

**PUBLIC ACCOUNTS COMMITTEE
(1969-70)**

(FOURTH LOK SABHA)

NINETY-FOURTH REPORT

[Action taken by Government on the Recommendations of the Public Accounts Committee in their Sixtieth Report (Fourth Lok Sabha) on Appropriation Accounts—(Railways), 1966-67 and Audit Report (Railways), 1968.]



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1969/Pausa, 1891 (Saka)

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(1969-70)

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Shri K. Seshadri

—Under Secretary

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 94th Report on Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 60th Report (Fourth Lok Sabha) relating to the Appropriation Accounts (Railways), 1966-67 and Audit Report (Railways), 1968.

2. On the 7th June, 1969, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

1. Shri N. R. M. Swamy —Convener
2. Shri H. N. Mukerjee
3. Shri K. M. Koushik
4. Shri Tayappa Hari Sonavane Members
5. Prof. Shanti Kothari
6. Shrimati Sushila Rohatgi

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on the 26th December, 1969 and finally adopted by the Public Accounts Committee on the 22nd January, 1970.

4. For facility of reference the main conclusions' recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations; observations of the Committee is appended to the Report (Appendix).

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

ATAL BIHARI VAJPAYEE,

Chairman,

Public Accounts Committee.

NEW DELHI;

January 24, 1970 [Magha 4, 1891 (S)].

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations contained in their 60th Report (Fourth Lok Sabha) on Appropriation Accounts (Railways), 1966-67 and Audit Report (Railways), 1968, which was presented to the House on the 30th April, 1969. Action taken notes have been received on all the 56 recommendations contained in the Report. **The Committee would like to commend the promptness with which the Ministry of Railways have taken action to implement their recommendations.**

1.2. The Action taken notes/statements on the recommendations of the Committee contained in the 60th Report have been categorised under the following heads:

(i) *Recommendations observations that have been accepted by Government:*

S. Nos. 3(i), (iii), (iv) (v) 5-12, 14, 15, 18-20, 26 (para 2.157), 27-29, 31, 33, 35-42, 44 to 49, 51 and 56.

(ii) *Recommendations observations which the Committee do not desire to pursue in view of the replies of Government:*

S. Nos. 16, 23 (para 2.126) 25, 30 and 34.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration:*

S. Nos. 1, 2, 3 (ii), 4, 17, 21, 22, 24, 26 (para 2.158), and 50.

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

S. Nos. 13,23 (para 2.127), 32, 43 and 52-55.

1.3. The Committee will now deal with the action taken on some of the recommendations.

Financial Results of working of the Railways—Paras 1.17 and 1.38 (S. Nos. 1 and 4).

1.4. In their 60th Report (Fourth Lok Sabha), the Committee had expressed concern over the fact that the Railways ran into deficit in 1966-67 for the first time since Independence. The budget for 1966-67

actually envisaged a surplus of Rs. 22.19 crores but this failed to materialise and the actual results showed a deficit of Rs. 18.27 crores which was mainly caused by the shortfall in goods earnings in respect of which an increase of Rs. 44.53 crores over the previous year's earnings had been expected. The Committee observed that it was odd that such a result should have been anticipated at all, when the budget had taken note of the drought and its repercussions on passenger earnings, which were expected to go down. The actual results over the year showed that the drought affected other sections of the economy as well and upset the Railways' calculations regarding an increase in goods earnings, particularly in respect of coal, cement, general goods and steel plants' traffic.

1.5. In their reply dated the 19th November, 1969, the Ministry of Railways have stated as follows:

"The deficit of Rs. 18.27 crores as against the budget surplus of Rs. 22.19 crores amounts to a variation of Rs. 40.46 crores. The broad details of this variation are—

	(Rs. in crores)
(i) reduction in gross receipts	26.54
(ii) increase in working expenses (including miscellaneous expenditure)	17.00
(iii) reduction on open-line works revenue	(1.57)
(iv) reduction in payments to general revenues	(1.11)
TOTAL	40.46

(Figures within brackets are minus figures)

"The increase in the working expenses was due chiefly to certain post-budget developments which could not be anticipated when framing the budget, like the increase in the rates of dearness allowance and of the statutory price of coal and other factors detailed below:

	(Rs. in crores)
Higher rates of dearness allowance	13.84
Higher statutory price of coal	2.99

	(Rs. in crores)
Higher consumption of diesel oil	1.53
Increase on price of diesel oil, including increased Sales Tax, excise duty etc. thereon.	0.69
Higher consumption of coal	0.27
partly offset by non-operation or operation for a shorter duration of certain posts	(3.01)

“For 1966-67 the budget was for passenger earnings of Rs. 227.20 crores, other coaching earnings of Rs. 39.60 crores, goods earnings of Rs. 506.53 crores and sundry earnings of Rs. 23.50 crores. These assumed an increase over the revised estimates of 1965-66 of 6.70 crores in passenger earnings, Rs. 20 lakhs in other coaching earnings, Rs. 44.53 crores in goods earnings and Rs. 1½ crores on sundry earnings. Actual passenger earnings exceeded the budget of the year by Rs. 2.14 crores and were Rs. 10.17 crores more than the actuals of the previous year. Other coaching earnings were Rs. 57 lakhs less than the budget and Rs. 37 lakhs less than in the previous year but this was compensated by sundry earnings which were Rs. 1.27 crores more than the budget and Rs. 2.52 crores more than in the previous year. The shortfall in gross earnings was, therefore, entirely in goods earnings. The budget of goods earnings assumed increase in traffic based on the experience of 1964-65, the latest trends in 1965-66 and the revised estimates for 1965-66. This also included Rs. 18.10 crores expected to accrue from the increase of three per cent in the supplementary charge. Excluding this, increase in the traffic was expected to bring in Rs. 26.43 crores. Forecasts were obtained from other Ministries of the output of coal, steel, export ore and cement. These were substantially discounted in framing the estimates of goods earnings to the extent shown below but even these more modest estimates did not materialise.

	Forecast from other Ministries	Estimates adopted for goods earnings	Actuals
1	2	3	4
(In million tonnes)			
Coal	+10.07	+4.3	-0.1
Steel, Plants raw material	+5.73	+1.3	-0.9

1	2	3	4
Steel finished	+1.05	+0.5	Nil.
Export iron ore	+2.48	+2.0	+1.1
Cement	+1.30	+1.3	+0.3

“The Committee have commented that when the Railway took note of the drought and its repercussions on passenger earnings which were expected to go down, it was odd that the railways should, while allowing for a reduction in passenger earnings due to the drought, have anticipated an increase of Rs. 44.53 crores in the goods earnings over the revised estimates of the previous year. The position is that at the time of the preparation of the revised estimate for 1965-66 (and budget estimates for 1966-67), a noticeable check in the growth of passenger traffic had already occurred. The revised estimate of passenger earnings for 1965-66 was, therefore, placed at Rs. one crore less than the Budget. Allowing for a possible improvement in conditions, the Budget Estimates in 1966-67 for passenger earnings were kept at Rs. 6.70 crores higher than the revised estimates for 1965-66 (an increase of 3 per cent). The actual realisation of passenger earnings during 1966-67 was Rs. 2.14 crores more than the Budget Estimates.

“The case of goods earnings was somewhat different. Actual traffic in the first nine months of 1965-66 in some of the relatively higher rated items was more than the expectations for the period, and with this trend in view, the revised estimate of goods earnings for 1965-66 was placed at Rs. 462 crores, Rs. 20.10 crores higher than the budget estimates for that year. This anticipation proved to be correct and the actual realisation in 1965-66 was about Rs. 34 crores higher than the revised estimates. This rising trend in goods earnings in 1965-66 was despite the poor agricultural season of that year. There was little reason, therefore, to apprehend a reversal of this trend in 1966-67. It was accordingly expected that the rising trend in goods traffic would continue in 1966-67 and the budget estimate for that year was accordingly placed at Rs. 506.53 crores—an increase of Rs. 44.53 crores over the revised estimate for 1965-66 (of which Rs. 18.10 crores was to come from the 3 per cent increase in the supplementary charge).

"The experience of 1966-67 was, however, different. The drought apparently affected not only the agricultural output but also industry, both agro-based and hydel-powered. Even heavy engineering and general traffic were affected, the increase in the industrial output in 1966-67 being only +2.6 as compared to + 5.6 per cent in 1965-66. The actual effect of the drought during 1966-67 following the failure of rains in the summer of 1966 could not have been taken into account in the original budget estimate when it was framed in December, 1965, in view of the trend in 1965-66 which was also a poor agricultural year."

1.6. Audit have offered the following comments on the foregoing note:—

"The Ministry of Railways have pointed out in the action taken note that the budget for goods earnings assumed increase in traffic based on the experience of 1964-65, the latest trends in 1965-66 and the revised estimates of 1965-66. The relevant, facts are that the actual traffic carried during the year 1964-65 was only 2.7 million tonnes more than that carried in the previous year against 17 million tonnes of additional originating traffic assumed in the Budget for that year resulting in a shortfall of 14.3 million tonnes with reference to anticipated increase. Nevertheless an increase of 10 million tonnes of originating traffic over that carried in the previous year was assumed in the Budget for 1965-66. The expectations during 1965-66 were also not realised as the increase in 1965-66 over the Revised Estimates of originating traffic for 1964-65 was of the order of about 7 million tonnes, the bulk of which related to coal. The anticipations of an increase of 12 million tonnes in the originating traffic over-1965-66 can hardly be termed realistic in so far as the procedure of forecasting future prospects based upon known trends of the past two years goes.

"The position brought out in para (5) of the action taken note also needs some qualification. While some higher increase in traffic in the first 9 months of 1965-66 than what was anticipated under some of the higher rated commodities was apparent at the time of preparation of the Budget for 1966-67 they were not of such magnitude as would have justified the assumption of 4.70 million tonnes increase during 1966-67 in these items. The basis for the assumption that while drought conditions would affect passenger earnings, they would not affect industrial production etc. but that on

the other hand, the growth in traffic of higher rated commodities would continue undiminished, has not been satisfactorily explained. In this connection, reference is invited to Para 12 of the Hon'ble Finance Minister's speech on 28-2-1966 introducing the General Budget for 1966-67 wherein the check in the rate of growth of industrial production during the second half of 1965-66 due mainly to the shortage of domestic raw materials and the Government's inability to compensate this by larger imports was duly recognised."

1.7. The Committee observe that forecasts of goods earnings for the year 1966-67 in respect of coal, cement, iron ore and steel plants traffic were grossly over-estimated. The anticipated increase in traffic under these heads as worked out by the concerned Ministries was 20.63 million tonnes, but these estimates were heavily discounted by the Railways who adopted a figure of 9.4 million tonnes. The actual traffic offering belied these estimates as, due to the effects of drought, it did not increase by more than 2.4 million tonnes. It is strange indeed that the Railways, while anticipating a decline in passenger traffic on account of drought, should have failed to take into account the repercussions of the drought on goods earnings.

