected in the consumption of fuel vis-a-vis the quantum of traffic moved.

1.134. During evidence the Financial Commissioner for Railways informed the Committee that during the year 1974-75 all the Railways have been asked to effect a 5 per cent cut in their expenditure. The Committee apprehend that the enforcement of such blanket cuts more often than not result only in the postponement of essential maintenance services and deterioration in the standards of service without any real saving in the fuel cost and fuel consumption. The Committee trust the Railway Board will keep this in view.

Condemnation of Wagons

1.135. The Railway Board have informed that the number of wagons condemned/taken off the line during the past 3 years was as under:

		(figure in terms of 4 wheelers)
		No. of wagons condemned/taken off the line.
1971-72	. . . . .	7,045.0
1972-73	. . . . .	4,557.5
1973-74	. . . . .	3,966.0

1.136. It was stated during evidence that before disposing of the condemned wagons as scrap all the parts which could be reused were removed. Questioned about the condemnation of the Chassis, the Chairman Railway Board stated:

“The wagon is not condemned if the under-floor is sound. It will be re-built. The wagons which were condemned were over 40 years old, where the parts of the underframe are corroded, twisted, bent and are not repairable. Otherwise it would tantamount to building a new wagon.”

1.137. In reply to a question whether any guidelines had been laid down for deciding about the condemnation of wagons, a representative of the Railway Board stated:

“There is a procedure laid down. There is a Survey Committee which examines the whole thing. The senior officers concerned examine the wagon themselves. They give certificate whether it is to be condemned or not condemned.”

1.138. In a note furnished at the instance of the Committee the Railway Board have stated:

"For the purpose of condemnation, wagons could be divided into following categories:—

- (a) Condemnation of overaged stock.
- (b) Condemnation of wagons prematurely.
- (c) Condemnation of wagons involved in accidents and certified to be irreparable.
- (d) Condemnation of non-IRS wagons of inherent weak design proposed to be condemned on condition basis.

The procedure and authority of condemnation of each category is given below:—

(a) *Condemnation of overaged stock*

- (1) The normal life prescribed for a steel bodied wagon is 40 years.
- (2) On the basis of a study of effect of age on the condition of wagons guidelines for condemnation for overaged wagons were issued to the Railways. Firstly a detailed condition report of the wagon is drawn out and the mechanical condition continues to be the criteria for condemnation of overage wagons.
- (3) A wagon is condemned after a thorough inspection has been carried out by an authority as detailed in the paragraph (5) below. He examines the wagon and sees the condition of the wagon body and of the underframe. If both these require heavy repairs and if he considers it not worth-while to repair the wagon then it is condemned.
- (4) It may be stated that Railways continue to have about 4 per cent BG and 12 per cent MG overage wagons in service and their use has been continued merely because their condition is such that they can be kept in service after necessary repairs.
- (5) The authority for condemnation of overaged wagons is vested with the Works Manager or other mechanical officers higher in rank than him after their personal inspection. On the divisions such condemnation is done only after personal inspection by an officer of the rank of Dy. Chief Mech. Engineer. No prior approval of any officer higher than the above is needed but intimation has to be sent to Head office.

(b) Condemnation of Wagons Prematurely:

For condemnation of wagons prematurely full financial justification is prepared in accordance with the procedure laid down to definitely establish whether it is more economical to scrap the existing wagon or to repair it and prolong its life. The relative economy is assessed on the basis of average annual cost of service or the average cost per unit of service and only after the proposal is scrutinised and concurred by the Finance, the wagon is condemned.

Authority for condemnation is vested with the Additional Chief Mechanical Engineer/Chief Mechanical Engineer of each zonal Railway and the wagons have to be personally inspected by Works Manager, or officer of the rank of Dy. Chief Mechanical Engineer or above.

(c) and (d) Condemnation of Wagons Involved in Accidents and Certified to be Irreparable:

And

Condemnation of Non-IRS Wagons of Inherent Weak Design Proposed to be Condemned on Condition Basis:

Preparation of financial justification in these cases is not necessary. However, personal inspection by the authorities as mentioned above is essential.

In case, where stock to be condemned is not intended to be replaced thereby implying a reduction in the authorised stock, Railway Board's prior approval for such condemnation is necessary.

After approval for condemnation of the wagon as detailed above is processed and obtained these are handed over to the Stores Department for final scrapping and disposal."

Utilisation of Old Rails.

1.139. The Committee enquired during evidence about the orders in regard to use of new/old rails for new lines, for branch lines and for lines in the sidings. The Chairman, Railway Board informed the Committee:

"We have standing orders on that. Rails which are useable and serviceable and released from the main line should be used in the loopline and the sidings unless they have worn out beyond 5 or 6 per cent or due to corrosion or anything like that. In fact even the main line rails which are old and in

which certain parts are to be scrapped, are sometimes made use of."

In reply to a question the witness added:

"In sidings the intensive use of the rails is sometimes very much more than normal forty years. So, even after forty years of life, they are re-using them. The rails that are condemned are by and large of this age."

1.140. The Committee pointed out that in view of the general shortage of steel, the Railways should make efforts to condemn the old rails as scrap only when they are found to be absolutely unuseable for any purpose. The Chairman, Railway Board state:

"Most of our importation (of steel) of late, is for certain sections. We are conscious and aware of the need for reduction in consumption of steel. That is why we have gone in for concrete structure of different kinds and different designs. Even for our platforms structure we have gone for concrete designs wherever it was feasible or possible to do that."

1.141. In a note furnished by the RDSO, it has been stated:

" the current practice is that the rails released from primary locations, to the extent they are fit for re-use, are used in secondary relayings and those released from secondary locations are used in sidings and yards. Whatever released rails are left over with the Railways and not fit for use any further in relayings, are disposed off by sale.

The need for effecting economy in the use of rails has been engaging the attention of the Railway Board and RDSO. On the basis of the recommendations of the 44th Track Standards Committee, a sub-committee consisting of 3 Chief Engineers was appointed by the Board to make recommendations for deriving maximum benefit from reusing released rails. This sub-committee recommended that for deriving enhanced life out of the released rails from trunk routes and main lines, it would be a good practice to crop the rail ends after ultrasonic testing and weld them into suitable lengths before they are used for renewals on branch lines. This recommendation of the committee was accepted and has been incorporated as an addendum to Chapter VII of the Indian Railways Way and Works Manual of the Railways.

The subject of use of released rails was further studied by a committee consisting of Directors, Chief Engineers and ACRSs, set up by the Railway Board in 1971 for 'Review of Track Standards B.G.'. This Committee recommended that even on main lines where speeds are up to 100 km/h, it should be possible to make use of released rails after thorough testing by ultrasonic rail flaw detecting equipment, classifications and reconditioning so that the extent of primary renewals on such lines is minimised. This recommendation is now under consideration of the Railway Board."

1.142. The Committee note that on an average about 4,000 wagons are condemned/taken off the line annually on all Railways. It has been stated that for the purpose of condemnation wagons are examined by different authorities under regular prescribed procedure. During evidence the Committee were given to understand that no wagon was condemned if its chassis or underframe was considered to be sound and reusable. In regard to utilisation of old rails the Committee are informed that the rails released from primary locations, to the extent they are fit for re-use, are used in secondary relaying and those released from secondary locations are used in sidings and yards. In the context of the shortage of steel in the country necessitating importation and the abundance of railway scrap available for disposal, the Committee needs to be reassured that no wagon or rail is declared as scrap unless it is fully established that it cannot be re-used for any other purpose. The Committee would like the Railway Board to once again review the existing procedures regarding condemnation of wagons and old rails to ensure rigidly that only those which cannot be repaired are only discarded.

1.143. As regards the disposal of ferrous and non-ferrous scrap the Committee would once again like to emphasise that Railways should establish adequate plant capacity for re-melting and reusing of their own scrap to the greatest extent possible. They should also have a metal bank and metal exchange. The purchase and sale on these counts should be reduced to minimum. A special cell should be started at Board and Zonal Railway level.

Closed circuit movements of Wagons

1.144. Paragraph 9.4 of 'A Review of the Performance of the Indian Railways (February, 1974)' reads as under:

"Movement of commodities by block trains, under which commodities originating from specific stations or areas are cleared in full train loads, continued during the year. While the movement of coal, petroleum products and export ores by

block trains, which had been stabilised over the years, did not show any appreciable change, there was a welcome increase in the movement of other commodities by block trains, from 15 per cent in 1971-72 to 22.6 per cent in 1972-73 on the broad gauge, and from about 11 per cent to 12 per cent on the metre gauge."

1.145. During evidence the Committee desired to know about the closed circuit utilisation of Railway wagons. The Member Traffic explained:

"We have certain sectors in which wagons have been moving increasingly in closed circuit. For instance, if you take petroleum sector, we move the petroleum products in tank wagons in close circuit. For moving iron ore also, wagons are moved in closed circuits, particularly in Bailadilla-Vizag and Hospet/Bellary/Madras sectors. We are trying to move coal in Block trains to Power Houses and big industries so that these trains can be moved intact from single loading points to single destinations. We are trying to increase the number of closed circuits between Eastern and Northern Railway, if more block rakes can be loaded in the coal mining areas by the mining organisations.

In so far as supply to power stations is concerned, major power stations receive coal in full block of train rakes, such as Badarpur (DESU), Panki (Kanpur), Harduaganj power stations which receive coal in block trains and these return intact to the coal loading areas. For the last more than one year, in fact Railways have been constantly in touch with the Coal Mines Authority to get increasing number of wagons loaded in block rakes from single loading points to single destinations. So far we have not been successful in increasing the number of block rakes but this is very much in our mind and we want to run more such trains in block rakes in closed circuits in certain sectors."

1.146. Questioned about the progress made in having a larger amount of closed circuit movements during the last few years, the Member (Traffic) stated:

"Close circuit movements are confined more to steel, coal belt areas and to ore exporting areas.

Ore mines in Bellary/Hospet areas and Madras port are linked in close circuit. Engines and wagons loaded with ore in Bellery

Hospet are moved to Madras Port and the same empty engine and empty wagons come back to the Mines and go back loaded. The movement in this close circuit is to the extent of about 90 per cent. Bailadilla Kurandul area which exports ore to Japan, here engine and wagons are 100 per cent in close circuit. Barajamada to Paradeep iron ore movement is about 80 percent in close circuit.

Coking coal to steel plants is 80 to 85 per cent in close circuits, the wagons loaded with raw coking coal or washed coking Coal come to Bhilai, Rourkela, tisco steel plants, the rakes returning intact for back-loading of the Coal.

We have made additions to close circuits in movement to major power houses. But here our difficulty is that we find that the circuits get broken frequently. For instance take the movement from Bengal Bihar fields to Bandel Thermal Plant. If it detains wagons and those wagons are not sent back promptly, the circuit gets broken. This also applied to Badarpur Power House and Barduaganj Power House. When the wagons are detained, the effort is vitiated and this occurs often in power houses; then we fall short of wagons at the other end and we have to inject wagons at the other end from other circuits."

1.147. In a written note furnished to the Committee the Railway Board have stated

"Closed circuit movements are largely confined to the movements in steel & coal belt and ore exporting areas. In this pattern of movement, wagons are loaded in the form of block rakes or full train loads and move as such from the loading to the unloading point. After unloading the empty rake is returned again to the loading point for re-loading. Thus the rakes in these circuits are kept captive. Often engines are also kept captive alongwith the rakes to ensure that the closed circuit movement pattern is not disrupted for want of motive power. Most of the wagons deployed in these circuits are special type of wagons such as BOBS, BOBX & KO (Hopper wagons BOY wagons etc. BOX rakes are also run in closed circuits in these areas.

At present these movements are largely confined to the following areas:

- (a) Iron Ore for Export from Bellary-Hospet to Madras Port, Bailadilla-Kirandul area to Vizag and Barajamda to Paradip;
- (b) Coking Coal to steel plants;
- (c) Iron ore and limestone from Dhalli Rajhara and Ahiwara for Bhilai steel plant, Iron ore and limestone from Barsua and

Purnapani for Rourkela, Iron ore from Barajamda area and limestone from Birmitrapur to TISCO, Durgapur & IISCO steel plants and Iron ore from Kiriburu for Bokaro Steel Plant.

- (d) Movement of coal to major power houses e.g. from Singrauli coalfields to Obra Thermal Plant, from Bengal Coalfields to Bandel Thermal Plant, etc.

The extent of closed circuit movement at present is about 90 per cent of the total Iron ore export traffic in the Bellary-Hospet-Madras circuit and 100 per cent in respect of iron ore movement from Bailadilla to Vizag and about 80 per cent from Barajamda area to Paradip Port. In respect of steel plants Iron ore and limestone is a close circuit movement directly between the steel plants and mines when in BOBX, BOBS and KO (hopper type wagons). In the case of coking coal to steel plants about 80 to 85 per cent of the traffic moves in closed circuits.

In addition the movement of mineral oil in tankwagons is also organised increasingly in closed circuits such as from Kandla to Shakurbasti, Panki to Ambala and other places in north west, Bombay to Manmad Puna, Barauni to TISCO etc. At present, about 60 per cent of the total loading of tank wagons moves in close circuit to single point destinations. The scope of increasing such closed circuit movements is always kept in view when some stream of traffic lends itself to this pattern as it introduces a sense of regularity in transportation. Difficulties, however, come up if the circuits get broken due to delays at either the loading or at the unloading point. For instance, if wagons are detained in Bandel Thermal Plant their return to the Bengal/Bihar coalfields will be interrupted and the entire link gets broken."

1.148. The Committee find that traffic in certain sectors such as iron ore for export, coking coal for steel plants, iron ore and limestone for steel plants, coal for major power houses and petroleum products, is being increasingly moved under closed circuit movement of wagons. It is seen that under this pattern of movement wagons are loaded in the form of block rakes or full train loads and move as such from the loading to the unloading point. After unloading the empty rake is returned again to the loading point for reloading and thus the rakes in these circuits are kept captive. Since the movement of traffic under this system will inevitably involve an increased amount of empty haulage, the Committee trust that the Railways will have made careful study of the economics of the movement of this traffic. In any case the basis should be total cost (including empty haulage) plus profit basis. Before introducing this pattern of traffic movement to other streams of traffic, the Committee will like the Railway

Board to ensure that traffic movement is economically viable. The system also calls for a high degree of liaison both at the loading as well as unloading points to ensure that the circuits do not get broken. The Committee hope this aspect is being taken care of by the Railways.

Research, Designs, Standards Organisation

1.149. The Research, Design and Standards Organisation of the Railways was formed in 1957 by merging the Central Standards Office and Railway Testing and Research Centre to centralise the research and design work of all railway disciplines at one place and under one organisational control. According to the 'Indian Railway Year Book, 1973-74' the RDSO's activities are directed towards improving the utilisation of existing assets, modernising railway operation and attaining self-sufficiency in the design and manufacture of railway equipment. Guidelines for RDSO's research activities are laid down by the Central Board of Railway Research which consists of eminent scientists, engineers, technologists, managers, educationists and senior railway executives. The organisation is headed by a Director General, who is assisted by 12 Directors/Additional Directors controlling different disciplines. The RDSO has a budget of Rs. 3.84 crores for the year 1974-75 and a strength of 3275 including 298 officers and 1685 technical staff.

1.150. It has been stated that: "From a small beginning the RDSO's activities have expanded to cover all aspects of railway working and it is now a unique organisation amongst the railway research institutions of the world having the largest number of disciplines under one organisation in one campus undertaking a multitude of functions in the fields of research, designs, standards, specifications, inspection, service engineering and consultancy."

1.151. A Study Group of the Public Accounts Committee visited RDSO, Lucknow in June, 1974 and held informal discussions with the Director General and other officers. During the discussion the Study Group enquired what efforts the Architectural Directorate had made to effect economy in the construction of residential and non-residential buildings. It was stated in reply that "We are mainly designing the functional buildings for the Railways and it is seen that the avoidable expenditure is not incurred. We take care of the minimum functional requirements with proper utilisation, in planning, so that the expenditure is controlled."

1.152. The Study Group pointed out that in the context of present day shortage of cement and steel and their high cost, efforts ought to be made to reduce the use of these costly and scarce materials by using their

substitutes. In this connection the Study Group drew attention to the use of mosaic floorings instead of ordinary stone flooring and use of grills instead of strong iron rods. A representative of the RDSO stated that keeping in view the short supply of steel and cement, they were designing houses by using bricks as a basic material for ground and first floor. In reply to a question he added that in this matter RDSO were in touch with the Central Building Research Institute, Roorkee, the National Buildings Organisation and other Research Institutions.

1.153. On being pointed out that the old building specifications had been laid down much earlier and they required modifications in the light of the present day circumstances for reducing costs, a representative of the RDSO stated:

“It is very true, as you have pointed out, that we should consider reducing the cost to the barest minimum. Railway Board have issued policy directives in the context of effecting economy by the use of locally available materials such as brick, lime etc. for construction works. Accordingly the railways have changed over wherever it is possible, to the use of cheaper materials, avoiding the use of items like cement etc. This aspect is worth going in by RDSO also and we have noted your suggestions. Sir.”