1.8. The Committee have repeatedly been impressing upon the Railways the need to frame estimates of goods traffic realistically so that scarce resources are not expended on creating capacity not warranted by traffic requirements. The Railways have stated that procedures have been evolved in this regard, but it is obvious that the techniques of estimation require further refinement. For this purpose, the Committee would like the Railways to keep a close watch on trends in traffic and periodically overhaul their estimates in the light of actual traffic offering and realistic projections of its growth framed with reference to the state of the economy.

Heavy over-capitalisation on Railways in the Third Plan—Para 1.18 (S. No. 2).

1.9 The Committee further observed in para 1.18 of their 60th Report (Fourth Lok Sabha):

"In their 22nd Report (Fourth Lok Sabha), the Committee have already drawn attention to the heavy over-capitalisation that took place in the Railways during the period of the Third Plan leading to the creation of traffic capacity far in excess of actual requirements. In the Committee's opinion, the deficits now developing in the Railways have to be considered as a legacy of the faulty policies embodied

and followed during the Third Plan, which resulted in an increase in dividend liability of the Railways to the General Revenues from Rs. 55 crores in 1960-61 to Rs. 115 crores (excluding the passenger fare tax) in 1966-67."

1.10 In their reply dated 19th November, 1969, the Ministry of Railways have stated as follows:

"The observations of the Committee in the 22nd Report have already been dealt with in the action taken notes furnished earlier. Attention is also invited to the action taken on recommendation No. 9 of the 49th Report of the Committee where it has been pointed out that the capacity created by the end of the Third Plan was only that required for a sustained annual movement level of 205 million tonnes which was not in excess when compared to the actual movement level of 203 million tonnes in the last year of the Third Plan."

"It is also submitted in this connection that the increase in the dividend liability is not only on account of the increase in capital invested, but also due to the increase in the rate of dividend payable. As against Rs. 55 crores paid as dividend in 1960-61 on the capital of Rs. 1,521 crores, the dividend for 1966-67 was Rs. 115 crores on a capital of Rs. 2,842 crores; of the increase of Rs. 60 crores in the dividend paid about Rs. 19 crores was due to the raising of the rate of dividend."

1.11. The Committee are unable to accept the contention of the Railways that "the capacity by the end of the Third Plan was only that required for a sustained annual movement level of 205 million tonnes." The Railways had themselves stated in reply to the observations of the Committee in para 3.15 of the 22nd Report (Fourth Lok Sabha)* that a peak-level capacity of 225 million tonnes in terms of wagon holdings was estimated to have existed at the end of the Third Five Year Plan. The Committee had, after analysing data regarding wagon acquisition during the Third Plan, pointed out in para 1.35 of their Forty-Ninth Report (Fourth Lok Sabha) that the number of additional wagons procured was a little less than what was estimated as necessary for carrying goods traffic of 264 million tonnes. The Committee had, therefore, come to the conclusion that there was ample surplus wagon capacity with the Railways at the end of the Third Plan and that a reliable assessment of the capacity should be

* *Vide* reply of Ministry of Railways dated 29-9-68 reproduced at pages 31-32 of the 49th Report (Fourth Lok Sabha).

made by the Railways as well as the Planning Commission, so that investment during the Fourth Plan does not generate further surplus capacity.

1.12. The Committee are aware that wagon holdings constitute only one determinant of transport capacity. The Railways' capacity to handle traffic is also conditioned by several other factors, the most important of which is the line capacity created for goods traffic. In this regard, the Committee had pointed out in para 2.16 of their Twenty-Second Report several instances of doubling of tracks during the Third Plan, in respect of which the capacity actually utilised in 1965-66 was less than the capacity available before the works were undertaken. The Railways themselves had admitted in this respect* that there was "surplus transport movement capacity" for certain items of traffic.

1.13. The Committee are unable for the foregoing reasons to concur in the Railways' estimate that the traffic capacity created at the end of the Third Plan was only 205 million tonnes and would like the matter to be further gone into by the Railways as well as the Planning Commission as an exercise preliminary to consideration of further investment proposals during the Fourth Plan period. It is also necessary to ensure that unproductive use of wagons through detention at various points, is effectively controlled.

Utilisation of Capital assets—[S. No. 3 Para 1.19(ii)].

1.14. In para 1.11 of their 60th Report, the P.A.C. had drawn attention to the set-back in utilisation of track, locomotives and wagons during 1966-67 and had suggested that a concerted effort should be made to secure more efficient use of the rolling stock and other capital assets on the Railways. The Committee had further suggested that a particular effort should be made to maximise wagon usage by reduction in the turnaround and that further resources should not be committed to the purchase of wagons before a careful assessment is made of the surplus wagon capacity existing in the Railways.

1.15. Government have, in their action taken note, dated 19th November, 1969 stated as follows:—

"As already indicated during the oral evidence before the Committee, the deterioration in the indices of utilisation of

* Vide reply dated 20-7-68 to para 3.23 of the Twenty-Second Report Lok (Fourth Session) published at page 95-97 of Forty-Ninth Report (Fourth Lok Sabha).

assets during 1966-67 as compared to 1965-66 was mainly due to recession in the economic activity during the year which led to a fall in the level of goods traffic. With the economic revival in 1968-69 there has been a general improvement in the utilisation of wagons and locomotives. The figures relating to 1966-67, 1967-68 and 1968-69 (provisional) in respect of net tonnes kms. moved per thousand running track kms., gross load per tractive effort and net tonne kms. per tonne of wagon capacity are indicated below:

1. *Net tonne kms. (in millions) moved per annum per 1000 running track kms.*

Year	Broad gauge	Metre gauge
1966-67	2,535	717
1967-68	2,562	708
1968-69	2,602*	755*

(*Provisional)

2. *Gross load per kg. tractive effort*

Year	Broad gauge	Metre gauge
1966-67	92.0	77.7
1967-68	90.2	77.4
1968-69	90.4*	78.1*

(*Provisional)

3. *Net tonne kilometres moved per annum per tonne of wagon capacity.*

Year	Broad gauge	Metre gauge
1966-67	14983	11646
1967-68	14857 (revised)	11413
1968-69	14917*	12079*

(*Provisor 1)

"It would be seen from the above table that there is an improvement in the performance in 1968-69 as compared to 1966-67 in respect of net tonne kms. moved per annum per thousand running track kms. and per tonne of wagon capacity. The drop in the gross load per kg. tractive effort on the BG from 92.0 in 1966-67 to 90.4 in 1968-69 occurred on account of the increase in average tractive effort from 16139 in 1966-67 to 16598 in 1968-69. The gross load (including the weight of engines) of goods trains which is a reliable index of the utilisation of the power of locos, however, increased from 1484 in 1966-67 to 1507 (Provisional) in 1968-69. The engines kms. per engine day on line also increased from 143 in 1966-67 to 148 in 1968-69, while the engine kms. per goods engine day in use increased from 185 in 1966-67 to 197 (Provisional) in 1968-69. The gross load per kg. of tractive effort is affected by the ratio of different types of locomotives and a decline in this figure is not, therefore, an index of deterioration in efficiency. For example, the gross load per kg. of tractive effort in respect of empty trains will be more in the case of steam traction and less in the case of diesel and electric traction, as the tractive effort of electric and diesel locomotives is much higher than that of steam locomotives.

"As regards utilisation of wagons, wagon kms. per wagon day has also improved from 70.03 and 58.8 on BG & MG respectively in 1966-67 to 72.7 (provisional) and 59.3 (provisional) in 1968-69. The average speed of through goods trains and all goods trains has also improved as will be seen from the following table:—

	Broad gauge			Metre gauge		
	1966-67	67-68	68-69	66-67	67-68	68-69
1. Average speed of through goods trains (kms)	20.1	20.2	21.0*	16.7	16.6	17.0*
2. Average speed of goods trains (kms)	16.5	16.8	17.5*	13.8	13.9	14.5*

(* Provisional)

"Every effort is being made to improve wagon utilisation further by reducing the delays in marshalling yards, terminals etc.

"In regard to the Committee's observation on purchase of additional wagons the position is being explained in reply to the recommendation Nos. 9 and 10 of the 49th Report of the P.A.C. (Fourth Lok Sabha)."

1.16. Audit have offered the following comments on the foregoing reply.

"The indices given in the action taken note show that the performance of locomotives further deteriorated during 1968-69 on the B.G. while the efficiency of utilisation of wagons during 1968-69 had also deteriorated and continues to be considerably lower than that of 1965-66 (the last year of the Third Plan).

"As regards utilisation of locomotives we are unable to agree with the Board's argument that the reliable index for determining the efficiency is the gross load (including the weight of engines) of goods trains as the gross load not only takes into account the weight of engines but also the weight of all the wagons (both loaded and empty). The utilisation of more number of wagons and/or with higher tractive power for carrying the same or less quantum of traffic (pay load) does not indicate any efficiency in the utilisation of either the locos or wagons. We are therefore of the opinion that the real and more reliable index for judging the efficiency of locomotive utilisation is net load per tractive effort. This had shown a steady deterioration during 1966-67 and 1967-68 both on the B.G. and M.G. as seen from the table at page 40 of the Review of Performance of the Indian Government Railways (Feb. 1969). In fact the explanation offered by the Rly. Board for the fact that opposite results are shown if weight of engines were included, demonstrates that there has relatively been more running of empty trains or trains with less than reasonable loads with diesel and electric traction and that this feature is obscured if weight of engines were also included.

"Regarding utilisation of wagons we have already given our observations on the methodology of working out the wagon requirements in connection with action taken note on recommendation No. 9 of the P.A.C's 49th Report (Fourth Lok Sabha). Besides, the Ministry of Railways have not indicated the action taken by Government on the need for reduction in the turn-round of wagons."

1.17. The Committee cannot too strongly stress the need for improving the utilisation of the various capital assets acquired by the Railways. The data furnished by the Ministry of Railway shows that the efficiency of Engine utilisation has deteriorated both on broad gauge and metre gauge during the last three years. The Committee would like it to be examined whether as pointed out by Audit this is due to uneconomic haulage particularly on diesel and electric sections.

1.18. The Committee would also like to be informed in due course about results of efforts being made to improve wagon utilisation and to relate procurement of additional wagons to a reliable assessment of available capacity and future requirements.

Coal bill of the Railways—Paras 1.65-1.66 (S. Nos. F and 7).

1.19. In paras 1.65-1.66, the Committee had drawn attention to the mounting coal bills of the Railways and the need to keep a watch over the position in this regard. In this connection, the Committee made the following observations:

“The Committee are exercised about the mounting fuel bill of the Railways which increased by over a third from Rs. 92.07 crores in 1964-65 to Rs. 127.82 crores in 1967-68. One major item of fuel was coal and the coal bill increased from Rs. 85.52 crores in 1964-65 to Rs. 97.46 crores in 1967-68. The cost increased partly due to the increase in the price of coal, but there was also an increase in consumption, which occurred despite a reduction in the steam locomotive fleet. It has been stated by the Railway Board that increased use of lower grades of coal coupled with a drop in load and speed of trains hauled by steam locomotives were responsible for the extra coal consumption. However, an analysis of the problem by a Study Group of the Railway Board showed that there was substantial scope for economies. The following points highlighted in the Study Group’s Report deserve, in the Committee’s opinion, detailed follow-up action:

- (i) “The drop in productive utilisation of loco hours made available to traffic” in some Railways.
- (ii) “The disproportionately large increase in passenger locomotives in some of the Railways.