In reply to a question the witness added:

“Function of the Architectural Directorate here does not really cover all aspects of buildings and building construction. It is responsible only for dealing with the Architectural aspects of buildings costing over Rs. 10 lakhs or where the railways have a special problem. Every Chief Engineer on the railways is competent to design and construct buildings which do not present special problems. The railways take advantage of the work of the National Building Organisation, Building Research Institute and other bodies and also get general guidance from the Board.”

1.154. The Study Group asked whether any efforts had been made to reduce the tare-payload ratio in the coaches with a view to provide more space. It was stated in reply that the designs of coaches were as per international standards and lot of space had to be provided for bath rooms and lavatories. The question of safety of coaches was also important.

1.155. The Study Group had been given to understand that in 1972-73 the design of a double decker coach had been evolved and key

drawings and specifications for manufacture of 3 prototypes were under preparation. When asked about the latest position in regard to development of the double decker coach, a representative of the R.D.S.O. had informed the Study Group as under:—

“Sir, initially the layout of Double Deck Coach was prepared to accommodate 136 passengers and Board had then in mind to build 3/4 proto types to assess the public reaction. However, formal orders were not placed on ICF. Subsequently, a revised layout was proposed increasing accommodation from 136 to 146 passengers.”

1.156. During evidence before the Committee in January 1975 a representative of the Railway Board informed the Committee that an order had been placed on ICF for one prototype coach and this had been programmed to roll out of the factory before the end of 1976. The Committee were also then informed that the decision to manufacture the prototype was taken in February 1974 and the order was placed on the factory in March/April, 1974.

1.157. The Study Group desired to know what was the feasibility of utilising energy of wheels and air pressure of a running train for purposes such as train lighting, air-conditioning etc. A representative of the RDSO explained:

“Power for train lighting and air-conditioning on conventional stock was taken off rotating axles. On the other hand in special rake formations such as those of Rajdhani Expresses, end-on generation is arranged with a separate diesel engine. This is a matter of convenience only, as where power is taken off axles, the train resistance increases and thus a portion of locomotive power is indirectly diverted for train lighting and air-conditioning.

As regards kinetic energy of air displaced by running train, it no doubt goes waste, but there are no practical means of usefully channelling the same for ancillary requirements.”

1.158. The Study Group pointed out that there had been serious complaints regarding supply of coal of inferior quality and whether RDSO had at any time thought about this problem. It was stated in reply that “At one time the railways used to get good coal. Thereafter the higher grade coal was not available and so RDSO redesigned the boiler for low grade coal.”

1.159. In regard to more effective use of steam locomotives, a representative of RDSO stated:

“At present the primary emphasis is on improved maintenance of existing fleet of steam locomotives with maximum practicable rehabilitation wherever necessary. In this context, manufacture of important spare components such as boilers, tenders and other assemblies are being extended. At the same time RDSO is devoting special attention to codification of correct maintenance practices which has become particularly necessary since a large number of experienced technical staff who specialised in steam loco work, have during the last decade and a half been diverted for work on diesel and electric locomotives.”

1.160. In reply to another question whether in the context of prevailing crisis of crude oil dependence upon the steam locomotives has increased and expansion of diesel locos stopped, it was stated:

“We have neither given up expansion of diesellisation nor started manufacture of steam locomotives, but what we have recommended is that greater attention be paid to the maintenance aspect of steam locomotives and for rehabilitating them by manufacture of certain critical components like boilers, tenders etc. It has been found that in branch lines and for shunting work which is done in the yards, steam locos, could function well. But for reducing the ineffectiveness of the steam locos, the concentration has to be much more on their maintenance aspects. The Board is seized of this matter and we are trying to do what can be done in this regard.”

1.161. Asked about the efforts made to reduce the consumption of diesel, coal and electricity on Railways, a representative of RDSO stated:

“We have done a number of investigation and tests to reduce fuel consumption. Recently we have carried out tests on different types of coal to assess their actual consumption and to fix up trip rations. We have found that on the stronger track structure, energy consumption can be reduced. Laying of long welded track can also help in reduction of power consumption.”

1.162. The Study Group desired to know what steps have been taken to provide necessary amenities on the passenger coaches for the convenience of the travelling public such as more space, good lavatories, facilities of drinking water etc. It was stated in reply that “We are not

the final authority to decide about this. We are told that such and such amenities are required and we plan accordingly."

1.163. On being asked whether RDSO had at any time made recommendation to the Government about a National Integrated Transport Policy, a representative of DRSO stated:

"We have not done that. It is for the Planning Directorate of the Railway Board."

1.164. In regard to traffic research it was stated that "...In the Board's office there is an Efficiency Directorate and they deal with various aspects of day to day operation in addition to Planning Directorate which are already planning and coordinating and this work is not done here."

1.165. The Committee have been told that the Research, Designs and Standards Organisation of the Railways is the chief railway research institution of the country which is supposed to undertake a multitude of functions in the fields of research, designs, standards, specification, service engineering and consultancy. The organisation has an annual budget of about 4 crores of rupees and has a complement of 3275 staff including 298 officers and 1685 technical staff. In the words of the Railway Board the "RDSO's activities are directed towards improving the utilisation of existing assets, modernising railway operation and attaining self-sufficiency in the design and manufacture of railway equipment."

1.166. Whatever may have been the achievements of RDSO in the fields of research and designs, the Committee regret to observe that there is no noticeable impact of the RDSO's work either on the day to day problems of railway operations or its basic economy. From an account of the discussion the Study Group of the Committee had with the officers of the RDSO, the Committee got an impression that the RDSO's activities are not need-oriented. This is borne out by the fact that in the field of architectural design and research the RDSO's contribution is next to nothing. As a matter of fact the Architectural Directorate is responsible only for dealing with the architectural aspects of buildings costing Rs. 10 lakhs or where the Railways have a special problem. It has nothing to do with the planning and construction of residential and non-residential buildings of Railways. No worth-while efforts have been made to evolve the use of substitutes for the costly and scarce materials such as cement and steel. It is equally disappointing to see that no appreciable breakthrough has been achieved in the matter of improving tare-payload ratio of railway wagons and coaches. For example, although the design of a double decker coach was evolved by RDSO as long back as 1972-73,

the order for manufacture of the prototype has been placed on the factory only in March/April, 1974. As a result of this delay, the prototype coach will come out of the factory only by the end of 1976. The Committee feel that the efforts of the Railway Board in this direction should be result-oriented and that a time-bound programme should be chalked out so that the necessary improvement is achieved in the shortest possible time. It is also surprising to see that these double decker coaches are not meant for long distance journeys.

1.167. The planning for provision of passenger amenities on railway coaches and platforms does not form part of the RDSO's activities. Its efforts in the direction of effecting economies in the use of fuel cannot be considered commensurate with the requirements of the railways. Therefore, taking into account the total quantum of the expenditure on the organisation and the role it could play, it is difficult to say as to what has been the positive contribution of the RDSO in the growth of Indian Railways.

1.168. The Committee feel that in order to make RDSO a more effective instrument of research and scientific advancement, its research efforts require to be reoriented. Such re-orientation should aim at the maximum utilisation of existing assets of the Railways and the available resources of the country. The RDSO will not only have to justify its existence but will have to make a real impact on the operational efficiency of the railways. In the context of the ever deteriorating financial position of the Railways the RDSO will have to shed the conventional approach and break new grounds for achieving maximum economy, optimum utilisation of assets and maximum comfort for the users of the railways. The RDSO achievement report should be placed annually before the Parliament.

CHAPTER II

EARNINGS

Central Railway—Transport of bamboos

Audit Paragraph

2.1. Under the Railway tariff, minimum weights have been prescribed for charging freight at wagon load rates. These minimum weights for bamboos are 110 quintals for broad gauge and 65 quintals for narrow gauge (four-wheeler). For standard bogie wagons (eight-wheeler) the minimum weight is 220 quintals for broad gauge; for narrow gauge standard bogie wagons the minimum weight is 130 quintals and for South Eastern Railway it has been fixed as 110 quintals from 29th November 1971 onwards. For through booking of bamboo chips, cuts, splits and splints (to be used as raw material, for manufacture of paper and straw-board, to be booked to a paper or straw-board mill) from narrow gauge stations on South Eastern Railway, the rates chargeable for non-standard narrow gauge bogies were for the fixed weight of 100 quintals per wagon.

2.2. There is a regular traffic in bamboos moving in wagon loads from the narrow gauge section of South Eastern Railway to the broad gauge section of Central Railway. The principal booking station is Balaghat and the traffic is mostly for paper mills at stations reached via the Central Railway and terminating on Northern and Eastern Railways. The average lead for such traffic on the narrow gauge is 168 kms. and on the broad gauge 918 kms. This traffic was carried in standard as well as non-standard narrow gauge bogie wagons. While transshipping the consignments from narrow gauge wagons into broad gauge wagons (for which the minimum weight is 110 quintals) at Madan Mahal station of Central Railway, the contents of one narrow gauge bogie wagon were, more often than not, placed in two broad gauge four-wheeled wagons or in the one broad gauge bogie wagon, although the average tonnage loaded in the narrow gauge bogie wagon was only 100 to 110 quintals. This resulted in excess utilisation of one broad gauge wagon for most of each of the narrow gauge bogie wagons. Between January 1969 and June 1972, about 13 thousand broad gauge wagons (four wheelers) were so utilised in excess. The cost of hauling these loaded excess number of wagons is assessed to be about Rs. 50 lakhs. Placing these excess number of broad gauge wagons at

Madan Mahal station also meant that the empties were hauled to that station for that purpose. It is to be added that the freight rate for bamboos is so low that it does not pay for the cost of transportation either on the broad gauge or on the metre gauge.

2.3. From July, 1972 onwards the contents of one narrow gauge bogie are being transhipped into one broad gauge four-wheeler.

(Paragraph 14 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Railways)

2.4. According to the Audit paragraph, at the time of transhipping the consignments from narrow gauge wagons into broad gauge wagons at Madan Mahal station of Central Railway, the contents of one narrow gauge bogie wagon were, more often than not, placed in two broad gauge four-wheeled wagons or in one broad gauge bogie wagon, although the average tonnage loaded in the narrow gauge bogie wagon was only 100 to 110 quintals. The Committee asked when the average load of a narrow gauge bogie wagon was only 100 to 110 quintals and the minimum weight condition for bamboo traffic is 110 quintals for a broad gauge (four wheeled) wagon, why could not it be possible to tranship contents of one narrow gauge bogie wagon in one broad gauge four wheeler. In a note, the Railway Board have stated:

“Although the tariff minimum weight condition for a B.G. wagon and the reduced weight condition for a narrow gauge bogie wagon notified by South-Eastern Railway are more or less equal, it was not possible to secure transshipment of 1 : 1 basis on account of (i) difference in loading height of N.G. bogie wagon and B.G. four-wheeled wagon, (ii) greater cubic capacity of N.G. wagon; and (iii) length of bamboos loaded. Weight is not the only relevant factor.”

2.5. It is understood from Audit that Ministry of Railways (Railway Board) issued directive in October, 1962 that in cases where the lead on the forwarding gauge was very small compared to the lead after the break of the gauge, suitable adjustment in the weight condition of the forwarding gauge should be made so as to secure full load for the wagons of the other gauge over which the lead was very large. However, notification for adjustment of weight condition in respect of bamboo traffic moving from narrow gauge section of S.E. Railway to broad gauge section of Central Railway and transhipped at Madan Mahal station of latter Railway was issued and made effective only from 29th November, 1971. Asked what were the reasons for the long delay in applying this directive

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to the transshipment of bamboo traffic at Madan Mahal station and whether there were any other instances which still required such weight adjustments, the Railway Board have in a note stated:

“The notified minimum weight condition for a NG bogie wagon is 130 quintals and that of a BG 4-wheeled wagon is 100 quintals. South Eastern Railway introduced fixed weight of 110 quintals for non-standard NG bogie wagon with effect from 1st March, 1964. The contents of a non-standard NG bogie wagon could then be fully transhipped into one B.G. 4-wheeled wagon. With the introduction of IRS type NG wagons having higher cubical capacity, fresh test weighments were conducted and it was found that IRS type NG bogie wagon could be loaded with bamboos to the extent of 130 quintals and consequently a fixed weight of 130 quintals for IRS type NG bogie wagon was introduced from 15th March, 1968. Fixed weight of 100 quintals for a non-standard NG bogie wagon continued. In December, 1968, it was observed that bamboos of 18 ft. in length loaded in NG bogie wagon could be fully transhipped into one BG open 4-wheeled wagon with props. Bamboos above 18 ft. in length loaded in IRS type NG bogie wagon upto the full premissible loading height of 2.16 metres from the floor of the wagon could not, however, be transhipped into one BG 4-wheeled wagon. The matter was examined and the weight for charge for bamboos above 18 ft. in length only was reduced to 100 quintals per IRS N.G. Bogie wagon from 1st April, 1970 restricting the loading height upto 1.78 metres from the floor of the wagon. Later it was detected that bamboos of 8 ft. to 15 ft. in mixed lots were also moving from NG stations of South Eastern Railway and that such mixed lots could not also be transhipped fully into a BG 4-wheeler. Detailed checks were conducted and the weight for charge for bamboos of all lengths was reduced to 110 quintals with effect from 29th November, 1971 restricting the height to 1.63 metres at sides and 1.88 metres at centre. The weight condition for non-IRS stock continued to be at 100 quintals per N.G. bogie wagon. Thus, it will be noticed that so far as non-IRS NG bogie stock is concerned, the contents of one wagon could always be loaded into one B.G. 4-wheeler. In the case of IRS stock, this was possible partly from 1st April, 1970 in respect of bamboos beyond 18 ft. in length, and fully from 29th November, 1971 when the weight for charge was reduced to 110 quintals for all types of bamboos and the loading height was further restricted to suit transshipment in one BG 4-wheeler. Other

instances of this nature requiring weight adjustment have not come to the notice of the Board. The Railways have, however, been told to make a review of inter-gauge traffic with a view to obtaining better loads at transshipment points."

2.6. It is further seen from the Audit paragraph that even after the issue of notification regarding reduction in the fixed weight for Bamboos loaded in N.G. Bogie wagons to 110 quintals effective from 29th November, 1971 the excess utilisation of the broad gauge wagons continued upto June, 1972. Explaining the reasons for this, the Railway Board have in a note stated:

"Board's notification dated 29th November, 1971 communicating their sanction to the reduction in the fixed weight for Bamboos loaded in N.G. Bogie wagons to 110 quintals and also restricting the height of loading in such wagons was transmitted by the Headquarters office to the Division concerned on 4th December, 1971 who in turn instructed the stations on 6th December, 1971. The booking stations, however, did not rigidly observe the revised loading heights. During the surprise check at the transshipment point at Madan Mahal by the Divisional Operating Superintendent during February, 1972, it came to light that there were occasional failures by the booking stations in rigidly complying with the directive in regard to height up to which bamboos should be loaded in N.G. bogie wagon. Frequent and regular inspections were then made and steps taken to train and educate the station staff in the proper method of loading and maintaining the prescribed loading heights.

This had the salutary effect and since June, 1972 1 : 1 transshipment became possible."

2.7. Asked about the number of broad gauge wagons that had to be hauled empty to Madan Mahal Station between January, 1969 and June, 1972 to meet the transshipment requirements of bamboos traffic and the distance from which they were supplied the Ministry of Railways have stated that "the supply of empties to Madan Mahal is arranged from Jabalpur, which is 3 kms. away. During the period from January 1969 to June, 1972, 32590 B.G. wagons were hauled empty from Jabalpur to Madan Mahal for meeting the transshipment requirements of bamboo traffic."

2.8. As to the cost of haulage of empty wagons and how much of it could have been saved in case the notification had been issued before

January, 1969, the Ministry have stated that "the cost of haulage of these wagons, on the basis of the average cost of haulage of B.G. wagon per kilometre over Central Railway, works out to Rs. 50,900. If the bamboo traffic received from N.G. stations of South-Eastern Railway during this period had been transhipped on 1 : 1 basis, the empty running of 14,409 B.G. wagons could have been avoided. The saving in the cost of haulage of these wagons from Jabalpur to Madan Mahal works out to Rs. 22,515."

2.9. The Committee note that as far back as in October, 1962, in regard to inter-gauge traffic the Railway Board had issued a directive that in cases where the lead on the forwarding gauge was very small compared to the lead after the break of the gauge, suitable adjustments in the weight condition of the forwarding gauge should be made so as to secure full load for wagons of the other gauge over which the lead was very large. The average load for the bamboo traffic on the narrow gauge section of the South Eastern Railway is 168 kms. and on the broad gauge sections of the Northern and Eastern Railways over which this traffic moves, the average load is about 918 kms. This was therefore a fit case where the Railway Board's directive in regard to adjustments in the weight condition could have been profitably implemented. The Committee find that the South Eastern Railway introduced a fixed weight of 100 quintals for non-standard Narrow gauge bogie wagon against the notified minimum weight condition of 130 quintals with effect from 1st March, 1964. However, in the case of IRS type Narrow gauge bogie wagons, although the minimum weight condition of 130 quintals was fixed in 1968 after taking into account their carrying capacity, the necessary adjustments in the weight condition for the purposes of transshipment traffic were made only in November, 1971. Thus while transshipping the consignments from narrow gauge wagons at Madan Mahal station of Central Railway, the contents of one narrow gauge bogie wagon were 'more often than not', placed in two broad gauge four wheeled wagons or in one broad gauge bogie wagon, although the average tonnage loaded in the narrow gauge bogie wagon was only 110 quintals. This has resulted in excess utilisation of one broad gauge wagon for most of each of the narrow gauge bogie wagons. The Committee note that between January, 1969 and June, 1972 about 13 thousand broad gauge bogie wagons (four wheelers) were utilised in excess and the cost of hauling of these loaded excess number of wagons has been assessed at about Rs. 50 lakhs. The Committee are unhappy to note that such an uneconomic practice continued for such a long time without any remedial action being initiated. It is seen that in the case of non-standard Narrow gauge bogies, minimum weight condition of 100 quintals was fixed in 1964 to suit the requirements of transshipment. Why this could not be done for the IRS standard Narrow gauge bogies which were introduced subsequently needs an immediate explanation.

2.10. The Committee further note that although the Railway Board's notification dated 29th November, 1971 communicating their sanction to the reduction in the fixed weight for bamboos loaded in narrow gauge bogie wagons to 110 quintals was conveyed to the stations in December, 1971, the booking stations failed to rigidly observe the revised loading heights and it was only in June, 1972 that 1 : 1 transhipment became possible. The Committee would like that deterrent action be taken against the supervisory officers who failed to watch the proper implementation of the instructions on the subject. The Committee would like to be informed about the action taken.

2.11. The Committee need hardly emphasise that such unhealthy and uneconomic practices on the inter-gauge points not only result in avoidable losses but also contribute to the improper use of Railway assets. They would, therefore, like that the working of inter-gauge points be kept under constant review with a view to weed out such of the practices which are not conducive to economic use of assets.

South Central Railway—Plantains moving in wagon loads by coaching trains.

Audit Paragraph

2.12. With effect from 16th September, 1970, station-to-station rates were quoted on Central and Western Railways for carriage of plantains in wagon loads by coaching trains, based on a load of 185 quintals per wagon. The minimum chargeable weight for wagon load transportation of plantains by good trains used to be 100 quintals per wagon till September, 1971, when it was raised to 185 quintals per wagon by the Ministry of Railways (Railway Board) on receipt of suggestion from Central Railway that the minimum weight for charge for traffic moving by goods and coaching trains should be the same. Continuance of lower minimum for chargeable weight for traffic moving by goods trains might have resulted in diversion of traffic from coaching to goods trains.

2.13. Plantains grow in abundance near Rajahmundry on South Central Railway. Plantains traffic from this area moves by coaching trains to Bihar, Madhya Pradesh, Orissa and West Bengal. Although the station-to-station rates quoted by Central and Western Railways for movement of plantains traffic by coaching trains are based on a load of the 185 quintals per wagon, the station-to-station rates quoted by South Central Railway for movement of plantains traffic (by coaching trains) originating from Rajahmundry and other stations are on the basis of 100 quintals per wagon. The South Central Railway Administration has explained that the local mer-

chants are reluctant to load plantains up to the top of the wagon as these are of such a variety as become over-ripe and get damaged en route if they are loaded up to the top of the wagon, and that while wagon loads of plantains in Bhusawal division of Central Railway are collected and run as block rakes from Itarsi to New Delhi and arrive at destination in about 3 days (distance from Bhusawal to New Delhi is 1094 kms), wagons loaded at Rajahmundry are taking at least 10 days to reach the destinations (distances ranging from 626 to 1430 kms.). The South Central Railway does not get any charges for the wagon capacity thus lost. If the station-to-station rates quoted by South Central Railway Administration too had been based on a load of 185 quintals per wagon, that Railway could have earned additional revenue of Rs. 9.62 lakhs from plantains traffic booked from Rajahmundry station alone during the one year from October, 1971 to September, 1972. Similarly, there would have been additional revenue for plantains traffic booked from other stations in the area. It has not been possible to estimate how much that additional revenue might have been.

[Paragraph 15 of the Report of Comptroller & Auditor General of India for the year 1972-73 on Railways]

2.14. It is seen from the Audit paragraph that in September, 1971, the minimum weight for wagon load rate for plantains traffic by goods trains was revised by the Railway Board from 100 quintals to 185 quintals. Asked as to what was the basis for this revision the Railway Board have in a note, stated: "This revision of the minimum weight condition for bananas moving by goods trains in wagon loads was made on the consideration that on the Central and Western Railways the bananas were already being loaded to the extent of 185 quintals per 4-wheeled wagon."

2.15. The Committee were informed by Audit that on the basis of test weighments since conducted by Central Railway Administration, the Railway Board have decided, effective from 15th July, 1974, that station-to-station rates for bananas booked at coaching rates, should be raised from the present loadability figure of 185 quintals per wagons to 191 quintals.

2.16. The Audit Paragraph states that the South Central Railway Administration has explained that the local merchants were reluctant to load plantains upto the top of the wagon as these are of such a variety as become over-ripe and get damaged en route if they are loaded up to the top of wagon. Referring to this explanation the Committee enquired whether it could be inferred that though a wagon could hold more than 100 quintals, the load could not be increased because the local merchants were reluctant to load the plantains upto the top of the wagon and if this was correct, why should not the station-to-station rates be fixed on a higher figure to

compensate loss of earnings by Railways arising out of advantages given to the consigners. In a note, the Railway Board have intimated:—

“It is correct that on the South Central Railway, it is physically possible to load more than 100 quintals of bananas in a 4-wheeled wagon but as a practice the merchants do not load the wagon upto the top for fear of deterioration of the contents in transit.

The Railway Board have already revised the minimum weight for charge, under the special lumpsum wagon load rates by coaching trains, to 125 quintals per wagon w.e.f. 1st October, 1974 with the result that the banana merchants have now to pay freight for more than what they actually load and, to that extent, the concession in the special rate is reduced.”

2.17. The table below gives some typical station-to-station rates from Rajahmundry (effective from 1st October, 1970 and calculated on a load-ability of 100 quintals per wagon).

Station	Distance in K.M	Normal Parcel rate per quintal	Station-to station rate, quoted by S. C. Railway	
			Lump sum rate per 4-wheeled vehicle.	Rate per quintal
		Rs.	Rs.	Rs
Patna	1430	21.65	1105	11.05
Howrah	1081	17.59	898	8.98

2.18. It is seen from the above that the Station-to-Station concessional rate is almost half of the normal parcel rate per quintal. The Committee enquired whether the station-to-station rates quoted by the S. C. Railway for plantains traffic from Rajahmundry pay the total costs of operation. To this the Railway Board have replied:—

“At present the figures of cost of operation are available for 1972-73 only according to which the cost of hauling a coaching vehicle (4-wheeler) per kilometre is paise 95.16.

The lumpsum station-to-station rates quoted by the South Central Railway from Rajahmundry meet this cost of operation on loads upto 800 Kms. Beyond 800 Kms. also, they cover the dependent costs. The dependent cost represent the additional

cost of hauling wagons by regular trains and are taken at about 70 to 80 per cent of the total cost.

The following statement will make the position clear:—

Distance (Kms.)	Lumpsum wagon rate at 51% of tariff rate for 1.00 qtls. as at Rajahmundry	Cost of haulage at 95.16 per Km. in 1972-73		80 % of cost of haulage (dependent costs)
		Rs.	Rs.	
500	520/-	476/-	380/-	
800	740/-	761/-	608/-	
1000	875/-	952/-	760/-	
1500	1190/-	1427/-	1143/-	

However, the costs have gone up during the last year (1973-74) though the extent of increase is not yet known. A further increase in the costs is inevitable in the current year (1974-75) also. In view of this factor, the Railway Board have decided to increase the minimum weight for charge, under these lumpsum rates, to 125 quintals on the Broad Gauge and 115 quintals on the Metre Gauge from the present level of 100 quintals and 90 quintals respectively. Revised rates on this basis will come into effect from 1st October, 1974."

2.19. According to the Audit paragraph wagons loaded at Rajahmundry take at least 10 days to reach the destination as against 3 days in Central Railway. The Committee asked why could not the Railway improve the operations to ensure quicker movement of wagons from Rajahmundry to encourage traders to load more and thus increase the earnings. In this connection, the Railway Board have in a note, stated:—

"The banana traffic from Central Railway is booked to few destinations—mainly to Delhi. The number of wagons loaded on the Central Railway is also very much more than those loaded on the South Central Railway. The Central Railway loads about 14,000 wagons per year against only about 1200 wagons per year moving from the Rajahmundry area. It is, therefore, possible for the Central Railway to move the banana loads as block trains from Itarsi to Delhi which reduces the transit time due to avoidance of the time which is usually lost in wagons having to be attached to different trains at the intervening

junction stations. A similar procedure of forming block trains is not possible on the South Central Railway because the traffic is comparatively much less than on the Central Railway and it is booked to several destinations in different directions."

2.20. The Audit Paragraph mentions about the possible additional revenue of Rs 9.62 lakhs for plantain traffic from Rajahmundry between October, 1971 and September, 1972. The Committee desired to know what were the similar figures for traffic from other stations for which also South Central Railway had quoted station-to-station rates on the same lines. In a note, the Railway Board have stated:—

"Plantain traffic in wagon loads at the lumpsum coaching rates is booked from Samalkot and Nidyvolu in addition to Rajahmundry. During the period in question i.e. from October, 1971 to September, 1972, the earnings derived from this traffic at Samalkot and Nidadvolu amounted to Rs. 12,974. This, on the analogy of the possible loss of revenue estimated by Audit on banana traffic from Rajahmundry, the corresponding figure for these stations would be Rs. 11,050."

2.21. The Committee were informed by Audit that investigations to determine the loadability of wagons for loading plantains grown near Rajahmundry were conducted by the South Central Railway. In this connection, the Railway Board, have informed:—

"The South Central Railway Administration had conducted fresh test weighments of wagons loaded with bananas at Rajahmundry in February, 1974. In all 11 wagons were weighed. The average weight of bananas loaded in a wagon was found to be 77 quintals. These test weighments were supervised by a Commercial Inspector of the Headquarters Office and the Assistant Commercial Inspector, Vijayawada."

2.22. The Committee note that with effect from 16th September, 1970 station-to-station rates were quoted on Central and Western Railways for carriage of plantains in wagon loads by coaching trains, based on a loadability of 185 quintals per wagon. Further, on the basis of test weighments since conducted by Central Railway Administration it has been decided, effective from 15th July, 1974, that station-to-station rates for bananas booked at coaching rates should be raised from the present loadability figure of 185 quintals per wagon to 191 quintals. As against this the station-to-station rates quoted by the South Central Railway for movement of plantains traffic by coaching trains, from Rajahmundry and other sta-

tions are based on loadability figure of only 100 quintals. The main reason for fixing a low loadability figure of 100 quintals on the South Central Railway is stated to be the reluctance of the local merchants to load the plantains upto the top of the wagons even though the wagons can hold more than 100 quintals of bananas. The Committee feel that the Railways should have taken note of the reluctance of the merchants and devised ways and means, like providing removable racks, to ensure larger loading of bananas, rather than prescribing a low loadability figure. That this was not considered would indicate that the Railways have failed to safeguard their financial interests.

2.23. Further it is seen that the station-to-station concessional rates from Rajahmundry which are almost half of the normal parcel rates do not even cover the cost of haulage beyond a certain distance. In view of this factor, the Railway Board have now belatedly decided to increase the minimum weight for charge, under these lumpsum rates, to 125 quintals from the present level of 100 quintals per wagon. The Committee see no justification whatsoever for the quoting of uneconomic concessional rates by the South Central Railway for the transportation of bananas from Rajahmundry when it was well known that the loadability limit for similar traffic on the Central and Western Railways was much more than 100 quintals. They desire that the whole matter may be reviewed with a view to fix new limits of loadability of bananas, by providing removable racks, which will not only cover the cost of haulage but will also be remunerative. The action taken in this behalf may be intimated to the Committee.

Central Railway—Non Utilisation of empty wagons

Audit Paragraph

2.24. A large number of empties are generated in Bombay area as the inward traffic into that area is heavier than the outward traffic. Some of these empties are allotted for loading, in the order of priorities and dates on which indents for wagons are placed. The rest of the empties move to Igatpuri. For instance, in each of the years 1970, 1971 and 1972 an average of 274 empties were moved daily from Bombay area to Igatpuri.

2.25. A contractor, who was constructing a dam for augmentation of water supply to Bombay, approached the Central Railway Administration in October, 1970 to make arrangements for annual movement of about 3 million c.t.f. of sand from Mumbra to Khardi (distance 68 kms.), which is on the line to Igatpuri, for 3 to 4 years. The empties generated in Thana area were to be utilised for loading of sand at Mumbra and, on release at Khardi, they were to be worked up to Igatpuri for onward distribution. The Railway Administration agreed to move this traffic and the move-

ment commenced from November, 1970. As the goods shed to Khardi station had capacity to handle only about 10 wagons, the wagons carrying sand were dealt with in a recommissioned railway siding served by that station. That siding had been constructed in 1951 as a temporary siding, the entire cost of which was borne by the then Bombay Municipality and it had been closed to traffic in 1958. When the arrangements were finalised by the Railway Administration for movement of sand traffic offered by the contractor, he was not told specifically that the siding charges will have to be paid in addition to freight charges. It was understood by the Railway Administration that normal charges including siding charges would be paid by him. However, while the standard charges for use of the siding at Mumbra had been notified, there was no such notification for the siding charges at Khardi. Consequently, siding charges for Khardi were not collected when the sand traffic commenced from November, 1970. In January, 1971 the Railway Administration informed the contractor that siding charges based on normal principles would have to be paid by him with retrospective effect from November, 1970 and fixed the siding charges at Khardi at Rs. 30 per four wheeled wagon plus supplementary charges as leviable from time to time. The charges were revised as Rs. 22 per four wheeled wagon in April, 1971. Such charges for a rake load of 35 wagons were Rs. 1285 (at Rs. 30 per wagon) and Rs. 942 (at Rs. 22 per wagon) as against freight charges of about Rs. 7,000. Relative to the freight charges, the siding charges were so high because while the former distinguish between different commodities and sand is low-rated for that purpose, the latter make no distinction between different commodities. The contractor declined to pay the siding charges as his prior acceptance had not been obtained and the charges were considered by him to be unjust. He finally stopped offering traffic from May, 1973. In each of the months January, February and March, 1971, on an average, two hundred and twenty four wagons (four wheelers) were moved from Mumbra to Khardi. Had the traffic continued beyond April, 1971, the Railway Administration could have profitably utilised a number of empties. During the period November, 1970 to April, 1971 when the sand traffic had actually moved on the railway, the Railway Administration earned Rs. 2.05 lakhs as freight alone.

[Paragraph 17 of the Report of the Comptroller & Auditor General of India for the year 1972-73 (Railways).]

2.26. It is seen from the Audit paragraph that when the arrangements were finalised by the Railway Administration for movement of sand traffic offered by the contractor, he was not specifically told that the siding charges will have to be paid in addition to freight charges. As to the reasons for not telling the contractor specifically in November, 1970 itself

that he would be liable to pay siding charges in addition to freight charges, the Railway Board have in a note state:—

“The siding at Khardi being a Railway siding, it was assumed by the Railway that all charges due as per Tariff Rules will be paid by the party.”

2.27. The Committee enquired whether it was not customary to settle in advance the terms and conditions especially the rates, when siding facilities were offered to railway users. In this connection, the Railway Board have in a note stated:—

“In cases of provision of Assisted or private siding, terms and conditions which include payment of siding charges are included in the siding agreement executed by the parties.

In case of railway siding situated away from the goods shed a siding charges as notified in the Railways Supplementary Goods Traffic is recovered for placement of wagons for the extra services rendered to the party. Since this particular siding at Khardi was not open for traffic and siding charges for working the same had not been included in the Supplementary goods tariff of the Railways, the rate for siding charges had to be notified afresh.

The parties are supposed to know that they have to pay a placement charges for the placement of wagons in the Railway sidings situated away from the goods shed, and the question of settling the terms and conditions and asking for the consent of the parties in advance for payment of siding charges does not arise.”