- (iii) The 'slow' pace of reduction of steam locomotives, in some of the Railways, with reduction in goods traffic hauled by steam traction.
- (iv) "The disproportionate increase in coal consumption on shunting engines'."

"Apart from the scope for economits, no less important, in the Committee's view, is the need to check losses on account of theft by intensifying vigilance on the part of the Railway Protection Force."

1.20. In their Action Taken note dated 23rd September, 1969, the Ministry of Railways have stated:

"The rate of coal consumption on steam locomotives in terms of kgs/1000 GTK is mainly influenced by the quality of coal, the average gross loads hauled and the average speed of trains. Though the effect of these factors is known, the extent to which they affect the local consumption performance was not clearly defined. It was in the these circumstances that the Railway Board appointed a Study Team in September, 1967 to study, *inter-alia*, the reasons for increase in coal consumption and to quantify the effect of the various causes. The analysis of the Study Team was confined to 4 BG Railways, viz., the Central, Eastern, Northern and South-Eastern. The Study Team's report was submitted in May, 1968. The Board have accepted the recommendations of the Study Team.

"The report of the Study Team was circulated to the Railways with the following objectives in view:

- (i) to implement the specific recommendations of the Study Team and make similar studies every six months and submit reports to the Board;
- (ii) to provide to them a methodology to be adopted for periodical review of their performance with regard to fuel (coal) performance;
- (iii) to make an assessment of the quantitative effect the different operating features have on coal consumption;
- (iv) to indicate broadly the problems on the railways which have been covered by the Study Team. For further follow up action, the Railways should make further detailed

studies which alone will possibly provide answers to the problem of rising coal consumption.

“Replies received from the Railways indicate that most of the Railways have initiated action to implement the specific recommendations of the Study Team. The methodology laid down by the Study Team to quantify the operating factors influencing coal consumption is being followed by the Railways in the periodic studies made by them. The Railways which were not covered in the report of the Study Team have also been asked to undertake similar studies and to send the reports to the Board.

“It will thus be seen that the Railways have taken suitable follow-up action to implement the recommendations in the Study Team’s report.”

“The importance stressed by the Committee for checking losses on account of theft by intensifying vigilance on the part of the R.P.F. is noted and necessary instructions in this connection have been repeated to the General Managers, all Indian Railways vide letter No. 69 B(C)-PAC/IV 69(7) dated 26.7.1969.”

1.21. At the instance of the Committee, a further note dated 17.12.1969 has been furnished by the Railway Board (Ministry of Railways) about the steps taken to improve utilisation of steam locomotives in the zonal Railways. The note reads as under:

“There has been an improvement in the productive utilisation of loco hours in the case of Eastern, South Eastern and Northern Railways during the year 1968-69 and the first half of 1969-70 as given below:

	Percentage of train engine hours to total engine hours*	
	1968-69	First half of 1969-70
Eastern Railway	29.0	29.0
South Eastern Rly.	23.8	24.3
Northern Railway	40.2	40.6

* These figures have been taken from Railways Domestic Statistics.

“As a result of the review of the engine utilisation carried out recently, Central, Eastern, Northern and South Eastern Railways were asked to reduce the Steam Loco holdings. The number of BG Steam Locomotives that will be withdrawn is shown below:

Railway	Total No. of Steam locos to be released
Central	43
Eastern	49
Northern	45
South Eastern	40”

1.22. In paras 1.65 and 1.66 of their Sixtieth Report, the Committee had drawn attention to the mounting coal bill of the Railways which had over a period of three years from 1964-65 increased from Rs. 85.52 crores to Rs. 97.46 crores. In that context, the Committee had drawn attention to several unsatisfactory aspects of the utilisation of steam locomotives as established by the findings of a Study Group of the Railway Board. The Committee note that the Study Group’s report has been accepted by the Railway Board who have asked the various Railways to conduct a periodical review of the position. The Committee would in this connection like to stress the need for action on the following counts:

- (i) The performance of steam locos in the various Railways should be critically reviewed to ensure that there are no instances of inadequate utilisation of loco hours. •
- (ii) Where goods traffic is diverted from steam to other modes of traction, it should be ensured that steam loco holdings are proportionately reduced.
- (iii) A particular watch should be kept on coal consumption of shunting locos.
- (iv) Above all, it should be ensured that security arrangements at coal yards are adequate and do not lead to leakage on a large scale, as has been suspected from time to time.

1.23. The Committee would like to reiterate that it is one of the important functions of the Zonal Railways and the Associated Finance Wing to keep a close watch on the fuel bill of the Railways.

Expenditure on Staff—Paras 1.19 (iv), 1.69, 1.70 and 6.15 (S. Nos. 3 (iv), 10, 11 and 50).

1.24. In their Sixtieth Report, the Public Accounts Committee had stressed the need for the Railways to keep a close watch on the expenditure incurred on their staff. Pointing out that the total wage-bill of the Railways had increased from Rs. 310 crores in 1965-66 to Rs. 367 crores in 1967-68, the Committee suggested that the expenditure in this respect should be subjected to periodical high-level review both at the Zonal and Railway Board level and that a systematic study of the major categories of staff should be made and realistic norms for employment of staff should be evolved.

1.25. In notes dated 23rd September, 1969 and 19th November, 1969, the Ministry of Railways have furnished the following reply to the Committee's observations in this regard in paras 1.19, 1.69, 1.70 and 6.15:

“As the increase in the expenditure on staff is mostly due to the reasons beyond the control of the railways, e.g. the increase in D.A. etc., the objective of keeping the staff expenditure under control to the maximum extent possible can be better achieved only by keeping the number of staff under review. The trends of staff strength are periodically reviewed by the Efficiency Bureau of the Railway Board and have also figured in the meetings of the Railway Board with the General Managers of the Railways during the last three years. The F.A. & C.A.Os. of the Zonal Railways also have instructions to keep a special watch on the trends of staff strength in departments where the variations in the staff strength do not correspond to that in workload.

“In order to effect reduction in administrative expenditure, a ban has been imposed on creation of posts and recruitment of staff in administrative offices. A job analysis has also been conducted to reduce staff requirements by rationalisation and simplification of procedures and the elimination of relatively infructuous work. A revised yardstick has also recently been circulated for provision of Class IV staff in offices and this will also result in some economy. Introduction of computers for Traffic Accounting etc. has also resulted in economy in staff on the Railways.

"Operational posts cannot, however, be kept vacant, nor can creation of new posts for new items of work connected with operation be stopped altogether. The ban referred to above does not, therefore, apply to creation of posts and recruitment of staff in operational categories, staff in which have to be augmented in order to ensure operational efficiency. Staff strength is augmented only after proper study of fluctuations of traffic and other workload.

"During the last five years, the position of the staff strength on Railways has been as follows:

Year	Staff
1963-64	12,70,179
1964-65	13,18,603
1965-66	13,52,308
1966-67	13,64,836
1967-68	13,63,189

"Thus it would be seen that the trend of increase in the staff strength has been checked appreciably in the past 2 years.

"Viewed in relation to the transport output of the Railways in terms of Traffic Units (made up of passenger kilometres and net tonne kilometres produced) the number of staff shows a generally progressive reduction. Traffic Units have increased from 1,10,634 millions in 1951 to 2,26,023 millions in 1968, the percentage of increase being over 100. As against this, the number of staff increased from 9,14,000 in 1951 to only 13,63,000 in 1968, the percentage increase being only about 50. Thus the number of staff per million Traffic Units has actually come down from 8.3 in 1951 to 6.0 in 1968."

"The need for economy in expenditure on staff is a matter on which the Railway Board and the Zonal Railways have instituted a continuous and general drive as a result of which a large number of posts have been surrendered. This is also kept in mind when additional staff have to be sanctioned for new services started or new assets added or new system of working are introduced. A periodical review is made of the staff strength to locate adverse trends and pinpoint disproportionate increases of staff in relation to the workload. Whenever the growth of staff

strength in any department is found to be disproportionate to the workload devolving on it, a ban is imposed on further creation of posts in the department. Such departments are also subject to periodical review by the Financial Advisers on the Zonal Railways."

"The Committee's recommendation regarding carrying out of periodical review of working of the Railways from point of view of overall financial results is noted.

"As regards periodical review from point of view of staff, a study on 'Trends of Staff Strength on Zonal Railways' was made by the Efficiency Bureau in early 1967 which analysed the growth of staff strength in individual departments on each Zonal Railway with reference to the workload devolving on them. Broad criteria were evolved for assessing workload on the various departments in terms of available statistical data relevant to the functions of the respective departments. The study analysed the trends generally from 1957-58 to 1964-65. It was noticed that in the case of certain departments of different railways, the growth of staff strength had been *prima-facie*, disproportionate to the increase in the workload and restrictions were, therefore, imposed on the creation of additional posts in such departments even for operating and maintenance purposes.

"Subsequently, the trends of staff strength have been reviewed on an annual basis on the lines of the Efficiency Bureau's study referred to in the preceding para and restrictions on creation of additional posts made applicable to departments showing indications of disproportionate growth of staff strength. The last review was made in June, 1969 for the year 1967-68. It is intended to continue such reviews on an annual basis. It is also intended to keep a watch on the increases/decreases in staff strength on the railways on a quarterly basis through the data that is being furnished by the railways alongwith their quarterly economy reports."

"Only certain types of work where the staff strength depends directly on the volume of work lend themselves to the formulation of general yardsticks. There are other types of work such as work of line staff and in the marshalling

yard where no general yardsticks can be adopted and staff strength is determined at each point on the basis of workload involved. It is only for the staff connected with the types of work in the first category that yardsticks exist and are being used. These yardsticks are first fixed and later reviewed periodically by individual Railways as the varying local conditions, practices and facilities have to be taken into account. At the instance of the Railway Board, a review of such yardsticks has been carried out by the Railways during the last 1½ years and, wherever found necessary, changes have been made in the yardsticks. But by and large, much scope for making a revision has not been found.

“Formulation of yardsticks and their review is a big task and as has been rightly pointed out by the P.A.C. for the major categories where evolution of general yardsticks is possible, these are being provided by the Railways. For a few chosen major categories, norms have been laid down by the Board also.

“In case of Station Masters, Asstt. Station Masters, Train Clerks, Yard Masters, Pointsmen, Levermen, Cabinmen, Yard Porters, etc., posts are created on the basis of the actual workload obtaining. It is ensured that minimum staff, as per requirement is posted. In case of running staff like Drivers, Firemen, Guards the strength of staff depends upon the number of hours of duty put in by them, subject to a maximum of 231 hours in a month.

“Yardsticks have been laid down by the Board for Gangmen, including Mates and Keymen, PWI, APWIs, RPF Staff and for the staff of the Medical department. In most of the Railways, taking into consideration the local conditions, the yardsticks have been fixed for the principal categories of staff of the Commercial department, viz., Booking Clerks, Parcel Clerks, Goods Clerks, etc., staff of the Mechanical Department and clerical staff. Yardsticks for IOW, AIOW, Signal Inspectors and Telecommunication Inspectors and maintainers are at present under consideration of the Efficiency Bureau.

“From the above it would be noted that the recommendations of the P.A.C. have been implemented or are being implemented wherever possible.”

1.26. The Ministry have furnished the following further information in a note dated 17th December, 1969:—

“It is regretted that the review of expenditure on staff in the Headquarters Office of the South-Eastern Railway could not be under-taken for want of information which the Railway is compiling. The Railway has been asked to make the information available as early as possible. The results of the review carried out by the Efficiency Bureau in 1967-68 on staff strength of Railways are contained in the Annexure enclosed.”

Present (i. e. 1967-68) trends in respect of departments showing disproportionate growth of staff strength upto 1966-67 and departments where adverse trends have set in during 1967-68.

Railways	Departments in which growth of staff strength was disproportionate to work load in/or up to 1966-67	Departments out of those mentioned in col. 2 in respect of which trends for 1967-68 show			Departments in which adverse trends have set in during 1967-68	Departments in which trends are very encouraging
		Improvement	No change	Deterioration		
1	2	3	4	5	6	7
1. Central	Commercial, Medical and Engineering.	Engineering	..	Commercial Medical	..	
2. Eastern	Stores, Commercial and Engineering.	Commercial*	Engineering	Stores	Administration and Security.	Mechanical
3. Northern	Transportation, Medical Security and Engineering.	Medical Security*	Engineering	Transportation	Administration	Electrical
4. North Eastern	Accounts, Security, Stores and Medical.	..	Accounty, Medical	Security Stores	Administration, Transportation. Commercial and Medical.	Electrical
5. North East Frontier	Electrical, Transportation, Commercial and Security.	Transportation*, Electrical Commercial*	..	Security	Administration, Stores and Medical.	..
6. Southern	Accounts, Commercial and Engineering	Accounts	Engineering	Commercial	Medical	..
7. South Central	..	..	..	..	Medical	..

	1	2	3	4	5	6	7
8. South Eastern		Electrical, Engineering, Ad- ministration, Stores and Medical.	Electrical En- gineering.	Medical	Administration, Stores.	..	Transportation Mechanical
9. Western		Security	Transportation, Mechanical, Electrical.

*In spite of improvement in 1967-68 the trend compares unfavourably with better levels of "Per unit workload strength" in earlier years and efforts to achieve further improvement are necessary.

Audit have offered the following comments on the Ministry's reply:—

"The Railway Board have claimed that a review of yardsticks has been carried out by the Railways in the past 1½ years and where found necessary, changes have been made in the yard-sticks. However, a review of the results of these studies so far only shows that the investigations are not yet over on all Railways and where these have been completed, the conclusion invariably is that the existing yardsticks are adequate.

"As regards the yardsticks laid down by the Board for PWI's and his subordinate staff, the R.P.F. and the medical department, only the first is a recent study as it was carried out in 1966 in pursuance of recommendations of Railway Accidents Enquiry Committee. This was also from the safety point of view rather than from the point of view of economies. The case of R.P.F. is covered by very general instructions incorporated in the departmental manual for that organisation. Similarly the standards for the medical department are traceable to decisions taken during C.M.O's Conference held in 1962. These cannot be termed as systematic study of standards recommended by the PAC. The Railway Board also seem to feel that Efficiency Bureau need not be asked to undertake the study in all cases as recommended in the PAC Report. The existing set up for the reviews does not, therefore, appear to be effective in making any significant reduction in staff expenditure."

1.27. The Railways have since 1966-67 been running up deficits. Their wage bill is over Rs. 350 crores and is the largest single component of their working expenses. It is, therefore, hardly necessary for the Committee to say that the Railways should keep their expenditure on staff under close watch. The Committee note from the replies furnished by the Railway Board to their observations in this regard in the Sixtieth Report (Fourth Lok Sabha) that reviews conducted by the efficiency Bureau have shown an increase in staff strength "disproportionate to increase in workload" not only in administrative but also in operational and maintenance categories.

1.28. So far as other departments and Ministries of Government are concerned, there is an independent agency in the nature of a Staff Inspection Unit in the Ministry of Finance which is charged with the work of conducting norms studies and reviewing the staff position.

The Committee feel that it would be a distinct advantage to have a similar arrangement in the case of the Railways also. By suitably reorganising the existing agency created for this purpose, an independent unit could be constituted with a charter of duties similar to that of the Staff Inspection Unit. This independent unit should be entrusted with works study and job analysis and asked to review the position in the various departments of the Zonal Railways on a phased programme. The details of the organisational set-up should be worked out by the Railway Board. But to ensure that it functions as an independent unit like its counterpart in the Ministry of Finance, the proposed unit should be placed under the Finance representative on the Board, namely, the Financial Commissioner, Railways.

Procurement of steel trough sleepers—Paras 2.36—2.69 (S. No. 17).

1.29. The Committee had made the following observations with regard to procurement of steel through sleepers from the Durgapur Sleeper Plant:

“A development which is likely to have repercussions on the economies of the Plant is the proposal of the Railways to go in for prestressed concrete sleepers. The Committee note in this respect that the Railway Accidents Enquiry Committee (1968) have in Part I of their Report urged the Railway Administration to make a special effort to introduce concrete sleepers on an extensive scale and that these sleepers have been found very suitable for purposes of track circuiting and automatic signalling. Modernisation of signalling arrangements on the Railways will require use of prestressed concrete sleepers on a progressively increasing scale. Serious consideration, therefore, needs to be given to the adverse implications of the development on the demand for sleepers of the type produced by the Durgapur Plant and the economic working of the Plant.”

1.30. In their reply dated 19th November 1969, the Ministry of Railways have stated as follows:

“The Board have recently reviewed the future policy for procurement and use of various types of sleepers for Indian Railways. It has been estimated that during the Fourth Five Year Plan the requirements would be about 40 lakh

sleepers per annum. It is also proposed that the following order of preference should be observed in the procurement of sleepers:

- (i) Durable Wooden Sleepers.
- (ii) Concrete Sleepers.
- (iii) Steel Sleepers with elastic fastenings.
- (iv) Cast Iron Sleepers.
- (v) Non-durable wooden sleepers.

In respect of durable wooden and concrete sleepers, it has been estimated that the maximum annual availability by 1973-74 would only be 5 and 6 lakhs respectively. The availability of steel trough sleepers would be about 8 lakhs per annum. The balance requirement would be made up by use of cast iron and non-durable wooden types. Even allowing for the possibility of the increased manufacture of concrete sleepers, there need be no apprehension of any fall in demand from Railways for the steel trough sleepers for quite some time, as the corresponding reduction could easily be made in the use of cast iron and non-durable wooden sleepers. This is also by way of clarification of the statement made by the representative of the Railway Board mentioned in para 2.64 of Report that "the increased purchase of concrete sleepers would make a difference in the total requirement of steel sleepers."

1.31. In para 2.69 of their Sixtieth Report (Fourth Lok Sabha), the Committee had pointed out that plans for modernisation of signalling arrangements on the Railways will call for use of pre-stressed concrete sleepers on an increasing scale. Apart from this consideration, there is also the question of cost of track maintenance, which will be governed by the life of various types of sleepers now in use in relation to their cost. There is also need for ensuring optimum utilisation of alternative sources like other acceptable varieties of wood, improvement in their treatment etc. Keeping in view the need for improved signalling arrangements as well as the need for reducing the cost of track maintenance, the Committee would like the Railways to work out the relative economics of use of the various types of sleepers, such as wooden, concrete and cast-iron sleepers. Based on such a study, a proper scheme of priorities for procurement of these sleepers should be evolved.

Loss due to procurement of steel sheets and plates with deficient copper contents—Paras 2.107—2.125 (S. No. 22).

1.32. In para 2.124 of the Sixtieth Report (Fourth Lok Sabha), the Public Accounts Committee had drawn attention to a case where 12,215 tonnes out of 13,000 tonnes of steel sheets|plates procured from an overseas firm did not contain copper according to contract specifications. Investigations conducted in this case revealed that test certificates about the chemical properties of the sheets, purported to have been issued from the mills were forged. Apart from copper deficiency, the sheets in some cases did not conform to dimensional specifications given in the contract. In para 2.125, the Committee made the following observation:

“In para 34 of their Thirty-Second Report (Third Lok Sabha), the Committee had commented on the failure of the India Supply Mission to detect the absence of copper in certain consignments of steel sheets supplied to the Railways. It is regrettable that an identical lapse should have recurred and that, in the course of inspection, the India Supply Mission even failed to detect dimensional deficiencies in the sheets. The Committee would like Government to fix responsibility for the lapses that occurred on the part of the Inspection Staff.”

1.33. The Department of Supply have in a note dated 4th December 1969 furnished the following reply to the observations of the Committee:

“The fact that the consignee received steel sheets without copper was due to fraud and malpractices on the part of the contractors. The inspection staff followed the prescribed procedure and practice for inspection of steel according to which the chemical properties are to be checked with the Mills’ analysis certificate; physical tests are to be made for conformity with the specification requirements and dimensional checks are to be made for compliance with cited tolerances. Though they had taken care to check the Mills’ analysis certificate, it is unfortunate that later on they were found to be forged. Even though the procedure did not call for it, during the early part of 1967, the Chief Mechanical Engineer and the Senior Metallurgist of I.S.M., London visited the mills, carried out the normal inspection and also drew sample for independent chemical analysis. Under normal circumstances this tightened form of inspection should have sufficed, but incorrect supplies were received in India. The reasons for

this became clear after investigations by the I.S.M. in September, 1967, unearthed the fraud perpetrated by the firm and certain Mills' employees in collusion.

"With regard to dimensional deficiencies, I.S.M.'s Inspectors had selected samples and checked the physical dimensions and had evidently found the thickness to be within allowable tolerances. The specifications were such that the minus tolerances on the thicker sheets and the plus tolerances on the thinner sheets overlapped. From a technical inspection point of view I.S.M. Inspectors did not find any grounds to reject the material."

"The I.S.M. have issued Office Orders, as per copy attached at Appendix 'A' (i) and (ii) tightening up procedures for steel inspections. Since experience of the Getraco contracts, they have been doing independent chemical analysis on similar steel samples drawn from bulk supplies from Germany, Sweden, France, Belgium and the U.K. Between 1967 and 1969, 342 samples were tested by them at a total cost of £2363. Not a single sample was found to differ substantially from the certified mill analysis sheets. It would thus appear that the case in question appears to be an exception and one of pre-meditated fraud."