2.28. The audit paragraph further states that the sand movement commenced in November, 1970 but the siding charges at Khardi were notified only in January, 1971. Asked what were the reasons for delay in the notification of siding charges, the Railway Board stated :

“The siding charges is fixed and notified by the Chief Commercial Superintendent on the proposal made by the Divisional Office. The movement of traffic commenced on 23rd November, 1970 and the notification was issued on 11th January, 1971. The time was taken in correspondence and fixation and notification of the charge.”

2.29. According to the Audit paragraph the contractor declined to pay the siding charges as his prior acceptance had not been obtained and the charges were considered by him to be unjust. In this context the Committee enquired whether the Railway Administration considered the question of

waiver of siding charges and whether there had been any cases of waiver of such charges in the past. In a note, the Railway Board have stated :

“The Railway Administration did not consider that there was any case for exemption from the levy of siding charges or any concession in freight. This particular siding was earlier utilised by the Bombay Municipality for similar purposes and siding charges were recovered from the Bombay Municipality. Siding charges are not realised as penalty but to recover additional cost involved in working the siding away from the goods shed and thus offering additional facilities to the siding users. As such there was no case for waiver of the siding charges in this case.”

2.30. The Committee asked whether the Railway Administration maintained contacts with the authorities in charge of construction of the dam for augmentation of water supply to Bombay, which would have been prudent and profitable for the Railway Administration itself to offer special rates for movement of large quantities of sand required for the project. The Railway Board have in a note stated :

“The Administration did not maintain contact with the authorities in charge of construction of the dam. It was not considered necessary.

The economics of movement of sand from Mumbra to Khardi has been worked out. It would not have been profitable to quote any reduced station to station rate. It is also not the policy to quote reduced rates for low rated traffic like stone.”

2.31. It is seen from the Audit paragraph that the siding charges are not at present related to the freight payable for the contents of the wagon. To a question whether a change in this policy would not prove profitable to the Railways, the Railway Board have replied :

“Siding charge is a charge for placement of wagons in a siding away from the goods shed. The standard basis for fixing the charge is the shunting time of the engine multiplied by cost per engine hour. It is levied on empty wagons as well as loaded wagons and it does not depend on the nature of commodity. It is a charge per trip or per wagon for use of locomotive. For private and assisted sidings, interest and maintenance charges are levied in addition to placement charge.

If siding charge is related to freight, the distance from the station to the siding will be added to the total distance for charge. Freight

will then be calculated on continuous kilometrage basis upto the end of the siding. Most of the sidings are within five kilometres from the station served. The freight charges are recovered on the basis of block of 5 kms. upto 250 kms., in blocks of 10 kms. from 250 to 800 kms., in blocks of 25 kms. from 801 to 2400 kms. and in blocks of 50 kms. beyond 2400 kms., the rate for each block being the rate applicable to the highest distance of the block. For instance, freight for a distance of 401 Kms. and 410 Kms. is the same; freight for 1103 Kms. and 1125 Kms. is the same. Hence, adding of 1 to 5 Kms. to inter-station distance may not yield any additional revenue in most of the cases. Moreover, in that case levy of separate interest and maintenance charges in respect of assisted and private sidings will not be justified. Thus on the whole it will not be more paying to charge freight upto the siding instead of levying a separate charge on per trip basis or per wagon basis as is now done."

2.32. This is a typical case where the Central Railway Administration failed to act in a business like manner. From the facts of the case it is clear that before finalising the arrangements for movement of sand traffic offered by the contractor, the terms and conditions were not carefully set out. Keeping in view the quantum of work involved and the duration of the arrangements to be made, it was only reasonable on the part of the Railway Administration to have sorted out the financial implications of the arrangement in advance. This was all the more necessary because the siding charges for the recommissioned railway siding at Khardi station had not even been notified. In the absence of such a notification it could not be assumed that the contractor would agree to pay the siding charges in addition to the freight charges. No wonder therefore, the contractor declined to pay the siding charges to which his prior acceptance had not been obtained and which were considered by him to be unjust. It is further seen with surprise that after the contractor had declined to agree to the payment of siding charges, apparently no attempt was made by the Railway Administration to come to a negotiated settlement with the contractor. The Railway Administration thus lost a valuable opportunity to retrieve traffic which could have earned lot of revenue in the form of freight charges. The Committee are constrained to express their unhappiness about the way this case was handled and desire that an investigation be made to fix individual responsibility.

North Eastern Railway—Weighment of wagon-loads

Audit Paragraph

2.33. All wagons containing loose or bulky goods such as sand, stone, timber etc., should be weighed. A review of the working of a few weigh-

bridges for the year 1972 disclosed that all the wagon-loads required to be weighed were not actually being weighed. At Narkatiaganj and Kasganj weighbridges only 39.7 per cent and 10 per cent of the wagons required to be weighed were actually weighed respectively and out of the wagons weighed, 51 per cent and 35.5 per cent wagons were found to be overloaded on an average to the extent of 50 quintals and 13 quintals per wagon at Narkatiaganj and Kasganj respectively. Computed on the basis of the percentage and extent of overloading detected in cases where wagons were weighed it is assessed that our loading in 5108 wagons not weighed was about 11329 tonnes at these two weighbridge stations and the freight charges therefor would have been about Rs. 2.24 lakhs.

2.34. No record of wagons required to be weighed is being maintained at Gorakpur weighbridge and during the year 1972-73 only 4 wagons were weighed at that weighbridge against 172 in 1970-71 and 89 in 1971-72. No wagon was weighed between April and September 1973.

2.35. At Tanakpur station 9108 wagons were shown to have been weighed out of 9598 wagons required to be weighed during the year 1972. Surprise test-check at Pilibhit weighbridge of some of the wagons, booked from Tanakpur and stated to have been weighed, on 10th March 1973 by the Train Examiner, Pilibhit, however, disclosed that 14 out of 21 wagons coming in for surprise check were overloaded and the actual weight was more than the invoiced weight by 3 to 29 quintals per wagon.

2.36. A large number of consignments weighed at Narkatiaganj was in wagon loads containing boulders. Under the Goods Tariff goods chargeable on the basis of wagon-loads are to be loaded by the consignors who, further, are required not to exceed the marked carrying capacity of the wagon used. Should overweight be discovered en route or at destination, the overweight is to be charged as for 'smalls' or as for the rest of the consignment. Excessive overweight is likely to damage the wagons. The existing deterrent (so as to avoid the risk of damage to the wagon) to excessive overloading does not, in cases of the kind under consideration, appear to be adequate.

[Paragraph 18 of the Report of the Comptroller & Auditor General of India for the 1972-73 (Railways)]

2.37. The relevant provisions contained in the Indian Railway Commercial Manual (Volume II) in regard to weighment of wagons on weighbridges are as under:

“Rule 1422(2) “Goods loose, bulky goods or Goods in bulk such as sand, stone, timber, etc., should be weighed on a wagon weighbridge at the forwarding station, if one is provided there. If there is no weighbridge at the starting station, the wagon

may be weighed at a convenient weighbridge station en route, which should, as far as possible, be the first weighbridge station. In case there is no weighbridge en route, the wagon may be weighed at destination, if a weighbridge is available there."

Rule 1423 (a)

"The following remarks should invariably be made on the connected invoice and railway receipts.

Wagon to be weighed at station. Charges are subject to alteration as a result of weighment."

Rule 1424 (a)

"At weighbridge stations where the wagons are required to be weighed, the Station Masters should ensure that such weighment is done and that the wagons are not pushed on without weighment."

2.38. In regard to loading and unloading of goods by consigners and consignees, the following provisions are contained in the Indian Railway Conference Association Goods Tariff :

"**Rule 128** Loading and unloading of goods by consigners and consignees, respectively, are required to be done in the following cases:—

- (a) Goods consigned loose or in bulk,
- (b) Offensive goods,
- (c) Goods chargeable at rates on the basis of wagon-load classifications. . . ."

Rule 161

"Consigners in loading are required not to exceed the marked carrying capacity of the wagon used or any reduced carrying capacity as prescribed. Should over-weight be discovered, charges therefor will be levied as under:—

- (i) Discovered en route and excess weight removed and delivered at the point of detection:—The over-weight will be charged as for "Smalls" for the distance from the booking station to the point of detection.
- (ii) Discovered en route and excess weight removed and sent separately:—The over-weight will be charged as for "Smalls" for the whole distance, i.e. from the booking to the destination

station. When, however, owing to the nature of the goods, an entire wagon has to be used for the carriage of such over-weight, the charge will be made on a minimum of 60 quintals for 4-wheeled Broad Gauge Wagon, 40 quintals for 4-wheeled Metre Gauge Wagon and 35 quintals for 4-wheeled Narrow Gauge Wagon at rates applicable to "Smalls" for the entire distance. The prior instructions of the consignors should be obtained for the disposal of the excess weight removed from the wagon.

- (iii) Discovered at destination or en route but excess weight not removed:—The over-weight will be charged at the same rate proportionately as for the rest of the consignment."

2.39. According to the Audit paragraph at Narkatiaganj and Kasganj weighbridges, only 39.7 per cent and 10 per cent of wagons required to be weighed were actually weighed respectively. Asked why the percentages of weighment of wagons at these stations were so low, the Railway Board have in a note stated :

"Due to unexpected and unusual increase in stone traffic passing through Narkatiaganj weighbridge, the Railway had to choose between curtailing original loading or curtailing weighment of wagons for detecting overloading. Hundred per cent weighment of wagons would have resulted not only in excessive detention of wagons in yard resulting in loss of revenue but also in railways having to share blame for failure of various development projects in North Bihar. Instead of actual weighment therefore, volumetric measurement was adopted.

At Kasganj also, the low incidence of weighment was due to limitations of yard facilities in the context of increase in traffic handled by this yard. The basic objective of rail transport has to be to arrange speedy clearance of the traffic offering. With heavy rush of traffic insistence on normal process of full weighment would have

- (i) caused considerable strain on shunting and classification facilities of the yard;
- (ii) inflated the holding of wagons due to detention, beyond the working capacity of the yard; and
- (iii) caused a serious bottleneck and impeded the transport of traffic leading to loss in freight earning, which would have been much more than the assumed loss due to non-weighment of wagons."

240. The Audit paragraph states that on the basis of the percentage and extent of overloading detected in cases where wagons were weighed it has been assessed by Audit that overloading in 5108 wagons not weighed was about 11329 tonnes at these two weighbridge stations and the freight charges therefor would have been about Rs. 2.24 lakhs. The Committee desired to know what proportion of the 5108 wagons that were not weighed related to high rated and other profitable traffic. The Railway Board have informed the Committee that "only 4 out of the 5108 wagons that were not weighed contained high rated traffic."

2.41. It is seen from the Audit paragraph that the over load at Narkatiaganj averaged 50 quintals per wagon. Since a large part of weighed consignments consisted of boulders, the overloading to such an extent could have caused damages to the wagons. The Committee therefore enquired whether the North Eastern Railway took action against the consigners for this heavy overloading apart from recovery of additional freight. In a note, the Railway Board have stated:

"While considering the possibilities of damage by overloading not only does the additional deadweight of the consignments matter, but also the speed of wagons and possible effects of sudden breaking, humping at above normal speeds etc. It is therefore not really possible to pinpoint specific damages as a result of such relatively slight overloading. One relevant point is that in the design of wagons there is an inbuilt factor of safety and as such if any relatively slight over-loading occasionally occurs it does not cause any permanent damage.

Provision has now been made in the Rules for more deterrent penalties for overloading."

2.42. The Audit paragraph further states that no record of wagons required to be weighed is being maintained at Gorakhpur weighbridge. In this connection the Railway Board have, in a note, intimated:

'Since no weighment whatsoever is being done there due to operational reasons, Gorakhpur has been abolished as a weighbridge station. No record of wagons required to be weighed is therefore being maintained. Weighment at Gorakhpur had been suspended from September, 1971 and the weighment of four wagons during 1972-73 was undertaken only to analyse the detentions and difficulties that would result from weighment being restored.

It has since been decided to shift the weighbridge at Gorakhpur to Jarwa station on Gainsari-Jarwa Branch (Gorakhpur-Gonda loop).

During 1971-72, 89 wagons were weighed at Gorakhpur as mentioned in the audit para and no wagon was weighed during 1973-74."

2.43. The Committee wanted to know whether any discretion was given to the station staff to make a selective weighment and if not under whose authority weighment was dispensed with in the cases referred to in the Audit paragraph. In a note, the Railway Board have stated:

"No discretion is allowed to the station staff to select or reject any particular wagon for weighment. The yard staff keep in touch with the control and the officers concerned in regard to the number of wagons required to be weighed and their position in the yard. The placement of wagons for weighment depends on the day to day operating position."

In another note, the Railway Board have stated:

"Hundred per cent weighment of wagons is not possible due to operational difficulties.

Recognising the operational difficulties involved in undertaking 100 per cent weighment of such wagons, Board issued instructions in 1958 permitting the Zonal Railways to weigh only a certain percentage of wagons (chargeable on the carrying capacity) by surprise.

North Eastern Railway Administration has been asked to ensure that wagons are weighed as far as possible. As weighment in Gorakhpur yard is not possible, North Eastern Railway Administration has decided to shift the weighbridge to Jarwa station."

2.44. According to Audit, the existing deterrent to excessive overloading does not appear to be adequate. The Committee asked whether the Railway Board have reviewed the position in this regard. It was also enquired if the rules were proposed to be amended to provide for more deterrent penalties for excessive overloading. In a note received from the Ministry it has been stated that after reviewing the position the Board have decided to amend the relevant rules to provide for more deterrent penalties for overloading.

2.45. Rule 161 of the Indian Railways Conference Association Goods Tariff No. 34 Part I, as amended with effect from 1-12-1974 as under:

'161. *Penalty for loading beyond carrying capacity*—Consignors, in loading, are required not to exceed the permissible carrying

capacity of the wagon used or any reduced carrying capacity that may be required in the circumstances referred to in Rule 163. Should over-weight be discovered, charges therefor will be levied as under:

- (1) If the overweight above the permissible carrying capacity of the wagon is one tonne or less in a 4-wheeled/6-wheeled wagon and two tonnes or less in a 8 wheeled wagon such overweight will be charged at the 'smalls' rate applicable to the same commodity for the distance such over-weight is carried.
- (2) If the over-weight exceeds the limit mentioned in (1) above, entire over-weight will be charged at double the highest class rate (*viz.* class 150) for the distance such over-weight is carried.*

2.46. This paragraph highlights the inadequacy of the system followed on the Railways in regard to weighment of wagons on weighbridges. As per extent rules all bulky goods such as sand, stone, timber etc. are required to be weighed either at the forwarding station or at a convenient weighbridge station en route or at the destination. At the weighbridge stations where the wagons are required to be weighed, the rules require the Station Masters to ensure that such weighment is done. A review of the working of a few weighbridges for the year 1972 has disclosed that all the wagon loads required to be weighed were not being actually weighed.

2.47. Further, in the case of wagons actually weighed, weighment had not been done properly in that a surprise check at Pilibhit disclosed that 14 out of 21 wagons coming in for surprise check were overloaded and the actual weight was more than the invoiced weight by 3 to 29 quintals per wagon. It is also seen that after having been pointed out by Audit that the existing deterrent to excessive overloading was not adequate, Railway Board have amended the relevant rules to provide for more deterrent penalties for overloading. The Committee are constrained to observe that this could not have been done without collusion with corrupt officials so as to give undue benefits to unscrupulous traders. The Committee desire that the working of weighbridges should also be reviewed on all Railways with a view to streamline the procedure and to ensure that all stations scrupulously comply with the provisions of the rules regarding weighment of wagons.

Southern Railway—Freight on wood used for manufacture of rayon grade pulp.

Audit paragraph

2.48. The Railway freight rate for firewood is lower than that for other timber. For instance, from April 1973 for a distance of 210 kms., the former is about 26 per cent lower than the latter (for wagon-loads).

2.49. Consignments of wood pieces conforming to the size and description of firewood and declared as firewood by the consignors are received by a factory manufacturing rayon grade pulp at three adjacent stations (namely, Elattur, West Hill and Calicut) of the Southern Railway. They are received either directly by the factory itself as consignee or consigned to other parties who, except in some cases, have been endorsing the railway receipts in favour of the factory. While one despatching station, invoking the special condition prescribed in the Goods Tariff for firewood, according to which specified categories of wood are not to be treated as firewood, charged higher freight on the consignments for some time, timber consignments from other despatching stations were mostly declared by the consignors as firewood, which declaration was accepted by those stations and accordingly the consignments were charged at the lower rate. The Southern Railway Administration had noticed this and issued instructions in December 1969 to all the stations on the division that such consignments should be charged at the higher rate, as they cannot be classified as firewood. However, the undercharging continued even thereafter. A test-check (March 1972) of the records for the period July to December 1971 of Elattur station disclosed undercharges of Rs. 5,900 relating to all consignments of timber received at that station. The Railway Administration thereupon reviewed the transactions for the period March 1971 to March 1972 and raised a debt of Rs. 18,211 against that station for recovery from the consignees.