1.34. The Committee are not convinced by the reply furnished by the Department of Supply. They would like the matter to be further investigated to ascertain whether any of the samples which were checked and passed by the Inspecting Staff of the India Supply Mission contained sheets in respect of which the thickness was outside the specified tolerances given in the contract and if so, to fix responsibility therefor.

Inspection of Railway stores supplied by Overseas Firms—Para 2.126 (S. No. 24).

1.35. Referring to the question of inspection of Railway stores supplied against orders placed with overseas suppliers, the Public Accounts Committee made the following observations in para 2.128: of their 60th Report (4th Lok Sabha):

"From the information furnished to the Railway Board, the Committee observe that during the last three years a sum of £73,526 was paid as remuneration to foreign Railways and other agencies for inspection of Railway stores for which orders were placed with the overseas suppliers. The Indian High Commission in London has a Railway Adviser and the India Supply Mission, London have their own

complement of inspecting staff. The Committee would like Government to examine whether it is not possible for these two agencies to conduct inspection in such cases also, so that the expenditure incurred on the payment of remuneration to foreign Railways and outside agencies could be saved."

1.36. In an Action Taken Note dated 19th November 1969, the Ministry of Railways have replied to the foregoing observation as under:

"Since September, 1967 for all contracts placed in U.K./Continent area for Railway stores and equipment, the Railway Adviser, London is being nominated as the Inspecting authority. It is left to the Railway Adviser to undertake inspection either by his own officers departmentally or entrust it to the India Supply Mission, London for inspection by their staff or if both these courses are not practicable, to entrust the inspection to an outside agency on the basis of payment of inspection fees. The R.A., London has advised that the inspection is being undertaken by his staff and ISM staff to the maximum extent possible and that inspection work is off-loaded to National Railways and other agencies only in special cases where the advantage lies with this course. As for instance, in the case of inspection of locomotives, continuous inspection is required during all stages of production which necessitates the presence of an Inspector permanently in the works of the firm. As the duration of such inspection is unpredictable and their occurrence irregular, it will be more economical to entrust such cases of inspection to National Railways who are also equipped to undertake such inspection, than to engage our own officers for this purpose. The PAC's recommendation, as above, has been taken note of by the Railway Adviser to ensure that such off-loading to outside agency is restricted only in dire cases and where inescapable."

1.37. The Committee called for further information on the following points:—

- (a) The expenditure incurred on the Railway Adviser's Office, London during the last three years ending 1968-69.
- (b) the number of cases in which:
 - (i) the Railway Adviser's organisation conducted the inspection.

- (ii) the I.S.M. conducted the inspection.
- (ii) the I.S.M. conducted the inspection.
- (c) in respect of inspection carried out by outside agencies;
- (i) the particulars of agencies whose services were engaged during the last three years;
- (ii) the nature of inspection they did whether inspection work of that type was at any time done either by the Railway Adviser's office or I.S.M.;
- (iii) the remuneration paid during 1968-69.

1.38. In a note dated 23rd January, 1970 the Ministry of Railways have stated that the expenditure incurred on the Railway Adviser's Office, London during the last three years was as follows:

1966-67	£ 24,982 or Rs. 4,49,675
1967-68	£ 26,583 or Rs. 4,78,494
1968-69	£ 26,806 or Rs. 4,82,508

The number of cases in which Railway Adviser's organisations conducted direct inspection in last three years was as under:

1966-67	.. ..	Nil
1967-68	.. ..	57
1968-69	.. ..	60

"The number of cases in which I.S.M. conducted inspection is given below:

1966-67	.. ..	121
1967-68	.. ..	49
1968-69	.. ..	16

"The number of cases in which an outside agency conducted the inspection is given below:—

1966-67	.. ..	10
1967-68	.. ..	7
1968-69	.. ..	9

"The particulars of agencies whose services were engaged during the last three years are furnished as under:

Agencies usually engaged are:

- (1) Austrian Federal Railways
- (2) French National Railways
- (3) German Federal Railways
- (4) Italian State Railways
- (5) Swiss National Railways
- (6) Crown Agents in U.K.
- (7) MERT in Hungary
- (8) POLCARGO in Poland.

In case of POLCARGO in Poland and MERT in Hungary the inspection fees are paid in Rupees.

"The nature of inspection carried out by the outside agencies usually involves continuous inspection during all stages of production necessitating presence of inspector permanently in the works of the firms engaged in the execution of the order. Similar type of inspection work has been done by I.S.M. in the past when railway engineers were posted on deputation to this Inspection Wing. These officers were, however, withdrawn in 1959-60 and since then inspection is entrusted to outside agencies only after evaluating the practical and economical advantages.

"£9056 were paid to outside agencies during 1968-69. This payment was in respect of inspections entrusted to these agencies in earlier years."

1.39. The Committee trust that continuous efforts will be made by the Railway Board to examine how best their Railway Adviser in London can progressively take over the inspection work at present being entrusted to outside agencies on payment of remuneration. he Committee understand that the Railway Adviser, London has some staff stationed in Europe. It should, therefore, be possible for him by stages to undertake the work of continuous inspection with

the help of this staff. It is essential that the Railway Adviser's organisation progressively take over the work, not only so that foreign exchange expended by way of remuneration to outside agencies is conserved, but also to have expertise built up.

Southern, Northern and North-Eastern Railways—Procurement of aluminium cables—Paras 2.142—2.158 (S. No. 26).

1.40. Commenting on paragraph 22 of Audit Report (Railways), 1968, the Committee had observed in para 2.158 of their Sixtieth Report that though the D.G.S. & D. had been asked to procure copper cables, orders were placed by his organisation in one of the cases for aluminium cables without prior clearance from the Railways. The Committee further observed that it was strange that though a complaint was made by the Northern Railway in this regard to DGS & D in March, 1966, no conclusive action was taken by the latter except for calling for copies of documents after a lapse of 18 months. The Committee, therefore, had asked Government to investigate the circumstances in which the DGS & D made an unauthorised deviation from the indent specifications and to fix responsibility.

1.41. In their reply dated 4th December, 1969, the Department of Supply have stated as follows:

“DGS&D have been arranging procurement of cables as per the specific requirements of Railways as indicated in their indents. The indentors are invariably consulted and their prior concurrence obtained, where necessary, before the technical particulars of indents are checked by the Inspection Wing and released to Purchase Sections for arranging procurement.

“In the year 1964, due to a directive issued by the DGTD for substituting the use of aluminium conductors for copper conductors, particularly for house wiring cables and flame retarding cables, DGS & D had to arrange procurement of these cables with aluminium conductors, even though the railway indents indicated copper conductors. Even in these cases the Railways were invariably kept informed and their prior concurrence obtained for change from copper to aluminium conductors in their indents. It is, however, regretted that due to bona fide omission the indentor was not consulted before an order for aluminium conductor cables was placed in this particular case.

"The supply order was placed on the 21st April, 1965 clearly indicating that it was for cables with 'aluminium conductors' to IS 434. Current and copies thereof were endorsed to the indenter as well as to the consignees as indicated below:

1. Indenter—Controller of Stores, Northern Railway, New Delhi.
2. Consignee at Jullundur City.
3. Consignee at Saharanpur.
4. Consignee at Rewari.
5. Consignee at Lucknow.
6. Consignee at Varanasi (Block Inspector, Northern Railway).
7. Consignee at Tundla.
8. Consignee at Allahabad.
9. Consignee at Varanasi (Asstt. COS, Northern Railway).

In the endorsement to the indenter, he was requested to 'check up the despatch instructions, description of stores, quantity, packing and other particulars given in this supply order and confirm direct to this office that the same are in order'. No objection was received either from the indenter or anyone of the consignees. The firm proceeded with the supplies which were made in lots from 26th June, 1965 and the last lot was despatched by them on the 30th September, 1965. The material was accepted by the consignees and copies No. 2 and 5 of the inspection notes were also released by the consignees to the firm.

"As regards the complaint of the Northern Railway stated to have been made in March, 1966 and referred to in the recommendation, it may be mentioned that this complaint is not traceable in the records of the DGS & D. It is, however, relevant to point out that the last lot was despatched by the firm on the 30th September, 1965 and, therefore, the entire quantity had been received by the consignees much before March, 1966. Therefore, even if the complaint in question had been received by the DGS & D, it would not have been possible for the DGS & D to cancel the order at that stage."

1.42. The Committee note that the Department of Supply have taken the view that due to a bona fide omission in this case, the DGS &D procured aluminium cables instead of copper cables indented for by the Railways. It is not, however, clear whether the circumstances in which the unauthorised deviation was made have been fully investigated in view of the fact mentioned in the Sixtieth Report that the case file on the subject in the DGS&D was reported "missing". The Committee would like the Department of Supply to review the case.

1.43. The Department's reply also indicates a failure on the part of the Railways to take appropriate action when copies of the supply order were received by them in April, 1965. Had adequate care been exercised by them at that stage, the mistake could have been easily rectified. The Committee would like the Railway Board to fix responsibility for this omission and issue necessary instructions to avoid recurrence of such lapses.

South Eastern Railway—Additional facilities at Tatanagar and Adityapur yards—Paras 4.1—4.12 (S. No. 34)

1.44. In paras 4.11 and 4.12 of the 60th Report, the Public Accounts Committee had commented on the scheme for expansion of the yards at Tatanagar and Adityapur, which was sanctioned in January, 1958 on consideration of urgency, without any survey, to deal with increased traffic expected out of the expansion of the Iron and Steel Industry located at Jamshedpur. The Committee observed that the work on augmenting the facilities was not processed in a very businesslike manner. Though the expansion of the Industry in the area for the requirements of which the scheme was undertaken, got underway in 1964-65, work on re-modelling the yards was still in progress after 10 years. The cost of the work also underwent revision at various stages from Rs. 2.23 crores to Rs. 3.94 crores.

1.45. The Committee further pointed out that the scope of the work on these yards, as contemplated in the latest estimate of the work, provided for the Tatanagar Yard handling about 3135 wagons as against which the actual traffic that had materialised was of the order of 1100 to 1200 wagons. As the expansion plans of the Industry in this area, to which this scheme was mainly geared, had been completed as far back as 1964-65, the Committee suggested that the question whether the scope of the work needed pruning may be examined.

1.46. Government have, in a note dated 19th November, 1969, stated as follows:—

"As explained in the note submitted to the Committee (re-produced at para 4.8 of 60th Report of P.A.C., (1968-69) there has been an increase in the scope of the work

which contributed to the increase in the cost of the work as well as the time taken for its completion. The work had to be undertaken without seriously affecting the day to day operating work in the yard to enable it to handle the traffic to and from the TISCO during its construction and post-construction stages. The work had therefore, to be spread over a number of phases. The work was also held up for land acquisition and heavy cutting involved. The additional or improved facilities finally provided over those in the original plan were:—

- (1) A Hump for sorting of wagons to reduce servicing time.
- (2) Extension of the capacity of the lines to 70 vehicles on account of the electrification of the main line which permitted haulage of larger trains.
- (3) Four additional sorting lines for the traffic to and from the subsidiary industries;
- (4) Two additional lines at Adityapur.