2.50. A review of the records of the other two receiving stations (one for the period January 1968 to December 1972 and the other for the period January 1969 to December 1972) disclosed undercharges of Rs. 63,226. The transactions for the earlier periods could not be reviewed in the absence of records. Recovery of the entire undercharges of Rs. 81,437 is yet to be effected.

2.51. Undercharging had occurred in the majority of the bookings. According to the Railway rules, if it is found that goods have been improperly described and a lower rate than that correctly applicable has been thereby obtained, charges at double the highest rate for transport of goods by rail will be levied and collected from the consignees. In that event, about Rs. 14.61 lakhs would be recoverable from the parties in this case instead of Rs. 81,437 mentioned above.

2.52. The consignments continue to be declared as firewood but, at the instance of the Railway Administration, the consignors are also declaring the purpose for which the consignments are being booked and the Railway is charging freight on the basis of the declared purpose. The factory has repudiated the claim of the Railway for recovery of the undercharges on the ground that the physical description laid down in the Goods Tariff alone is the criterion for charging freight and not the purpose for which material is used. It has also filed a suit in a court of law praying for a decree to treat the goods as firewood. The suit is being contested.

[Paragraph 21 of the Report of Comptroller & Auditor General of India for the year 1972-73 on Railways.]

2.53. The Special Condition of Goods Tariff No. 33 PTI prescribed for firewood provided that "Selected pieces of wood suitable for bullock yokes, cotton hand gins, posts, or for special use other than burning, timber pieces more than 90 centimetres X 45 centimetres or exceeding 80 kilograms in weight and also sleepers whether serviceable or unserviceable are not accepted as firewood."

2.54. The Committee enquired why did not the station staff charge higher freight on wood pieces received by the factory manufacturing rayon grade pulp. In a note, the Railway Board have stated:

"Consignments of wood pieces conforming to the size and description of fire-wood as given in Special Condition 10 of the Indian Railways Goods Tariff were offered as such by the consignor. Such consignments were, therefore, charged by the station staff at freight rates applicable to firewood."

2.55. The Audit Paragraph states that the undercharging of such consignments came to the notice of the Southern Railway Administration, who issued instructions in December 1969 to all the stations on the division that such consignments should be charged at the higher rate, as they could not be classified as firewood. The instructions issued are reproduced below:

1. Condition S/10 is attached to the classification entry 'Firewood' according to which selected pieces of wood suitable for bullock yokes, cotton hand gins, posts or for special use other than burning, timber pieces more than 90 cms. X 45 cms. or exceeding 80 kgs. in weight and also sleepers whether serviceable or unserviceable are not to be treated and charged as for firewood.
2. It is observed that a consignment described as "one wagon fire wood" was booked to Gwalior Rayons under invoice No. 398 of 18/19-8-1969 ex. Mangalore to Calicut levying freight

charges at 30-A class applicable to Firewood. Obviously the consignment is only wooden pieces used for the manufacture of wood pulp and they are correctly chargeable as Timber NOC. They should not have been charged as firewood.

Please note and notify the staff concerned against mis-declaration of timber as "firewood" and the consequent loss of revenue."

2.56. The Audit Paragraph further mentions that the undercharging continued even after issue of general instructions by the Railway Administration in December, 1969. Explaining the reasons for this lapse, the Railway Board have, in a note, stated:

'The instructions issued by the Railway Administration in December, 1969 were not followed by some stations as has been revealed by subsequent checks by Accounts Department. The station staff therefore erred in levying incorrect charges. Action has already been initiated against the staff concerned.'

2.57. The Committee enquired whether the total under-charges had been assessed. They were informed by the Railway Board that the undercharges had been assessed as under:—

Station	Amount
	Rs.
Elattur	18,211
Calicut	23,042
West Hill	40,184
Total :	81,437

2.58. The Committee asked whether the Railway Administration was taking any steps to recover charges at penal rates, as per Railway rules, for improper description of goods by the firm and if not the reasons therefor. In a note, the Railway Board have stated:

"The fact remains that Gwalior Rayons are not using the wood pieces consigned to them for burning purposes, although they conform to the size and shape of firewood as described in Special Condition 10. At the time when these consignments were accepted and booked as firewood, there were no specific requirements of declaration by the consignor and this lacuna in the wording of special condition 10 has since been rectified

and as special condition 10 reads now, the consignor is required to give a specific declaration in the Forwarding note to the effect that the consignment is meant for use as firewood. Since there was no specific provision for obtaining a declaration from the consignor at the time when these consignments were booked as firewood, it would not attract the provisions of rule 126 of the Goods Tariff with regard to misdeclaration and the penalty charges leviable for such misundeclaration.

Special condition 10 as it stood before 15-2-1974, and as amended from 15-2-1974, are reproduced below for ready reference:

Special Condition 10 before 15-2-1974:

"Selected pieces of wood suitable for bullock yokes, cotton hand gins, posts, or for special use other than burning, timber pieces more than 90 centimetres X 45 centimetres or exceeding 80 kilograms in weight and also sleepers whether serviceable or unserviceable are not accepted as fire-wood."

Special Condition as amended and effective from 15-2-1974:

"The consignment will be charged at the rates applicable to fire-wood only when the consignor gives a declaration on the Forwarding Note that it is meant for use as fuel. The remark should be reproduced on the Invoice/Railway Receipt."

'Selected pieces of wood suitable for bullock yokes, cotton hand gins, posts or for special use other than burning, timber pieces more than 90 centimetres X 45 centimetres or exceeding 80 kilograms in weight and also sleepers whether serviceable or unserviceable are not accepted as firewood."

2.59. The Committee were informed by Audit that there were instances in the Goods Tariff where differential rates of freight are quoted, based on the end use of the commodities. Asked whether the same principle could not be applied for charging freight on (a) wood used for fuel purposes, and (b) wood used for manufacturing rayon grade pulp, the Railway Board have, in a note, stated:

"Differential classification for timber exists inasmuch as valuable timber like sandalwood and rosewood are charged at class 95 and class 70 respectively. There is another classification as 'timber not otherwise classified' which is applicable to all other varieties of timber and is charged at 52.5. Pieces of wood as defined in special condition 10 and used as firewood

for burning purposes are classified lower at 37.5 because such pieces of wood are used by the common man for domestic use. The timber which is used for purposes other than burning, such as in the Rayon Factory for manufacturing of rayon pulp are charged at a higher rate, as 'timber not otherwise classified'."

2.60. It is seen from the Audit paragraph that the factory has repudiated the claim of the Railway for recovery of the undercharges on the ground that the physical description laid down in the Goods Tariff alone is the criterion for charging freight and not the purpose for which material is used. As to the present position of the court case filed by the factory in this connection, the Railway Board have stated:

"The Court case is still pending. Apart from filing a suit in the sub-Court Calicut in October 1972, M/s. Gwalior Rayon Silk Manufacturing Co. Ltd., have also filed a complaint before the Railway Rates Tribunal in November 1973 alleging that the rates charged by the Railway for wood pieces as for Timber NOC are unreasonable. This complaint case before the Railway Rates Tribunal is also pending."

2.61. The Committee are distressed to learn that even though it had come to the notice of the Southern Railway Administration as early as in December, 1969 that a factory manufacturing rayon grade pulp was receiving large consignments of wood pieces conforming to the size and description of firewood but not intended for burning purposes, no effective action was taken to levy freight charges on these consignments at higher rates applicable to firewood suitable for special use other than burning. The instructions issued by the Railway Administration in December, 1969 to all the stations on the division that such consignments should be charged at the higher rate were not implemented by the concerned stations with the result that the undercharging continued for several years. The total undercharges for the three stations have been assessed at Rs. 81,437.

2.62. It has now been stated that with effect from 15-2-1974 the Special Condition 10 of the Goods Tariff No. 33 pt. I. has been amended so as to make it obligatory on the part of the factory to declare the purpose for which the wood pieces will be used. The Special Condition 10 before amendment provided that wood pieces for special use other than burning will not be accepted as firewood for the purposes of levying freight rates. Why this particular clause was not invoked by the station staff earlier and how the special Condition 10 as amended will now enable the Railway to levy higher freight rates is still not clear. In fact the factory is stated to have approached the court of law for a clarification of the terms of the Goods Tariff.

2.63. The Committee also deprecate the delay of more than four years on the part of the Railway Administration to plug a loophole in the Tariff rules.

2.64. The Committee have reasons to believe that right from the beginning the matter has not been handled in a business like manner. They therefore, desire that the Railway Board should order a thorough investigation with a view to fixing individual responsibility.

Southern and Northern Railways—Chargeable distances between stations

Southern Railway

Audit Paragraph

2.65. Royapuram was the passenger terminal for Madras at the time the then Madras Railway Company started operating in July 1856. The passenger terminal for traffic on Madras—Arkonam section was shifted to Madras Central station in April 1873 and chargeable distances began to be reckoned from that station from then. The northeast line towards Vijayawada was also connected to Madras Central in March, 1907 and the passenger terminal for that section shifted to Madras Central, but distances on that line continued to be reckoned from Royapuram.

2.66. The differences between the distances adopted for charging fares and the actual distances on the north-eastern line were pointed out by a railway employee in June 1971. He suggested that the distances might be surveyed afresh and the errors rectified to stop the loss of revenue (on passenger tickets) being incurred by Southern Railway. After carrying out actual measurements in October 1971 the Engineering department indicated in December 1971 to the Commercial department an increase of 1.25 kms. in the distances of all stations situated along the north-eastern line, as a result of adopting Madras Central as the zero point for reckoning distances. The revised distances were notified by the Commercial department from 1st April 1973, *i.e.*, sixteen months later. This shifting of the zero point did not result in decrease of chargeable distance on any other section. Because of the slightly shorter distance charged for, passenger earnings have been somewhat less than what they could have been. For instance, during this period of sixteen months, it is estimated that because of the shorter distance charged for, passenger revenue was less by Rs. 55 thousand for only seven stations (the total number of stations between Madras and Vijayawada is 71) situated within a distance of 47 kms. from Madras Central. The current bus fares from Madras to those seven places are higher than the current rail fares. Passenger revenue would have been less for other stations also.

2.67. The Railway Administration stated that the time taken to notify the revised distances was reasonable, considering the many issues involved in changing a practice followed for more than 66 years.

Northern Railway

2.68. The following distance tables are prepared by each Railway Administration and referred to by station staff for computing chargeable distance between different stations :

1. Pamphlet of distance table showing section-wise distances between different stations of that Railway.
2. Junction distance table showing distances from each station of a railway to all interchange points with other railways.
3. Local distance table showing distances from each station to all other stations of that Railway.

2.69. The first two are printed whereas the third is prepared by hand. The three tables are supplied simultaneously to the stations.

2.70. In August 1970 Ministry of Railways (Railway Board) issued instructions that junction distance tables should be revised every alternate year.

2.71. On Northern Railway these distance tables have not been revised and supplied to stations since April 1960. The Engineering department of the Railway had advised the Commercial department in August 1962 the revised distances which were different in 1162 cases out of 1377 distances notified in the Northern Railway tables. The manuscript of the pamphlet of distance table was ready by June 1965 and its printing was completed by August 1970. The manuscript of the junction distance table was prepared after receipt of the printed copy of the pamphlet of distance table and sent to the Press in February 1972. The printed copies are yet (January 1974) to be received. Compilation of the local distance table was taken up only in September 1972 and was completed by April 1973. Out of 1162 wrong distances, in about 540 cases the correct distances are more than what have been shown in the existing tables while in 622 cases they are less. The differences are from 1 km. to 3 kms. except between Kanpur Central Goods shed and Mughalsarai station where the increase is 7 kms. Thus, while because of this in a number of cases there have been overcharges, in other cases there have been undercharges.

2.72. The Railway Administration stated that an enquiry was conducted into the abnormal delay in this case. Three persons were found responsible; two had retired and one of them had also died.

[Paragraph 23 of the Report of Comptroller & Auditor General of India for the year 1972-73 on Railways.]

Southern Railway

2.73. The Committee enquired how did the difference between actual chargeable distances and distances adopted for charging railway fares from Madras Central to other stations on North East Line escaped notice of the Southern Railway Administration in the past so many years. The Committee also wanted to know whether there was no system of periodical verification of actual distances, particularly when the alignment is changed or the station yard is remodelled. In a note, the Railway Board have explained:

“The passenger terminal in respect of North-East line was shifted from Royapuram to Madras Central in 1907 at the time of the Madras Railway Company, involving an additional lead of about 1.25 Kms. but revision in the distance for charge was not made by the Railway Company presumably because shifting was for railway’s convenience for which the Company did not want the passengers to pay more. This position continued during the administration of the successor Railways, namely, the Madras & Southern Maharatta Railway (from 1908 to 1951) and the Southern Railway till August, 1972. It may also be pointed out that distance from Royapuram was adopted not only from Madras Central but also from other stations in Madras area viz., Basin Bridge, Washermanpet and Korukupet, which are short of Royapuram by 0.97, 1.51 and 2.93 Kms. respectively.

Actual distances are verified when the alignment is changed or station yard is remodelled. There is, however, no system of rechecking the distances periodically as a matter of course.”

2.74. The Audit Paragraph states that although the Engineering Department indicated the increase in distance in December, 1971 to the Commercial Department, the revised distances were notified by the Commercial Department from 1st April, 1973 i.e., sixteen months later. As to the reasons why the Commercial Department took such a long time in notifying the revised distances, the Railway Board have stated:

“The distance from Royapuram was adopted as distance for charge from Madras Central also as a matter of policy ever since the shifting of passenger terminal in 1907. In view of this long-

standing practice, it took some time for the Commercial Department of the Southern Railway to decide to change this policy in August, 1972 and to adopt the actual distance from Madras Central as the distance for charge.

Simultaneously due to several other changes such as provision of new diversionary lines, alterations in inter-distances over certain sections etc. action was being taken to bring out revised edition of Local and Junction Distance Tables incorporating all the changes after a review of the inter-distances between stations over the entire railway. This review was completed in June, 1972 and the manuscript of the revised Local and Junction Distance Tables was got ready by the middle of October, 1972. Due to pressure of work in the Railway Printing Press, however, the revised editions of the Table could be brought out only by the end of March, 1973."

2.75. The Audit Paragraph mentions about short realisation of passenger revenue in respect of seven stations only. The Committee enquired whether similar assessment had been made in respect of all other stations affected by the change and if so, what was the total extent of less realisation of revenue. In this connection, the Railway Board have intimated:

"Verification has been made by the Southern Railway Administration in respect of all the 71 stations between Madras Central and Vijayawada. It has been found that apart from the seven stations mentioned in the Audit para, fares will be affected in respect of three more stations. The difference in respect of these three stations for the period of 16 months from December 1971 to March 1973 is about Rs. 10.264/-."

Northern Railway

2.76. The Committee desired to know the reasons for abnormal delay of over ten years in revision of distance tables on Northern Railway. In a note, the Railway Board have stated:

August '62—May '65.

"Revised inter-distances were supplied by the Engineering Department in August, 1962. However, the manuscript of the pamphlet of distance tables could be ready only by June 1965. The preparation of the manuscript took so much time because the work involved was voluminous since the manuscript consisted of 237 pages and it meant calculation and checking of 1,25,000 entries approximately. Moreover this work had to

be done by the staff who were technically trained and who were conversant with this type of work. A proposal for additional staff was put up for completing this work but the same was turned down by General Manager in July 1966."

June '65—April '68.

After the manuscript of Pamphlet for distance tables was ready, the work was entrusted to M/s. Bhargva Fine Arts Press on 10th September 1965 for printing the distance tables as the Railway Printing Press did not have any spare capacity to undertake this job. M/s. Bhargva Fine Arts Press were required to print 5000 copies of the pamphlet of distance tables within a period of 35 days as per terms of the tender.

The Press could give the final proof copy, only in October 1966 because they had to correct the numerous mistakes in the proofs submitted earlier and because the work was done by the Press in bits by bits. Even the final proof copy was found to have a large number of mistakes. In September 1967 the Press was advised to reprint the entire pamphlet because of these mistakes otherwise the Railway administration would be free to get the pamphlet printed elsewhere at the cost of the Press. But the Press closed down in September, 1967 and therefore it was decided to cancel the printing order on this Press and give this work to the Railway Press.

July '68—May '74.

In July 1968 five copies of the manuscript of the Pamphlet were sent to the Railway Press but the printed copies of the pamphlet were received only in August, 70 because the Press could not give it earlier due to heavy work and shortage of paper.

After the printed copies of the pamphlet were received, local and junction distance tables were prepared and the manuscript was sent to the Railway Press in February, 1972. Since the Press wanted a typed manuscript and the sanction for the honorarium took sometime, the typed copies could be supplied to the Railway Press only in February 1973. The printed copies were supplied to the Commercial Department in April 1974. The pamphlet of distances, Local Distance and Junction Distance Tables were despatched to the stations in May, 1974, and were brought into force from 1st June 1974.

As regards the penalty imposed on the Printing Press, a sum of Rs. 8000/- obtained as security from the Press against supply of paper was retained. Again a sum of Rs. 3470/- which accrued as interest on the National Savings Certificates and Fixed Deposits tendered as security

by the Press was also retained. Subsequently this issue went to arbitration and a sum of Rs. 1730/- out of the interest accrued was retained by the Railway and the balance was refunded to the Press in full and final settlement of the case. Thus it will be seen that a total sum of Rs. 9730/- was retained by the Railways."

2.77. The Committee were informed by the Railway Board that the Junction distance tables were received from the Railway Press and supplied to all divisions on the Northern Railway in May, 1974. In another note the Railway Board have stated: "All the three sets of Tables have since been supplied to the stations on the Northern Railway and have been brought into force with effect from 1st June, 1974."

2.78. The Committee enquired about the position of revision of these tables on other Railways and also wanted to know whether all Railways were following the Board's instructions of August, 1970 to revise the junction distance tables every alternate year. In a note, the Railway Board have stated:

"It may be clarified that intention of Board's instructions was that 'junction distance tables' should be reprinted every alternate year. Normally, there is no need to revise the distances once notified. The purpose is that this reference book, which is very intensively used by station staff, is replaced after short intervals and also correction slips, if any, issued during the period are incorporated in the main tables. South Eastern, North Eastern, South Central, Southern and Northern Railways have already implemented the order. The job is still not complete on the other four Railways, who have been asked to expedite the same. It has since been decided that it will be enough if the Distance Tables are re-printed once in five years during which period torn and mutilated copies at the station may be replaced as and when necessary by spare copies kept in the Divisional Office."

2.79. The Committee regret to note that there is no in-built system on the Railways for the periodical verification of distances between stations. It is astonishing that the higher officers of the Railway Administration were unaware of the differences between the distances adopted for charging fares and the actual distances from the Madras Central station to other stations on North East Line and this fact was brought to notice in June, 1971 by a railway employee who should be given handsome reward. The actual measurements conducted by the Engineering Department in October, 1971 indicated an increase of 1.25 kms. in the distances of all stations from the Madras Central along North Eastern

Line. That this was not a solitary case of its kind is borne out by the fact that out of 1377 cases of distances notified in the Northern Railway tables in as many as 1162 cases, the Engineering Department had found differences necessitating revision in the notified distances. These discrepancies between the actual distances and the distances charged for noticed on the Southern and Northern Railway point to the need for having a system of rechecking the distances periodically as a matter of course. The Committee desire that this aspect may be considered by the Railway Board.

2.80. The Committee are distressed to learn that although the Engineering Department of the Southern Railway brought the difference between the actual distance and the distance charged for from Madras Central to the notice of the Commercial Department in December, 1971, the Commercial Department took as long as 16 months to notify the revised distance. The explanation given for this long delay is most unconvincing. The Committee desire that an investigation be made forthwith to fix responsibility for the delay.

2.81. The Committee further note that there has been abnormal delay of over 10 years in the revision of distance tables on the Northern Railway. It is seen that although the revised inter-distances were supplied by the Engineering Department in August, 1962, they were brought into force only with effect from 1st June, 1974. As the revision made by the Engineering Department affected as many as 1162 out of a total of 1377 cases of distances notified in the Northern Railway tables, it would imply that the undercharging or overcharging continued all along right upto 1st June, 1974. This is, to say the least, most shocking and a most irresponsible way of doing things. The Committee are at a loss to understand why the Northern Railway Administration did not care to notify the revised distances by other means than a printed pamphlet. Pending printing of distance tables which was expected to take time, the Administration should have taken steps to issue administrative instructions for the immediate enforcement of the revised distances. The Committee find no justification whatsoever for postponing the enforcement of revised distances simply because the printed pamphlets could not be got ready.

Northern and Western Railways—Undercharges of freight

Audit Paragraph

Northern Railway

2.82. Urea is loaded regularly on broad gauge four-wheeler (carrying capacity is generally 20 to 22 tonnes) or BCX wagons (a BCX wagon is a covered eight-wheeler with carrying capacity of about 55 tonnes) at

Panki station of Northern Railway. From 1st February 1970 the minimum weight for charging wagon-load rates on urea consignments in a four-wheeled broad gauge wagon was raised from 150 to 220 quintals and that in BCX wagons from 375 to 550 quintals. However, freight continued to be levied till February 1971 for the minimum weights. The undercharges till then are assessed as Rs. 1, 16, 793 out of which Rs. 76,754 are still (January 1974) to be recovered.

2.83. The Railway Administration stated (January 1974) that these under-charges occurred as the Panki station staff did not receive copies of the relevant circulars (issued in February 1970) till 11th February 1971. The undercharges were also not noticed by the travelling inspectors of accounts who visited Panki station on three occasions in 1970.

Western Railway

2.84. (i) Muriate of potash (potassium chloride) to be used as manure is chargeable at class 35—A (Class 37.5 with effect from 1st April 1970) for wagon-loads. With effect from 15th July 1967 muriate of potash used for purposes other than chemical manure is chargeable at the higher class 80—B (class 80 with effect from 1st April 1970) for wagon loads. For availing of the benefit of lower freight under class 35—A, the sender must declare on the forwarding note that the consignment of muriate of potash is intended for use as manure, indicating the licence number of the consignee and produce a certificate, from the District Agricultural Officer or the Director of Agriculture or the Deputy Director (Manures) of the State in which the destination station is situated, to the effect that it is intended for use as manure.

2.85. A test-check of the records of Bandra station for the period September 1967 to June 1970 disclosed that wagon load consignments of muriate of potash, for which the prescribed conditions had not been fulfilled by the senders, had been charged at the lower-rate resulting in undercharges of Rs. 44,789, out of which Rs. 18,821 are still (December 1973) to be recovered. There were no bookings of this commodity from July 1970 to October 1972. The records from November 1972 to June 1973 were not available, as they had been taken away from the station for some investigation.

2.86. (ii) Chemical manures are classified in two classes, Division A and Division B, the rate for Division A being higher than that for Division B. The Chief Commercial Superintendent, Western Railway, decided in September 1968 that NPK fertilisers were chargeable as 'Chemical Manures Division A' but this decision was not notified to all the stations on the Railway. The Railway Board also tentatively fixed the same classification for this commodity in December 1970 and advised the Railways

accordingly. Necessary amendments to the Goods Tariff were incorporated only from 1st September 1971. A sender despatching chemical manures from Bandra station declared the consignment in the forwarding notes as 'granulated fertilisers manure mixture'. Though this particular commodity was not specifically mentioned in the Goods Tariff, the station master accepted the commodity as falling under 'Chemical Manures Division 'B' and charged lower rates of freight. From January 1972 the same commodity was described in the forwarding notes as 'granulated fertilisers—NPK manure mixture' and consequently was charged higher rates of freight as 'Chemical Manures Division A'. The undercharges from October 1968 to December 1971 due to the wrong classification have been assessed as Rs. 30,054, out of which Rs. 19, 495 are still (December 1973) to be recovered.

2.87. (iii) Prior to 1st April 1970 there were separate rates for newspaper parcels (a) not exceeding 2.5 kgs. and (b) exceeding 2.5 kgs. but not exceeding 5 kgs. in weight. The minimum charges for these two groups were 30 paise and 40 paise respectively. The separate rates for these two groups were discontinued from 1st April 1970, and a single slab for parcels not exceeding 5 kgs. was introduced. The minimum charge of 30 paise became inoperative from the same date and the minimum for all newspaper parcels weighing upto 5 kgs. became 40 paise. A test check of the records of 49 stations for different periods between April 1970 and November 1972 disclosed that the stations continued to apply the minimum of 30 paise for newspaper parcels not exceeding 2.5 kgs. in weight resulting in under-charges of Rs. 25,227 out of which Rs. 14,797 are still (December 1973) to be recovered.

2.88. (iv) The rules provide for levy of transshipment charges at each transshipment point in addition to freight charges. A test check of the records of six stations for varying periods between November 1968 and February 1973 disclosed that either transshipment charges had not been levied at all or had been levied incorrectly resulting in undercharges of Rs. 27,621 out of which Rs. 7.812 are still (December 1973) to be recovered.

[Paragraph 24 of the Report of the Comptroller and Auditor General of India for the year 1972-73 on Railways]

2.89. The Committee were informed by Audit that the increase in the minimum weight condition for charging wagon-load rates on urea consignments was notified under Railway Board's letter No. TCR/1394/30/69 dated the 20th December, 1969. The corresponding notification by Northern Railway was circulated under its letter No. 1320—R/1 dated the 2nd February, 1970. In addition, the formal correction slip No. 192 to

the Goods Tariff No. 32 Part I was also issued by the Indian Railway Conference Association on the 19th February 1970. Asked whether the Northern Railway Administration had investigated as to how the notifications and amendments to Tariff issued either by the Board or the Northern Railway or the Indian Railway Conference Association failed to reach Panki Railway Station for more than a year and what were the findings, the Railway Board have, in a note, stated:

“The matter has been investigated by the Northern Railway. The investigation has revealed that the Rates Advice, embodying the decision about revised minimum weight condition for urea issued in February 1970 was received by Station Master, Panki only in August 1970. However, the Station Master and the Assistant Goods Clerk have been held responsible for two lapses—firstly, they did not call for the Rates Advice in question even after receipt by them of a subsequent Rates Advice, which was serially numbered and clearly implied that that was preceded by an earlier Rates Advice and secondly, even after receipt of the said Rates advice in August 1970, it was not acted upon to February 1971. Disciplinary action against the Assistant Goods Clerk has been taken. The disciplinary action against the Station Master is under processing.

The then Commercial Inspector, who has since retired and the Travelling Inspector of Accounts failed to notice that the Tariffs and Rates Advices etc. were not upto date at Panki station. The Travelling Inspector of Accounts is being taken up for his lapse.”

Western Railway

2.90. The Audit paragraph states that a test-check of the records of Bandra station for the period September, 1967 to June, 1970 disclosed that wagon load consignments of muriate of potash, for which the prescribed conditions had not been fulfilled by the senders, had been charged at the lower rate resulting in undercharges. Asked about the reasons as to why did Bandra Station staff charge the lower rates of freight on Muriate of Potash when the specific conditions for availing this benefit had not been fulfilled, the Railway Board have in a note stated:

“This was a case of failure on the part of the station staff to recover correct charges. Disciplinary action has been taken against staff found responsible. Instructions for intensive checks, etc. have been issued by the Western Railway to avoid recurrence.”

2.91. The Audit paragraph states that the records of **Bandra station** for the period from November 1972 to June, 1973 were not available as they had been taken away for some investigation. In this connection, the Railway Board have stated:

“The records pertaining to booking of muriate of potash during the period from November, 72 to June, 73 were seized by the Special Police Establishment, Delhi in July, 73 and these have not been returned to Western Railway Administration so far. Therefore it has not so far been possible to ascertain whether there were undercharges during this period also. Efforts are being made to check the position at destination stations.”

2.92. It is seen from the Audit paragraph that the Western Railway had decided even in September 1968 that NPK fertilisers were chargeable as Chemical Manures Division ‘A’, but this decision was not circulated to all the stations on the Railway. Asked about the reasons for this, the Railway Board have in a note, stated:

“On a reference from Station Master, New Kandla, Western Railway Administration issued a clarification to him that N.P.K. Manures for use as fertiliser should be tentatively charged under ‘Chemical Manures—Div. ‘A’. The practice on the Western Railway was not to notify such clarifications to all stations. The Railway has been instructed that all tentative classifications fixed by them should be advised to all stations.”

2.93. In regard to chemical manures declared as “granulated fertilisers manure mix” which was not specifically mentioned in the Goods Tariff the **Bandra Station** staff had the choice of levying freight either at the higher rate prescribed for Chemical Manures Division ‘A’ or the lower rate for chemical Manures Division ‘B’. The Committee asked why did they charge the lower rates of freight without obtaining clarification from Head Office, the Railway Board have, in a note, stated:

“Several consignments of ‘Granulated N.P.K. Fertilisers’ were booked from **Bandra Marshalling Yard** during the period from October 1968 to September 1972. The commodity was differently described by the consigners in the Forwarding Notes as “Granulated Fertiliser Manure Mixture”, “Granulated Fertiliser Chemical Manure Mixture”, etc. The commodity as declared by the senders in the Forwarding Notes was charged as ‘Manure Mixture’ indexed under Chemical Manures—Div. ‘B’ up to 30th December, 1971. Subsequently, on 31st December 1971 it was noticed by the staff at **Bandra Marshalling Yard Goods Office** from the vernacular

private marks on the bags that the commodity described was actually "Granulated Fertiliser N.P.K. Manure". The charges were, thereafter correctly recovered as for 'N.P.K. Manures'.

The Station staff failed to obtain clarification as to the correct classification of the commodity. The staff responsible for incorrect charging and not obtaining clarification have been punished."

2.94. The Committee enquired whether the undercharges on newspaper parcels and in levy of transshipment charges arose due to wrong instructions for revision of tariff issued by the Western Railway Administration or because the station staff failed to apply clearly worded tariff revisions. In a note, the Railway Board have stated:

"The instructions regarding revision in freight rates for newspaper parcels were clear.

The undercharges in levy of transshipment charges arose due to failure of the staff to correctly observe the rules and instructions which were clear. Disciplinary action against the staff responsible at Dwarka station has been finalised and action against staff fault at other stations is being processed."

2.95. As to the latest position about recovery of all the undercharges mentioned in the Audit paragraph and the prospects of their recovery, the Railway Board have in a note, stated:

"The position of recovery of undercharges as on 25th August 1974 is as follows:

Commodity	Total Undercharges	Undercharges recovered/written off/cleared	Undercharges outstanding	Remarks
1. Muriate of Potash	46514.00@	25968.00	20546.00	
2. Granulated Fertiliser Manure	30196.00@	20863.00	9333.00	
3. Newspaper Parcels	25227.61	21857.61	3370.00	
4. Transshipment charges	27621.00	19818.00	7803.00	
5. Urea	142270.00@	40021.00	102249.00	

@Figures revised on reverification.

Undercharges amounting to Rs. 8525/- out of a total of Rs. 9333/- outstanding against Granulated Fertiliser Manure and

Rs. 44693.00 out of Rs. 102249.00 outstanding against Urea have been admitted by the stations and are being realised. For the balance also efforts are being made to realise the same.”

2.96. The Committee desired to know whether in all the cases cited in the Audit paragraph, the undercharges could not have been brought to light by Travelling Inspectors of Accounts or Commercial Inspectors during their station inspections. To this the Railway Board have replied:

“The Travelling Inspectors of Accounts and Commercial Inspectors failed to bring to light the undercharges mentioned in the audit paragraph. Instructions have been repeated by the Western Railway Administration that special checks should be carried out by Commercial Inspectors to ensure that staff recover correct charges and Rates Circulars, Tariffs and Rates Registers are maintained upto date.”

2.97. In another note the Railway Board have stated:

“Rules 2903, 2945 and 2946 of Indian Railway Commercial Manual—Vol. II lay down that Commercial Inspectors and Inspectors of Station Accounts should see that the initial records and documents at Stations are maintained properly. Instructions have also been issued by the Railway Board that the Rates and other Inspectors should ensure that Rates Registers should be kept upto date by the Station Staff, tariffs should be kept corrected. Rates Circulars serially filed and that freight charges are correctly levied.”

2.98. The Committee find that in all the 5 cases of undercharges referred to in the Audit paragraph, the concerned station staff failed to recover correct charges either because the instructions were not clear to them or these instructions had not reached them at all or they failed to comply with the rules and instructions. This underscores the need for proper maintenance of initial records and documents at stations.

2.99. The Committee desire that the negligent supervisory officers should be brought to book.

2.100. The Committee would also like that sustained efforts be made to recover the outstanding undercharges.

NEW DELHI;

April 16, 1975.

Chaitra 26, 1897 (Saka).

JYOTIRMOY BOSU.

Chairman, P.A.C.