“As regards the Committee’s remarks in para 4.12, it is explained that the capacity of 3135 wagons for Tatanagar and 1295 wagons for Adityapur is not the handling capacity or the dealing capacity but is only the holding capacity, which represents the number of wagons which can be actually held in a yard. Handling capacity is usually taken to be 3/4th of the holding capacity and includes the wagons carried by through trains as well. The dealing capacity is the number of wagons which can be sorted out in the yard and includes only the wagons sorted out for forming trains or placement for loading or unloading.

The forecast of the number of wagons to be dealt with in Tatanagar yard after remodelling was only 1658 wagons (in terms of 4-wheelers) against 1176 wagons (in terms of 4-wheelers) dealt with prior to remodelling.

The materialisation of the traffic forecast took considerable time due to the delay in TISCO attaining their rated capacity production and recession which followed in the wake of the Third Plan period. The number of wagons

dealt with in Tatanagar yard is, however, picking up with the recovery of the economy as will be seen from the following comparative figures:—

Year	No. of wagons dealt with (in units)	No. of wagons in term of 4-wheelers.
1967	871	1086
1968	1040	1279
1969 (first 6 months)	1173	1474

To the aforesaid figures are to be added another 200 wagons as the number of wagons to and from Goods Shed and subsidiary industries have to be dealt with twice in the inward and outward trips.

“The Tatanagar Yard expansion visualised the creation of both additional capacities for dealing with wagons and for handling additional through goods trains and additional passenger trains. The yard is now handling 16 through goods trains on the average per day bothways clearing about 1,000 wagons. The number of passenger trains handled has increased from 8 each-way in 1956 to 14.5 each way in 1968 and the average daily number of passengers originating has also gone up from 2408 in 1956 to 3132 in 1968. Provision of additional platforms and passenger rake stabling facilities have permitted maintenance of convenient connecting trains for Branch lines to Gua, Kharagpur etc. and a bi-weekly passenger to Waltair. It will thus be seen that the forecast made in connection with the remodelling has already materialised and as such the need for pruning the works as suggested by the Committee is, therefore, not justified.

“Apart from this, the Railway have reported in June 1968 that 90 per cent of the work had been completed by that time. Subsequent to the receipt of the Committee’s recommendation, the matter was further examined in consultation with the Railway, who have stated that 98 per cent of the work has been completed and the only item remaining to be done was drainage and ballasting. There is, therefore, now no scope for pruning any item of the work.”

1.47. Audit have offered the following comments on the foregoing note:—

"It is stated in the action taken note that the forecast of the number of wagons to be dealt with in Tatanagar yard after remodelling was only 1658 wagons (in terms of 4-wheelers) against 1176 wagons (in terms of 4 wheelers) dealt with prior to remodelling. In this connection it may be mentioned that anticipated traffic of 1658 wagons to be dealt with in Tatanagar yard was shown in the original abstract estimate sanctioned by the Railway Board in January, 1958. Subsequently the estimates were revised and in the advance information furnished by the Ministry of Railways (Railway Board) to the PAC under their letter No. 68-B(C)-Genl. 26, dated 5th February, 1969, it was stated that Tatanagar yard as now remodelled would be adequate to deal with a maximum number of 2220 wagons and that the traffic at Tatanagar alone was expected to reach the level of handling 2220 wagons daily by 1970-71. Attention is also invited to the Deputy Chief Optg Supdt. (Planning and Project) South Eastern Railway's D.O. No. P.64 46, dated 21st February, 1968 to Joint Director (Works), Railway Board in which the maximum number of wagons expected to be handled after completion of remodelling of the yard at Tatanagar was shown as 2220 wagons. In Annexure 'C' to the General Manager, South Eastern Railway's D.O. No. DP 535, dated 23rd September, 1968 to the Joint Director (Works) the handling capacity of the Tatanagar yard was also indicated as 2220 wagons. It would thus appear that the anticipated traffic to be dealt with in Tatanagar yard after remodelling was 2220 wagons and not 1658 wagons as stated in para 3 of the action taken note.

However, in the published statistics which also includes the figures in respect of subsidiary industries, the no. of wagons dealt with during this period was as under:—

	(in units)
1967	946
1968	960
1969	980

(First six months)

“The no. of wagons in terms of 4-wheelers is not shown in the published statistics but by increasing the no. in units by 25 per cent on the basis of the ratio of the figures shown in the action taken note, the figures of wagons for the first 6 months of 1969 (in terms of 4-wheelers) would come to 1225 wagons. The actual utilisation therefore, falls much short of the maximum dealing capacity of 2220 wagons developed in the remodelled Tatanagar yard and thus the additional capacity remains unutilised to an appreciable extent.”

1.48. The Committee cannot help the conclusion that the work on remodelling of the yards at Tatanagar and Adityapur was undertaken and progressed on inflated estimates of wagons to be handled in the yards. The Ministry of Railways have stated that the forecast of the number of wagons to be dealt with in the Tatanagar yard after remodelling was 1,658 wagons. Apparently, however, the zonal railway incharge of the work had anticipated a higher order of traffic in the yard. They had expected that the yard, after remodelling, would deal with 2,220 wagons by 1970-71. In fact, the actual traffic envisaged by the Railway was 3,553 wagons, but, after providing for about 1,400 through wagons, not requiring marshalling, the number of wagons, to be dealt with in the yard was fixed at about 2,220.

1.49. As against the dealing capacity of the order of 2,220 wagons expected to be created, the number of wagons in terms of 4-wheelers actually dealt with, on the basis of figures given to the Committee by the Ministry of Railways, ranged from 1,086 in 1967 to 1,474 in 1969. The figures would be even lower, if as pointed out by Audit, the published statistics are taken.

1.50. The Committee note the view of the Ministry of Railways that there is no scope for pruning the work at this stage. The Committee hope that the Ministry of Railways will draw a lesson from this experience in this case and ensure that works of this magnitude

are undertaken only after a most careful assessment of traffic growth and needs. No less important is the need to keep a periodical review of the progress of work vis-a-vis the traffic offering so as to ensure that works programmes are suitably readjusted, if necessary, in the light of traffic trends.

Costing in Loco Workshops—Paras 5.10—5.21 (Serial No. 45)

1.51. In para 5.21 of their Sixtieth Report (Fourth Lok Sabha), the Public Accounts Committee observed as follows:—

“The Committee observe that an experimental scheme for maintenance of cost data on locomotives in the various Railways introduced between December, 1956 and February, 1957 was not ‘progressed with appropriate expedition’ from 1960 onwards, when the file on the subject was ‘lost’. The scheme continued till 1966, when it was given up after the introduction of an incentive scheme in the workshops. The Ministry of Railways have stated that as a result of the incentive scheme and the procedures evolved ‘for control over the cost of stores through pre-inspection’, it has been possible to check effectively the cost of repairs and overhauls of locomotives. The trends of expenditure over the years on the repair and overhaul of locomotives suggest, however, the need for devising more effective checks in this respect. The Railways have during the last three years been spending Rs. 85 crores to Rs. 100 crores on the repair and maintenance of rolling stock, a little over half of this expenditure being accounted for by locomotives. The average cost of repairs and maintenance per equated engine kilometre for all the Railways together has gone up from Rs. 0.61 in 1965-66 to Rs. 0.70 in 1967-68. The cost has been subject to very wide variation from one Railway to another. This suggests the need for a closer study of the problem. The Committee would in this connection like to commend the following lines of approach:

- (i) Detailed work studies should be conducted in the various loco-sheds where overhauls and major repairs are undertaken with a view to effecting improvements in the methods of operation and achieving efficiency and economy.
- (ii) The various operations involved in overhauls and major repairs should be standardised and suitable

norms evolved on this basis. Such norms would facilitate comparative evaluation of the performance of different workshops and stimulate healthy competition amongst them.

- (iii) Based on the standardisation of the various operations, some suitable form of batch costing should be evolved. For this purpose, the experience of under-takings like the Chittaranjan Locomotive Works could with advantage be drawn upon.
- (iv) There has been a progressive reduction in the number of steam locomotives in use since 1966, due to increasing dieselisation and electrification. It would, therefore, be necessary for the Railways to assess to what extent idle capacity has been created in the steam loco-sheds and such capacity could be usefully diverted for maintenance/repairs of diesel/electric locomotives, so that duplication of facilities could be avoided."

1.52. Government have in their reply dated 19th November, 1969, stated as follows:

"The workshops have introduced the Production Control Organisation recommended by the Board vide letter No. 58/509/M(W) of the 24th January, 1958. This was done to introduce the system of payment by results in all workshops. This was intended to increase the productivity of all workshops and to have a rational system of comparison of productivity of individual workshops with a view to improving them. The process of introduction of incentive involved a close study of operations, standardisation of operations and 'allowed times'. Certain methods improvements were also introduced at that time before standardisation of allowed times was made. The introduction of incentive scheme did result in a considerable increase in productivity of all shops and enabled the Indian Railway Workshops to undertake the overhaul of increased holdings of carriages and wagons besides taking up various additional lines of manufacture such as new wagons, spare parts etc. which would normally have required additional staff, machines etc. had the incentive scheme not been introduced.

"The Railways are now working on improving productivity still further by introducing 'method study cells' in Railway Workshops. This has been reasonably well developed in certain Railways such as Western Railway though in other Railways the progress has been somewhat slow. Railways are now being instructed to utilise the services of Rate Fixers to undertake method study to improve productivity further.

"Considerable progress has already been made in standardisation of various operations involved in periodic overhaul and major repairs. This standardisation, however, has taken into account the standard of equipment material handling facilities etc. available in individual workshops. A quarterly review is made by the Board to follow up the productivity of all shops and to compare workshops performances. This review does in itself help to stimulate healthy competition between Workshops and has resulted in a steady improvement in the manpower ratios which is one of the important norms for comparison and shows the efficiency of each workshop on a realistic basis.

"Work study in loco-sheds has also been included as an item for study by work study groups on Railways. The studies so far carried out in a few loco-sheds are being circulated to all Railways as a basis for making changes in the method of working, as conditions of work in many cases are similar.

"Stores consumption in sheds is regulated in accordance with imprests fixed based on wear-pattern etc. The sanction for imprests is reviewed periodically at the Divisional

Mechanical Engineer's level and fluctuations in consumption have to be properly justified. Thus adequate controls are exercised on stores costs also.

"A straight comparison of the cost of overhaul in various Workshops, however, would be unrealistic as there are vast differences in the condition of incoming rolling stock which result in considerable variations in repair times and in the quantum of materials replaced involving in turn variations in repair costs. This difference in quantum of repairs to be executed on incoming rolling stock is mainly due to the variety of types of rolling stock, extent of utilisation on different railways including variations in the loads carried by them over varying condition of tracks etc. The condition of incoming locomotives varies widely from Railway to Railway as also from various Divisions in the same Railway. This is due to the different type of feed-water available for locomotive use, the loads normally carried, the gradients in the section, the average speed obtained etc. All these factors make it very difficult to have a straight comparison in repair costs between various Workshops.

"A system of 'Batch costing' is suitable only where the nature and extent of work done in successive batches of a single product is the same.

"During the periodical overhaul of locomotives various classes of locomotives falling under different age groups are repaired in each period. Therefore, the repair operations carried out on locomotives during the periodical overhaul necessarily vary so widely both in their extent and nature that it is not feasible to introduce a batch costing system for repair work, in the same manner as for manufacturing operations in a Production Unit like Chittaranjan Locomotive Works, where the work involved in the manufacture of large numbers of the same product (viz. Locomotive) is repetitive.

"However, keeping in view the need for controlling the cost incurred on periodical overhaul of locomotives in Repair Workshops a system based on the 'allowed manhours' for the POH of each class of locomotives is being evolved for evaluating the POH cost but it is still to be seen whether such a system will serve the objective in view viz. control over POH cost more effectively than any system of batch costing.

"A review of Workshop capacities is made periodically in the Board's office. Based on this review, workload is transferred from Shops which are over-loaded to Shops having spare capacity due to one reason or another. The spare capacity generated due to transfer of POH of steam locomotives from one Workshop is taken over by either additional lines of production or by taking over POH of diesel locomotives as at Kharagpur or electric locomotives as at Kanchrapara. There is at present no idle capacity generated due to dieselisation or electrification in any of the Workshops. The same applies to the Loco Sheds of the open line. Here a policy decision has been taken to utilise spare capacity generated in the sheds due to transfer of steam locomotives consequent to dieselisation, electrification of the sheds to take over the maintenance of diesel or electric locomotives. Examples of Sheds so converted are Asansol Shed for the maintenance of electric locomotives. There is no idle capacity at present in any Loco Shed on the Indian Railways.

"In other cases steam staff released as a result of dieselisation, electrification is transferred to other depots and only that number is retained which is justified according to the yardstick. Similarly surplus equipment is disposed of."

1.53. The Committee consider it essential that some appropriate costing system should be introduced in various locomotive workshops, as physical controls alone might not be of adequate help in keeping a check on the overhaul cost. The Committee note that a system based on the "allowed man-hours" for the periodical overhaul of each class of locomotives is being evolved for evaluating the cost in this regard. Apart from periodical overhauls, the locomotives also undergo intermediate overhauls and special repairs in the Workshops. An attempt should be made to standardise the various operations which should be further broken up into smaller elements and after proper studies standard time for completion of each element should be fixed.

1.54. It should be the duty of the Assistant Engineer Foreman in charge of workshop to lay down the time table, according to the prescribed standards, before taking up a job, and its completion within the time so prescribed. The Committee have no doubt if this suggestion is conscientiously implemented, the results would be rewarding in bringing down the workshop costs.

Loss due to short recovery of coal ashes—Para 7.34 (Serial No. 52)

1.55. The Audit Report (Railways), 1968 referred to a case of short recovery of coal ashes in Jhansi Division of Central Railway, where the loss on this account was estimated at Rs. 20.01 lakhs in 1964-65 and 1965-66. After analysing data regarding ash recovery in other divisions of the Central Railway and some of the other Zonal Railways, the Committee made the following observation in para 7.34 of their Sixtieth Report:

“The Committee feel that the collection of coal ashes in the Jhansi Division during 1964-65 and 1965-66 was very low. It amounted to 10 per cent of the coal consumed against a recovery percentage of about 22 per cent fixed by an Expert Committee which had gone into the question of coal consumption in the Railways in 1958. From the data furnished by the Railway Board, it is seen that recovery percentages in the Central Railway as a whole and some of the other Railways like the Western Railway were likewise low. With the increasing consumption of lower grade coal by Railways in recent years, it should be possible to get much better realisation in this respect. In view of the fact that coal ashes fetch a fairly substantial income to the Railways, it may be worthwhile examining why the realisations are at present so poor and whether there is any slackness or leakage in this respect which needs to be remedied.”

1.56. The Ministry of Railways have in a note dated 6th November, 1969 stated that “the matter is still under examination in consultation with the Railways.”

1.57. The Committee hope that investigations into the causes for low ash realisations in the various Railways will be speedily completed and adequate steps to improve realisations and plug leakages would be taken.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

In the context of the deficits now developing, it will be necessary for the Railways to take serious steps to put their house in order. The Committee would in this connection like to commend the following lines of approach:—

- (i) The Railways should show extreme circumspection in embarking on new capital expenditure. Work like the doubling of lines and expansion and remodelling of yards, etc., fall in this category. Later in this report, the Committee have given some instances of such works completed at substantial costs not having brought the results expected of it.

[S. No. 3, Appendix-Para 1.19(i) of 60th Report of the P.A.C. 1968-69].

Action taken

The recommendation of the Committee is noted.

As already explained in the action-taken note on recommendation No. 15 of the 22nd Report of the P.A.C., (1967-68) a critical scrutiny is being exercised by the Ministry of Railways in the matter of authorisation of capital expenditure and the procedures already laid down are intended to ensure that no capital expenditure scheme is sanctioned without adequate examination, both from the technical and the financial point of view.

The various steps taken in this connection are detailed below:—

- (i) The forecast figures given by other ministries and technical committees in justification of the demand for new facilities are not now accepted without further scrutiny. Ultimately, in most cases, Railways adopt a lower figure of traffic forecast.

- (ii) Schemes for increasing line capacity likely to involve an investment of Rs. 20 lakhs and more are now subject to a detailed survey.
- (iii) Work study precedes any big scheme for expansion or remodelling of existing yards.
- (iv) A very strict financial appraisal of each new scheme is made and the procedure followed for this purpose is also being brought in line with modern techniques developed in other countries.
- (v) As suggested by the P. A. C. vide Recommendation No. 7 of 49th Report (1968-69) the Railway Convention Committee have been requested to consider:—

“Whether, in future, the construction of unremunerative new lines may ordinarily be undertaken by the Railways *only* after the particular authority sponsoring the construction of such a line undertakes to reimburse to the Railway annually all losses (including dividend payable) incurred by the Railway in the operation of that line.”

This has been seen by Audit.

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC] IV|60 dated 23.9.1969|Asvina 1, 1891].

Recommendation

- (iii) Cost consciousness should be inculcated at all levels of operation. Some of the Zonal Railways are stated to be compiling data about the basic average unit cost in respect of freight services. The Railway Board should ensure that this data is speedily compiled by all Zonal Railways and purpose-fully used to identify expensive areas of operation and to enforce economies. Other fields where costing and job analysis would help to bring about economies are marshalling yards, terminals and locomotive workshops. In regard to the workshops, the Committee have elsewhere in this Report made sugges-

tions for the introduction of a system of batch costing and comparative evaluation of the performance of workshops in the various Zones.

The Committee are glad to note that the cost study cell in the Railway Board has undertaken useful studies of various areas of operation. The Committee have no doubt that the results of their study in subjects like 'Line Haul' Cost, 'Cost of Marshalling' etc. will be used by the Railway Board to evaluate the comparative performance of the individual Railway and to isolate weak spot, which should immediately receive attention.

[S. No. 3, Appendix, Para 1.19(iii) of 60th Report, Fourth Lok Sabha].

Action taken

The observation of the Committee is noted.

Action has already been taken to expedite the compilation of basis average unit costs by the individual Zonal Railways. The average unit costs under different functional groups of service—Railwaywise and gaugewise—are, at present, utilised for reviewing revising freight rates and for project appraisal.

While the cost figures no doubt give some idea of the areas and activities where the costs of working are comparatively higher, it is only a systematic probe in depth through work studies, method studies and job analysis that will enable the administration to initiate remedial action to improve efficiency and effect economy. Even in the same area, if operating conditions and other facilities have undergone, over a period, material changes, a vertical comparison of cost data has its limitations. When we compare one area with another and if circumstances like operating conditions, the facilities and volume of traffic necessarily differ, the limitations exist to an even greater extent and variations in cost data inevitably occur as a rule. Only when such variations are pronounced further investigations are indicated.

It has also to be borne in mind while using cost data that variations in the prices of stores and the levels of cost of materials and wages affect different areas differently, and in some spheres of activity or fields of operation, it may be more useful to compare the physical output instead of comparing the unit costs.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC] IV/60 dated 19-11-1969[Kartika 28, 1891].

Recommendation

- (iv) Systematic efforts should be made to effect economy in expenses. Two fields which should receive special attention are fuel consumption and staff strength. The expenditure on fuel and staff should be subjected to periodical high-level review both at the Zonal and the Railway Board level and expenditure on staff should be reviewed at the Zonal level by the General Managers in consultation with the Financial Advisers and Chief Accounts Officers, as suggested later in the Report to check firmly any increase and effect maximum economy consistent with efficiency.

[S. No. 3 (iv), Appendix, Para 1.19 of 60th Report of the P.A.C.].

Action taken

Fuel Economy

The observations of the Committee are noted.

2. The Railways are alive to the need for utmost economy in fuel consumption. Concerted efforts are being made to arrest the adverse features influencing fuel consumption and to effect economy.

2.1. The Railways send Monthly Fuel Economy Reports to the Board which are discussed in the Directors' Statistical Meeting. Fuel performance is also reviewed at the Heads of Departments' meeting on the Zonal Railways.

2.2. Progress Reports on economy in fuel consumption are received from the Zonal Railways every quarter. These are discussed at the meeting of the full Board and the Railways whose performance is adverse are taken up.

2.3. Periodical Meetings of the Fuel Officers are held to review the work done by the Railways' Fuel Control Organisations and to devise ways and means for achieving fuel economy.

2.4. It may thus be seen that the question of fuel economy is receiving high level attention both on the Zonal Railways and in Railway Board.

Reduction of staff

3.1. As the increase in the expenditure on staff is mostly due to the reasons beyond the control of the railways, e.g. the increase in D.A. etc., the objective of keeping the staff expenditure under control to the maximum extent possible can be better achieved only by keeping the number of staff under review. The trends of staff strength are periodically reviewed by the Efficiency Bureau of the Railway Board and have also figured in the meetings of the Railway Board with the General Managers of the Railways during the last three years. The F.A. & C.A.Os. of the zonal railways also have instructions to keep a special watch on the trends of staff strength in departments where the variations in the staff strength do not correspond to that in workload.

3.2. In order to effect reduction in administrative expenditure, a ban has been imposed on creation of posts and recruitment of staff in administrative offices. A job analysis has also been conducted to reduce staff requirements by rationalisation and simplification of procedures and the elimination of relatively infructuous work. A revised yard-stick has also recently been circulated for provision of Class IV staff in offices and this will also result in some economy. Introduction of computers for Traffic Accounting etc. has also resulted in economy in staff on the Railways.