APPENDIX

Summary of main conclusions/recommendations

Sl. No.	Para No.	Ministry concerned	Recommendation/Conclusion
1	2	3	4
1.	1.8	Rlys.	<p>The Committee note that the Railway budget for the year 1972-73 envisaged a surplus of Rs. 32.53 crores. However the actuals showed a surplus of only Rs. 2.92 crores. At the time of presenting the Budget estimates for 1972-73, an increase of 9.5 million tonnes in the revenue earning freight traffic over the previous year was anticipated. The actual materialisation was a little over 5 million tonnes. However while presenting the revised estimates for 1972-73 alongwith the Budget for 1973-74, although the estimates of additional traffic were revised downward the estimates of revenue receipts were revised upwards by Rs. 31.17 crores. The reasons for the upward revision of the revenue receipts when it was well known that the additional revenue earning traffic was not going to materialise, have not been adequately explained. The Committee are not at all impressed by the elaboration of circumstances which prevented the Railways from achieving the target of 9.5 million tonnes in the revenue earning freight traffic, viz. power crises and power cuts in the eastern sector, prolonged interruption in traffic which occurred from north to the south and from east to the north due to factors which affected movement, agitation in Punjab, major strike by the Electricity Board staff in Uttar Pradesh, fall in agricultural production due to drought, etc. The Commit-</p>

tee are strongly inclined to think that at the time of framing the budget the revenue estimates have been deliberately played down to justify the increase in tariffs and towards the close of the year these figures were revised upwards to cover up the enhanced tariff rates. The Committee cannot but depreciate such a practice. In this context, the Committee would like to invite the attention of the Ministry of Railways to the observations made by the Committee in their 120th Report (1973-74):

“The Committee had in their earlier reports repeatedly emphasised the need for more accurate estimation of the revenue and expenditure at the time of budgeting. It is, however, seen that against the Budget Estimates for 1971-72, the actuals of Gross Revenue Receipts and Revenue Expenditure for the year recorded an increase of Rs. 26.52 crores and Rs. 24.34 crores respectively. Further, in the case of earnings the variation in the actuals for 1971-72 against the revised estimates for 1971-72 was as high as Rs. 18.75 crores. The explanations for these wide variations are not at all convincing and the Committee are left with the impression that the budgetary control on Railways is not what it should be. The Committee feel that there is lot of scope for improvement in the system and they hope that necessary remedial measures will be taken in this direction.”

2. 1·9 Rlys. **The Committee would like to emphasise that the budgetary proposals should be formulated on more realistic estimates so that there is no scope for any misgivings.**
3. 1·19 Do. **The Committee note that as per calculations made by the Railway Board the losses borne by the Railways in 1974-75 because of their special obligations have been estimated at about Rs. 203.91 crores. Out of this amount, Rs. 45.61 crores are attributed to the loss suffered by the Railways annually for the carriage of principal low-rated commodities such as foodgrains, oil seeds, sugarcane and ores etc.**
4. 1·20 Do. **The Committee would, however, like to stress that the Railways should not be required to carry any item other than Government owned cereals, pulses and Government relief materials especially for public distribution system at reasonably concessional rates. All other items should be carried at 'the cost plus' rates basis; otherwise the losses will have to be borne by the weaker section of the society even those who hardly get any benefit out of it through direct and indirect taxation.**
5. 1·21 Do. **They do not see any reason why industrial raw materials or other items should be transported at a loss or at low profit. The Committee therefore urge that Railway Board should pay attention to this aspect of the matter in a more business like manner. Under no circumstances any commodity other than mentioned above should be carried by the railways at below 'cost plus profit' basis. The rate of profit however may be decided on the merit of each item after studying the profitability of the end product.**
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6.	1-34	Rlys.	<p>During evidence before the Committee the Financial Commissioner for Railways agreed that keeping in view the loans outstanding and the contingent liabilities of Railways the overall financial position of the Railways could only be termed as "very unsatisfactory". In regard to the remedial steps taken or proposed to be taken by the Railways in order to check the deteriorating financial position, it was made out that besides the other steps such as increasing productivity and improving operational efficiency there was an urgent need for restructuring of freights and fares on the Railways. The Committee were informed that although some readjustment in the freights and fares had been made in the past few years, no basic restructuring of the tariff policy as such had been undertaken. The Committee are of the view that the adjustments of freights and fares made every years at the time of budget are motivated mostly by the considerations of bridging up of budgetary gaps. There has never been any serious attempt to bring these rates in alignment with the ever increasing costs. Such periodical readjustments can at best be regarded as <i>ad hoc</i>. The Committee feel that there is need for rationalisation of the tariff policy <i>vis-a-vis</i> the cost of services provided by the Railways. They therefore recommend that the question of restructuring of freights and fares on the basis of cost plus profit may be remitted to an Expert Committee for a thorough examination.</p>
7.	1-47	Do.	<p>The Committee note with concern that the capital outlay during the year 1972-73 exceeded the budget estimates by Rs. 50.62 crores. The</p>

excess occurred mainly under "Stores Suspense" and "Manufacturing Suspense" which signify increase in inventories. It is indeed surprising that while on the one hand following a cut of Rs. 7.75 crores on the Railways' capital expenditure imposed by the Government, the Railways were trying to economise on the expenditure on new lines and electrification, on the other hand their outlay on inventories alone exceeded the budget by more than Rs. 50 crores. This not only shows lack of planning but also points to the need for fixing-up of priorities in a more realistic manner.

8. 1-48 Do.

During the course of evidence the Financial Commissioner for Railways stated that in the context of existing constraints on the national resources for plan purposes, the Railways had been asked to economise and cut back on plan outlays. The Committee feel that the provision of transport infra-structure and railway operations were equally important for the national economy and hence the Railway Board should draw up their priorities for which funds must be provided and prepare a hard core plan in consultation with the Planning Commission. Unless the Railways reach hilly, backward, and unconnected areas, the process of the development of those areas will be indefinitely delayed and consequently the economic development of those areas will suffer and regional imbalances will grow further. On the other hand, Railways hasten economic growth of the hilly and backward areas and ultimately in course of time the Railways as well as the country are bound to gain.

9. 1-49 Do.

The Committee note that whereas the budget estimates for 1972-73 envisaged reduction in the "Stores Suspense" and "Manufacture Suspense" to the extent of Rs. 12.67 crores and Rs. 1.27 crores respectively, the

actuals under these heads registered additions of the order of Rs. 34.72 crores, and Rs. 15.95 crores respectively. The increases under the heads 'Stores Suspense' and 'Manufacture Suspense' have been attributed to a significant fall in production in two production units viz. DLW and CLW. This is a matter of great concern. The Committee would urge that necessary remedial measures should be taken to remove the bottlenecks coming in the way of fuller production in the two production units.

10.

1·50

Rlys.

In their 126th Report (Fifth Lok Sabha) the Committee had expressed the view that the inventory management on the Railways was not what it should be. The Committee were then informed that inventory control units had been set up in all Zonal railways and a high powered committee on Inventory Management under the chairmanship of Deputy Railway Minister had been appointed to review the position. The Committee desire that the High Power Committee should expeditiously complete their work so that the necessary improvements in the inventory management could be brought about.

11.

1·62

Do.

The Committee note that at the time of formulation of the Budget Estimates for the year 1972-73, the Railways had planned production of 14,000 wagons both from industry and Railways workshops. Accordingly funds to the tune of Rs. 41.46 crores were provided for in the Budget. At the time of Revised Estimates, the anticipated production of wagons was revised and brought down to 11,400 wagons against the 14,000 wagons

provided for in the Budget Estimates. However, during the course of the year an additional order for 15,000 wagons was placed on an urgent basis on the wagon builders by obtaining a supplementary grant of Rs. 2.54 crores. The main justifications given for the placement of the additional orders for wagons were that firstly, there was lot of criticism in Parliament about wagons not being available; secondly, the wagon building industry was suffering from lack of orders and thirdly there was shortfall in supply of wagons due to unrest in the Eastern sector. It is relevant to recall that the Minister of Railways, while reviewing the results of the financial year 1972-73 in his speech on the Railway Budget for 1974-75, had *inter-alia* stated that it had become apparent very early in the year (1972-73) that the additional goods traffic hoped for was not likely to be achieved. The Committee wish the Railway Board had estimated their wagon requirements in a more realistic manner, particularly keeping in view demands for wagons in hand. In any case the Committee would like that a realistic plan for the procurement and manufacture of wagons from year to year should be drawn up keeping in view the anticipated traffic requirements, the normal replacement and the resources available.

[2.

1-8)

Do.

The Committee are concerned to note that the operating ratio of railways, which is the percentage of total working expenses to the gross traffic receipts, was higher during 1972-73 than in the previous four years. In 1968-69, the operating ratio of all Indian Railways was 82.60 per cent. It increased to 84.13 per cent in 1970-71 and after registering a slight improvement in 1971-72 worsened to 84.47 per cent in 1972-73. An increase in the operating ratio implies that the working expenses have increased more rapidly than the gross earnings of the Railways. While the

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increase in the gross earnings of the railways in 1972-73 over 1968-69 was 29.4 per cent, the increase in the working expenses was 32.3 per cent. For bringing down the operating ratio the Railways will not only have to augment their earnings substantially but will have to effect significant economies in all spheres, particularly in materials management. As stated by the Financial Commissioner for Railways during evidence before the Committee, the finances of railways cannot be considered to be well conducted if only the working expenses are covered. The Committee need hardly emphasise that all-out efforts need be made to increase the earnings of the railways by attracting more traffic and improving the operational efficiency.

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13.

1-81

Rlys.

From the information made available to the Committee, it is seen that aggregate increase over 5 years period in the staff costs was of the order of Rs. 125.52 crores. Similar increases under the heads 'Maintenance & Repairs' and 'Fuel' were Rs. 100.84 crores and Rs. 23.24 crores respectively. The Committee note that whereas the percentage increase in the passenger train kilometres and goods train kilometres in 1972-73 over 1968-69 were 4.1 and 3.2 respectively, the percentage increase during the same period in the number of open line staff was 4.5. The little increase in the cost of staff is quite understandable in the context of the rising prices.

14.

1-82

Do.

The Zonal Railways on which the operating ratios deteriorated in 1972-73 as compared to 1971-72 were Northern, Southern, South Cen-

tral, South Eastern and Western Railways. The steepest decline occurred in the case of South Eastern Railways where the operating ratio increased from 68.61 per cent in 1971-72 to 73.65 per cent in 1972-73. The Committee were given to understand that each Zonal Railway was now being considered a separate working unit for the purposes of analysis its financial results. The Committee trust that a careful watch will be kept on the working of each Railway and necessary remedial steps taken, wherever necessary, to ensure that the performance of each Zonal Railway improves from year to year.

15. 1-83 Do.

A disturbing feature noticed by the Committee is that the unit cost of operation on the South Eastern Railway *vis-a-vis* other comparable railways was about the highest in 1972-73. This is stated to be due to the fact that the heaviest capital investment for modernisation of traction and operating facilities had been made on this Railway and this has had the effect of inflating the unit cost per train kilometre of both coaching and goods. This causes concern to the Committee. The Committee hope that the Railway Board would ensure that there is no escalation of the unit cost of haulage.

16. 1-90 Do.

The Committee observe that the percentage of net revenue to the Railways' capital-at-charge ranged between 5.1 to 5.7 during the first, second and third plan periods. After the 3rd plan there has been a steep deterioration in the financial results of the Railways. The percentage of net revenue to capital-at-charge which stood at 4.6 in 1969-70 dropped down to 1.4 in 1973-74. From 1966-67 the Railways have not been able to meet fully even their annual dividend liability to the General Exchequer, except

in the years 1970-71 and 1971-72. It would appear that the massive investments made on dieselisation, electrification and modernisation of Railways over the years, have, instead of bringing about any improvement, only added to the cost of railways operations. It is painful to observe that from 1968-69 to 1972-73, the net increase in the goods traffic in terms of originating tonnage was a mere 2.6 per cent against an increase of 29.4 per cent in earnings and 32.3 per cent in the working expenses. The growth rate on the Railways has thus been stagnant. The Committee have in the past persistently decried the creation of needless capacity at substantial cost, leading to over-capitalisation and an unnecessary increase in the Railways' dividend liability. They feel that what is now required is not some half-hearted measures aimed at bringing about some economy in expenditure or some *ad-hoc* adjustments in the freights and fares but a bold rethinking at the highest level about the role of railways in the national economy. The Committee have no doubt that if the operational efficiency of the Railways has to be brought to the optimum level, it will be first necessary to put the existing assets in the form of rolling stock, line capacity etc. to much better use than now.

17.

I-104

Railways

The Committee have repeatedly emphasised in the past that in order that Railways are able to rehabilitate their weak financial position, it would be necessary for them to re-capture the high rated traffic by a commercially-oriented approach which would ensure better customer service, including collection and delivery service, quick settlement of claims, quicker movement of goods and prevention of pilferage. In this connection attention

is invited to the observations/recommendations contained in paragraphs 1.8 and 1.9 of the 116th Report of the Public Accounts Committee (Fourth Lok Sabha).

18.

I-105

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A review of the Railways' performance in 1972-73 reveals that the loading of and earnings from selected high rated commodities on which the Marketing and Sales Organisation specially keeps a watch dropped by 2.6 and 0.2 per cent respectively in that year as compared to the previous year. This has been attributed by the Railways to a variety of extraneous and unforeseen factors such as large scale power sheddings, agitations and labour troubles on Railways resulting in disruption to the running of trains and loss in production in major industrial establishments covering largely high rated items due to power shedding. This would indicate poor management on the part of the Railways. It is, however, seen that although the output of cement in 1972-73 recorded an increase of about a million tonnes as compared to 1971-72, the Railways share of originating traffic in cement in 1972-73, dropped by 0.7 million tonnes when compared to the year 1971-72. This only shows that despite all the efforts made to recapture high rated traffic the Railways have not only failed to capture additional traffic from other modes of transport but have actually been unsuccessful in retaining their share of traffic. This indicates inefficiency. The Committee can only express the hope that Railways will make more vigorous efforts not only to retrieve the lost traffic but also to capture additional traffic.

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19.

I-112

-do-

The Committee are concerned to note that the amounts of demurrage and wharfage charges accrued and waived each year have rapidly shot up

from year to year. In 1969-70 the total accruals on account of demurrage and wharfage charges were of the order of Rs. 17.87 crores. The corresponding amount for the year 1973-74 was as high as Rs. 37.53 crores. Similarly the amount waived in 1969-70 was about Rs. 4.10 crores. In 1973-74 the amount waived touched the figure of Rs. 7.87 crores. The percentage of the amount waived to the total accruals has ranged between 21 per cent to 27 per cent during the period from 1969-70 to 1973-74. The large accruals on account of demurrage and wharfage charges not only point to the greater misuse of railway wagons and premises but at the same time reflect on the poor mobility of wagons. The Committee are of the view that larger amounts of accruals and waiver of demurrage and wharfage charges are indicative of a serious malaise which needs to be curbed more vigorously. Collusion of railway staff with unscrupulous traders cannot be ruled out.

20. 1-113 Railways The Committee feel that the existing deterrents are not having the desired effect and hence there is need for more rigorous steps for curbing this evil. The higher the offence the more severe should be the punishment. The position may accordingly be reviewed with a view to taking necessary remedial measures.
21. 1-119 -do- The Committee's attention has been drawn to the competitive transport situation which has gradually developed in the country. The Committee have always expressed their concern at the lack of a coordinated national integrated transport policy. They, however, regret to find that even though

the need for coordination between the different modes of transport is accepted by all, there has been no worthwhile achievement in this direction. Every time the Committee review the working of the Railways on the basis of annual Audit Reports, a point is made that a good proportion of the 'high rated' and 'high profit yielding' traffic has been creamed off by road transport, leaving the 'low rated' traffic like coal, foodgrains, fodder, stones, salt, ores etc., freight on some of which does not even cover costs, to be moved by the Railways over long distances. This not only involves wasteful competition between the railways and road hauliers but leads to a national waste inasmuch as the rail capacity created at great cost remains unutilised or underutilised in many sectors. It needs no emphasis that proper and effective rail road coordination can bring more business for the Railways. This happens because the Railways are unable to give full satisfaction to its users. Road transport is always much dearer compared to existing railway rates. In the context of the present-day circumstances arising out of the oil crisis, the need for a coordinated national integrated transport policy has become all the more important and compelling. It will, therefore, be in the fitness of things that this question is considered by Government at the highest level to formulate a clear-cut policy and to evolve a suitable machinery for the effective implementation of the same.

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22.

I-120

Railways
Planning
Commission

The Planning Commission and State Governments may, however, be approached to discourage long distance road transport service in public and private sectors, both for passenger and goods traffic, once the Railways are able to meet fully the demand to the satisfaction of users and respective State Governments.

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23.	I-133	Railways	<p>The Committee note that during the year 1972-73 an amount of Rs. 158.95 crores was provided for fuel. This provision of Rs. 158.95 crores for fuel included the requirements for carrying additional 9.5 million tonnes of revenue earning goods traffic and for an increase of three per cent in passenger traffic. The anticipated increase in goods traffic did not fully materialise during the year but the fuel bill of Railways registered an increase of Rs. 3.42 crores at the end of the year. Even after making allowance for the escalation in the price of fuel during the year, the Committee feel that the increase in fuel bill was not commensurate with the increase in traffic. This only demonstrates that despite all the fanfare about the economy drive, the Railways have not been able to effect any tangible saving in the expenditure on fuel. The Committee would like to emphasise that if fuel economy has to have any meaning it should be clearly reflected in the consumption of fuel <i>vis-a-vis</i> the quantum of traffic moved.</p>
24.	I-134	-do-	<p>During evidence the Financial Commissioner for Railways informed the Committee that during the year 1974-75 all the Railways have been asked to effect a 5 per cent cut in their expenditure. The Committee apprehend that the enforcement of such blanket cuts more often than not result only in the postponement of essential maintenance services and deterioration in the standards of service without any real saving in the fuel cost and fuel consumption. The Committee trust the Railway Board will keep this in view.</p>

25. I·142 -do- The Committee note that on an average about 4,000 wagons are condemned/taken off the line annually on all Railways. It has been stated that for the purpose of condemnation wagons are examined by different authorities under a regular prescribed procedure. During evidence the Committee were given to understand that no wagon was condemned if its chassis or underframe was considered to be sound and reusable. In regard to utilisation of old rails the Committee are informed that the rails released from primary locations, to the extent they are fit for re-use, are used in secondary relaying and those released from secondary locations are used in sidings and yards. In the context of the shortage of steel in the country necessitating importation and the abundance of railway scrap available for disposal, the Committee needs to be reassured that no wagon or rail is declared as scrap unless it is fully established that it cannot be re-used for any other purpose. The Committee would like the Railway Board to once again review the existing procedures regarding condemnation of wagons and old rails to ensure rigidly that only those which cannot be repaired are only discarded.
26. I·143 -do- As regards the disposal of ferrous and non-ferrous scrap the Committee would once again like to emphasise that Railways should establish adequate plant capacity for remelting and reusing of their own scrap to the greatest extent possible. They should also have a metal bank and metal exchange. The purchase and sale on these counts should be reduced to minimum. A special cell should be stated at Board and Zonal Railway level.
27. I·148 -do- The Committee find that traffic in certain sectors such as iron ore for export, coking coal for steel plants, iron ore and limestone for steel plants, coal for major power houses and petroleum products, is being increasingly

moved under closed circuit movement of wagons. It is seen that under this pattern of movement wagons are leaded in the form of block rakes or full train loads and move as such from the loading to the unloading point. After unloading the empty rake is returned again to the loading point for re-loading and thus the rakes in these circuits are kept captive. Since the movement of traffic under this system will inevitably involve an increased amount of empty haulage, the Committee trust that the Railways will have made careful study of the economics of the movement of this traffic. In any cases the basis should be total cost (including empty haulage) plus profit basis. Before introducing this pattern of traffic movement to other streams of traffic, the Committee will like the Railway Board to ensure that traffic movement is economically viable. The system also calls for a high degree of liaison both at the loading as well as unloading points to ensure that the circuits do not get broken. The Committee hope this aspect is being taken care of by the Railways.

28.

I-165

Railways

The Committee have been told that the Research, Designs and Standards Organisation of the Railways is the chief railway research institution of the country which is supposed to undertake a multitude of functions in the fields of research, designs, standards, specification, service engineering and consultancy. The organisation has an annual budget of about 4 crores of rupees and has a complement of 3275 staff including 298 officers and 1685 technical staff. In the words of the Railway Board the "RDSO's activities are directed towards improving the utilisation of existing assets, modernising

railway operation and attaining self-sufficiency in the design and manufacture of railway equipment."

29.

I-166

—do. —

Whatever may have been the achievements of RDSO in the fields of research and designs, the Committee regret to observe that there is no noticeable impact of the RDSO's work either on the day to day problems of railway operations or its basic economy. From an account of the discussion the study Group of the Committee had with the officers of the RDSO, the Committee got an impression that the RDSO's activities are not need-oriented. This is borne out by the fact that in the field architectural design and research the RDSO's contribution is next to nothing. As a matter of fact the Architectural Directorate is responsible only for dealing with the architectural aspects of buildings costing over Rs. 10 lakhs or where the Railways have a special problem. It has thus nothing to do with the planning and construction of residential and non-residential buildings of Railways. No worth while efforts have been made to evolve the use of substitutes for the costly and scarce materials such as cement and steel. It is equally disappointing to see that no appreciable breakthrough has been achieved in the matter of improving tare-payload ratio of railway wagons and coaches. For example, although the design of a double decker coach was evolved by RDSO as long back as 1972-73, the order for manufacture of the prototype has been placed on the factory only in March/April, 1974. As a result of this delay, the prototype coach will come out of the factory only by the end of 1976. The Committee feel that the efforts of the Railway Board in this direction should be result-oriented and that a time-bound programme should be chalked out so that the necessary improvement is achieved in the shortest possible time. It is also surprising to see that these double decker coaches are not meant for long distance journeys.

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30.	1·167	Railways	<p>The planning for provision of passenger amenities on railway coaches and platforms does not form part of the DRSO's activities. Its efforts in the direction of effecting economies in the use of fuel cannot be considered commensurate with the requirements of the railways. Therefore, taking into account the total quantum of the expenditure in the organisation and the role it could play, it is difficult to say as to what has been the positive contribution of the RDSO in the growth of Indian Railways.</p>
31.	1·168	—do.—	<p>The Committee feel that in order to make RDSO a more effective instrument of research and scientific advancement, its research efforts require to be reoriented. Such re-orientation should aim at the maximum utilisation of existing assets of the railways and the available resources of the country. The RDSO will not only have to justify its existence but will have to make a real impact on the operational efficiency of the railways. In the context of the over deteriorating financial position of the Railways the RDSO will have to shed the conventional approach and break new grounds for achieving maximum economy, optimum utilisation of assets and maximum comfort for the users of the railways. The RDSO achievement report should be placed annually before the Parliament.</p>
32.	2·9	—do.—	<p>The Committee note that as far back as in October, 1962, in regard to inter-gauge traffic the Railway Board had issued a directive that in cases where the lead on the forwarding gauge was very small compared to the lead after the break of the gauge, suitable adjustments in the weight con-</p>

dition of the forwarding gauge should be made so as to secure full load for wagons of the other gauge over which the lead was very large. The average lead for the bamboo traffic on the narrow gauge section of the South Eastern Railway is 168 kms. and on the broad gauge sections of the Northern and Eastern Railways over which this traffic moves, the average lead is about 918 kms. This was therefore a fit case where the Railway Board's directive in regard to adjustments in the weight condition could have been profitably implemented. The Committee find that the South Eastern Railway introduced a fixed weight of 100 quintals for non-standard Narrow gauge bogie wagon against the notified minimum weight condition of 130 quintals with effect from 1st March, 1964. However in the case of IRS type Narrow gauge bogie wagons, although the minimum weight condition of 130 quintals was fixed in 1968 after taking into account their carrying capacity, the necessary adjustments in the weight condition for the purposes of transhipment traffic were made only in November, 1971. Thus while transhipping the consignments from narrow gauge wagons at Madan Mahal station of Central Railway, the contents of one narrow gauge bogie wagon were 'more often than not', placed in two broad gauge four wheeled wagons or in one broad gauge bogie wagon, although the average tonnage loaded in the narrow gauge bogie wagon was only 100 to 110 quintals. This has resulted in excess utilisation of one broad gauge wagon for most of each of the narrow gauge bogie wagons. According to Audit between January, 1969 and June, 1972 about 13 thousand broad gauge wagons (four-wheelers) were utilised in excess and the cost of hauling of these loaded excess number of wagons has been assessed at about Rs. 50 lakhs. The Committee are unhappy to note that such an uneconomic practice continued for such a long time without any remedial action being initiated. It is

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			seen that in the case of non-standard Narrow gauge bogie, minimum weight condition of 100 quintals was fixed in 1964 to suit the requirements of transhipment. Why this could not be done for the IRS standard Narrow gauge bogies which were introduced subsequently needs an immediate explanation.
33.	2.10	Railways	The Committee further note that although the Railway Board's notification dated 29th November, 1971 communicating their sanction to the reduction in the fixed weight for bamboo loaded in narrow gauge bogie wagons to 110 quintals was conveyed to the stations in December, 1971, the booking stations failed to rigidly observe the revised loading heights and it was only in June, 1972, that 1:1 transhipment became possible. The Committee would like that suitable disciplinary action be taken against the supervisory officers who failed to watch the proper implementation of the instructions on the subject. The Committee would like to be informed about the action taken.
34.	2.11	—do.—	The Committee need hardly emphasise that such unhealthy and un-economic practices on the inter-gauge points not only result in avoidable losses but also contribute to the improper use of Railway assets. They would therefore like that the working of inter-gauge points be kept under constant review with a view to weed out such of the practices which are not conducive to economic use of assets.
35.	2.22	—do.—	The Committee note that with effect from 16th September, 1970 station-to-station rates were quoted on Central and Western Railways for

carriage of plantains in wagon loads by coaching trains, based on a load-ability of 185 quintals per wagon. Further, on the basis of test weighments since conducted by Central Railway Administration it has been decided, effective from 15th July, 1974, that station-to-station rates for Bananas booked at coaching rate should be raised from the present loadability figure of 185 quintals per wagon to 191 quintals. As against this the station-to-station rates quoted by the South Central Railways for movement of plantains traffic by coaching trains, from Rajhamundry and other stations are based on loadability figure of only 100 quintals. The main reason for fixing a low loadability figure of 100 quintals on the South Central Railway is stated to be the reluctance of the local merchants to load the plantains upto the top of the wagons even though the wagons can hold more than 100 quintals of bananas. The Committee feel that the Railways should have taken note of the reluctance of the merchants and devised ways and means, like providing removable racks, to ensure larger loading of bananas, rather than prescribing a low loadability figure. That this was not considered would indicate that the Railways have failed to safeguard their financial interests.

36.

2-23

—do.—

Further it is seen that the station-to-station concessional rates from Rajhamundry which are almost half of the normal parcel rates do not even cover the cost of haulage beyond a certain distance.] In view of this factor, the Railway Board have now belatedly decided to increase the minimum weight for charge, under these lumpsum rates, to 125 quintals from the present level of 100 quintals per wagon. The Committee see no justification whatsoever for the quoting of uneconomic concessional rates by the South Central Railway for the transportation of bananas from Rajahmundry when it was well known that the loadability

limit for similar traffic on the Central and Western Railways was much more than 100 quintals. They desire that the whole matter may be reviewed with a view to fix new limits of loadability of bananas, by providing removable racks, which will not only cover the cost of haulage but will also be remunerative. The action taken in this behalf may be intimated to the Committee.

37.

2-32

Railways

This is a typical case where the Central Railway Administration failed to act in a business like manner. From the facts of the case it is clear that before finalising the arrangements for movement of sand traffic offered by the contractor, the terms and conditions were not carefully set out. Keeping in view the quantum of work involved and the duration of the arrangements to be made, it was only reasonable on the part of the Railway Administration to have sorted out the financial implications of the arrangement in advance. This was all the more necessary because the siding charges for the recommissioned railway siding at Khardi station had not even been notified. In the absence of such a notification it could not be assumed that the contractor would agree to pay the siding charges in addition to the freight charges. No wonder therefore the contractor declined to pay the siding charges to which his prior acceptance had not been obtained and which were considered by him to be unjust. It is further seen with surprise that after the contractor had declined to agree to the payment of siding charges, apparently no attempt was made by the Railway Administration to come to a negotiated settlement with the contractor. The Railway Administration thus lost a valuable opportunity to retrieve traffic which could have earned

lot of revenue in the form of freight charges. The Committee are constrained to express their unhappiness about the way this case was handled and desire that an investigation be made to fix individual responsibility.

38. 2.46 Do.

This paragraph highlights the inadequacy of the system followed on the Railways in regard to weighment of wagons on weighbridges. As per extent rules all bulky goods such as sand, stone, timber etc. are required to be weighed either at the forwarding station or at a convenient weighbridge station *en route* or at the destination. At the weighbridge stations where the wagons are required to be weighed, the rules require the station Masters to ensure that such weighment is done. A review of the working of a few weighbridges for the year 1972 has disclosed that all the wagon loads required to be weighed were not being actually weighed.

39. 2.47 Do.

Further, in the case of wagons actually weighed, weighment had not been done properly in that a surprise check at Pilibhit disclosed that 14 out of 21 wagons coming in for surprise check were overloaded and the actual weight was more than the invoiced weight by 3 to 29 quintals per wagon. It is also seen that after having been pointed out by Audit that the existing deterrent to excessive overloading was not adequate, Railway Board have amended the relevant rules to provide for more deterrent penalties for overloading. The Committee are constrained to observe that this could not have been done without collusion with corrupt officials so as to give undue benefits to unscrupulous traders. The Committee desire that the working of weighbridges should also be reviewed on all Railways with a view to streamline the procedure and to ensure that all stations

scrupulously comply with the provisions of the rules regarding weightment of wagons.

40.

2.61

Railways

The Committee are distressed to learn that even though it had come to the notice of the Southern Railway Administration as early as in December, 1969 that a factory manufacturing rayon grade pulp was receiving large consignments of wood pieces conforming to the size and description of firewood but not intended for burning purposes, no effective action was taken to levy freight charges on these consignments at higher rates applicable to firewood suitable for special use other than burning. The instructions issued by the Railway Administration in December, 1969 to all the stations on the division that such consignments should be charged at the higher rate were not implemented by the concerned stations with the result that the undercharging continued for several years. The total undercharges for the three stations have been assessed at Rs. 81,437.

41.

2.62

Do.

It has now been stated that with effect from 15.2.1974 the Special Condition 10 of the Goods Tarrif No. 33 pt. I. has been amended so as to make it obligatory on the part of the factory to declare the purpose for which the wood pieces will be used. The Special Condition 10 before amendment provided that wood pieces for special use other than burning will not be accepted as firewood for the purposes of levying freight rates. Why this particular clause was not invoked by the station staff earlier and how the special Condition 10 as amended will now enable the Railway to

levy higher freight rates is still not clear. In fact the factory is stated to have approached the court of law for a clarification of the terms of the Goods Tariff.

42. 2-63 Do. The Committee also deprecate the delay of more than four years on the part of the Railway Administration to plug a loophole in the Tariff rules.

43. 2-64 Do. The Committee have reasons to believe that right from the beginning the matter has not been handled in a business like manner. They therefore desire that the Railway Board should order a thorough investigation with a view to fixing individual responsibility.

44. 2-79 Do. The Committee regret to note that there is no in-built system on the Railways for the periodical verification of distances between stations. It is astonishing that the higher officers of the Railway Administration were unaware of the differences between the distances adopted for charging fares and the actual distances from the Madras Central station to other stations on North East Line and this fact was brought to notice in June, 1971 by a railway employee who should be given handsome reward. The actual measurements conducted by the Engineering Department in October 1971 indicated an increase of 1.25 kms. in the distances of all stations from the Madras Central along North Eastern Line. That this was not a solitary case of its kind is borne out by the fact that out of 1377 cases of distances notified in the Northern Railway tables in as many as 1162 cases, the Engineering Department had found differences necessitating revision in the notified distances. These discrepancies between the actual distances and the distances charged for noticed on the Southern and

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			Northern Railway point to the need for having a system of rechecking the distances periodically as a matter of course. The Committee desire that this aspect may be considered by the Railway Board.
45.	2·80	Railways	The Committee are distressed to learn that although the Engineering Department of the Southern Railway brought the difference between the actual distance and the distance charged for from Madras Central to the notice of the Commercial Department in December, 1971, the Commercial Department took as long as 16 months to notify the revised distance. The explanation given for this long delay is most unconvincing. The Committee desire that an investigation be made forthwith to fix responsibility for the delay.
46.	2·81	Do.	The Committee further note that there has been abnormal delay of over 10 years in the revision of distance tables on the Northern Railway. It is seen that although the revised inter-distances were supplied by the Engineering Department in August, 1962, they were brought into force only with effect from 1st June, 1974. As the revision made by the Engineering Department affected as many as 1162 out of a total of 1377 cases of distances notified in the Northern Railway tables, it would imply that the undercharging or overcharging continued all along right upto 1st June, 1974. This is, to say the least, most shocking and a most irresponsible way of doing things. The Committee are at a loss to understand why the Northern Railway Administration did not care to notify the revised distances by other means than a printed pamphlet. Pending printing of

distance tables which was expected to take time, the Administration should have taken steps to issue administrative instructions for the immediate enforcement of the revised distances. The Committee find no justification whatsoever for postponing the enforcement of revised distances simply because the printed pamphlets could not be got ready.

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| 47. | 2·98 | Do. | The Committee find that in all the 5 cases of undercharges referred to in the Audit paragraph, the concerned station staff failed to recover correct charges either because the instructions were not clear to them or these instructions had not reached them at all or they failed to comply with the rules and instructions. This underscores the need for proper maintenance of initial records and documents at stations. |
| 48. | 2·99 | Do. | The Committee desire that the negligent supervisory officers should be brought to book. |
| 49. | 2·100 | Do. | The Committee would also like that sustained efforts be made to recover the outstanding undercharges. |
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