3.3. Operational posts cannot, however, be kept vacant, nor can creation of new posts for new items of work connected with operation be stopped altogether. The ban referred to above does not, therefore, apply to creation of posts and recruitment of staff in operational categories, staff in which have to be augmented in order to ensure operational efficiency. Staff strength is augmented only after proper study of fluctuations of traffic and other workload.

3.4. During the last five years, the position of the staff strength on Railways has been as follows:—

Year	Staff
1963-64	12,70,179
1964-65	13,18,603
1965-66	13,52,308
1966-67	13,64,836
1967-68	13,63,189

Thus it would be seen that the trend of increase in the staff strength has been checked appreciably in the past 2 years.

3.5. Viewed in relation to the transport out-put of the Railways in terms of Traffic Units (made up of passenger kilometres and net tonne kilometres produced) the number of staff shows a generally progressive reduction. Traffic Units have increased from 110634 millions in 1951 to 226023 millions in 1968, the percentage of increase being over 100. As against this, the number of staff increased from 914,000 in 1951 to only 1363,000 in 1968, the percentage increase being only about 50. Thus the number of staff per million Traffic Units has actually come down from 8.3 in 1951 to 6.0 in 1968.

This has been seen by Audit, who have, however, observed that the various measures stated to have been taken by the Railways for effecting economy in fuel expenditure have not so far reversed the trend of steady deterioration in the fuel consumption both in regard to physical quantum and its monetary value as already commented in Para 3(b) of Rly. Audit Report, 1969.

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC/IV, 60 dated 23.9.1969/Asvina 1, 1891].

Recommendation

- (v) Above all, accounting and management techniques on the Railways will need reorientation. The scale of operations on the Railways has increased enormously, with a corresponding increase in costs. It would be necessary for the Railways to discard outmoded techniques of checks and controls evolved in the past in a different context. Cost control cannot be secured by assessing performance in terms of expenditure incurred. It will require evaluation of output and, for this purpose, norms will have to be fixed for various operating indices. This will necessarily require far reaching changes in accounting and budgeting techniques at the operating levels in the Zones. The Committee recognise that the Railways have a variety of assets and operations on which expenditure is incurred and that therefore the introduction of a system of performance budgeting bristles with difficulties. However, a start has been made in this respect and the Committee would like it to be considered how best the pace could be accelerated.

[S. No, 3, Appendix, Para 1.19 (v) of 60th Report.]

Action taken

The Committee's observations are noted.

It may be stated that action in the following direction has been taken to expedite introduction of a system of 'performance budgeting' and 'responsibility accounting.'

- (a) The accounts classification of revenue receipts and expenses is under review by a Committee appointed in this behalf with the following three-fold objective:—
 - (i) To make further refinements in traffic costing with a view to assist management decisions for revision of freight rates and fares and operational and financial control;
 - (ii) To introduce a system of 'responsibility accounting' by which the spending authority can be made accountable for any significant deviation from the approved allocations for a specific object or activity; and
 - (iii) for framing 'performance budgets', correlating expenditure with units of performance.

Efforts are being made to identify suitable units of performance and to decide on appropriate cost centres preparatory to the introduction of responsibility accounting and performance budgeting.

- (b) Eight Zonal Railways already have computers and the ninth is expected to get one by about the turn of the year. Traffic accounting and Commercial statistics, and accounts of fuel receipts have been transferred to the computers, and payroll accounting and stores accounting including inventory control are being taken up for computerisation on a phased programme. The last two in particular are expected to facilitate the introduction of performance budgeting and responsibility accounting.
- (c) A high-powered Committee has been constituted to make out a frame-work of the performance budgeting to cover various functions' activities of the zonal railways. Further, units of performance as well as norms have to be fixed carefully as already pointed out by the P. A. C. in their observation.

This has been seen by the Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC; IV|60 dated 23-9-1969|Asvina 1, 1891].

Further Information

Please state by what time:

- (a) the Committee appointed to review the accounts classification of Revenue Receipts and expenses is expected to complete its work;
- (b) the Report of the High Powered Committee constituted to make out a frame-work of performance budgeting will be available.

Reply

(a) The Committee appointed to review the accounts classification of Revenue Receipts and Expenses with the three-fold objective is expected to complete its work by the end of March, 1970. Before accepting the Committee's recommendations and observations, the Report will be circulated to the Zonal Railways to elicit their comments and suggestions. Later on, the Board would consult the Comptroller & Auditor General for his observations before finalising the amplified classification of receipts and expenses.

One of the three objectives of the amplification of accounts classification is to facilitate booking of expenditure under identifiable heads which could be directly correlated with units of performance. The amplification of the accounts classification, along with the details of cost centres which are likely to be proposed by the Committee, is oriented to computerization of payroll accounting, stores accounting, fuel accounting and compilation of detailed performance statistics. Computers have been installed on the eight Zonal Railways and a computer will be installed shortly on the ninth (N.F.) Railway. Internal checks and accounting of freight and passenger revenue, the commodity and passenger statistics and operating statistics have already been taken on the computers. Some progress has already been made by some of the Railways in the field of stores accounting (initial stages) and workshop incentive bonus bills. Computerization of payroll accounting including P.F., stores accounting and inventory control and detailed fuel consumption statistics have been programmed to be taken up in stages over the next 2½ years. Only after the complete computerization of these

areas, can the amplified accounts classifications be introduced. The preparatory work in connection with the introduction of the amplified classification will be taken up in such a manner that it would synchronize with the completion of these applications.

(b) The Committee on Performance Budgeting have to take cognizance of the future availability of more detailed costs or expenses under amplified heads of account that may be proposed by the Committee on Accounts Classification. They have to examine in some depth the rationale and validity of using the average unit costs under each detailed head of account for the purpose of framing performance oriented budget from year to year. This is a big task which has to take into account the extent of cushion available in each cost centre where the level of traffic or activity is expected to increase from year to year as well as any savings expected to materialize on account of adiminution in traffic level or activity. In other words, detailed and local costing has to be undertaken on a continuous basis so as to make available relevant data for framing the performance oriented budget. At this stage it is too difficult to forecast with any accuracy the extent to which performance budgeting could be done or when it could be introduced.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-Genl.26 dated 18th Dec. 1969].

Recommendation

The Committee note that the Railways are sustaining an estimated loss of Rs. 25 crores every year on account of ticketless travel. While this shocking evil can be eradicated only with the growth of civic consciousness among the travelling public, the Committee would like the Railways to consider in what ways the intensification of checks and the assertion of order and discipline can help to minimise the losses on this account.

[S. No. 5, Appendix, Para No. 1.39 of 60th Report (Fourth Lok Sabha)].

Action taken

During recent years Railways adopted various measures, in addition to the traditional methods of ticket checking, to control ticketless travel on Railways. In this connection the following measures may be specially mentioned:—

- (a) Deployment of ticket checking staff in plain clothes on sections and trains in which ticketless travel is rampant.

- (b) Checking with the help of volunteers of social service organisations, boy scouts, students, village elders, etc.
- (c) Surprise bus raids, cross country checks and other intensive checks on a massive scale wherein a large force of ticket checking staff supported by an adequate contingent of Railway Protection Force and Government Railway Police, with a number of Railway Magistrates accompanying who try cases on the spot, are deployed.
- (d) Tackling the problem from a social angle by carrying out a regular campaign against ticketless travel through newspapers, posters, announcements through loud speakers provided at Railway stations, lectures arranged at educational institutions through Railway Officers, retired Railway officers and Members of the Railway Consultative Committees.

2. As the various measures indicated above did not produce the desired results, it became clear that the penalties provided in the Indian Railways Act, 1890, against ticketless travel were not acting as sufficient deterrents. The Act has, therefore, been amended with effect from 10-6-1969 with a view to impose stiffer penalties. This measure has already shown tangible results. The main object of enhancing the penalties was to compel passengers, who were travelling without tickets, to purchase tickets at the booking windows. That this object has been achieved is reflected in the increase in the number of passengers who purchased tickets in the months of June and July 1969 as compared to the corresponding months of 1968, the increases being of the order of 7.26 per cent. in the month of June 1969 and 8.52 per cent in the month of July 1969, as against a decrease of .98 per cent in the month of May 1969 as compared to May 1968. The number of passengers found travelling without tickets during June and July 1969 also decreased by approximately 45 per cent. as compared to the corresponding months of the previous year.

3. The drive against ticketless travel is being continued intensively and the position is being watched.

4. This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 30th October, 1969/8th Kartik, 1891].

Recommendation

The Committee are exercised about the mounting fuel bill of the Railways which increased by over a third from Rs. 92.07 crores in 1964-65 to Rs. 127.82 crores in 1967-68. One major item of fuel was coal and the coal bill increased from Rs. 85.22 crores in 1964-65 to Rs. 97.46 crores in 1967-68. The cost increased partly due to the increase in the price of coal but there was also an increase in consumption which occurred despite a reduction in the steam locomotive fleet. It has been stated by the Railway Board that increased use of lower grades of coal coupled with a drop in load and speed of trains hauled by steam locomotives were responsible for the extra coal consumption. However, an analysis of the problem by a Study Group of the Railway Board showed that there was substantial scope for economies. The following points high-lighted in the Study Group's Report deserve, in the Committee's opinion, detailed follow-up action:

- (i) "The drop in productive utilisation of loco hours made available to traffic" in some Railways.
- (ii) "The disproportionately large" increase in passenger locomotives in some of the Railways.
- (iii) The "slow" pace of reduction of steam locomotives, in some of the Railways, with the reduction in goods traffic hauled by steam traction.
- (iv) "The disproportionate increase in coal consumption on shunting engines".

[S. No. 6 Appendix, Para 1.65 of 60th Report Fourth Lok Sabha].

Action taken

The rate of coal consumption on steam locomotives in terms of kgs./1000 GTK is mainly influenced by the quality of coal, the average gross loads hauled and the average speed of trains. Though the effect of these factors is known, the extent to which they affect the coal consumption performance was not clearly defined. It was in those circumstances that the Railway Board appointed a Study Team in September, 1967 to study *inter-alia*, the reasons for increase in coal consumption and to quantify the effect of the various causes. The analysis of the Study Team was confined to 4 BG Railways, viz., the Central, Eastern, Northern and South-Eastern, and Study Team's report was submitted in May 1968. The Board have accepted the recommendations of the Study Team.

The report of the Study Team was circulated to the Railways with the following objectives in view:

- (i) to implement the specific recommendations of the Study Team and make similar studies every six months and submit reports to the Board.
- (ii) to provide to them a methodology to be adopted for periodical review of their performance with regard to fuel (coal) performance;
- (iii) to make an assessment of the quantitative effect the different operating features have on coal consumption ;
- (iv) to indicate broadly the problems on the railways which have been covered by the Study Team. For further follow-up action, the Railways should make further detailed studies which alone will possibly provide answers to the problem of rising coal consumption.

Replies received from the Railways indicate that most of the Railways have initiated action to implement the specific recommendations of the Study Team. The methodology laid down by the Study Team to quantify the operating factors influencing coal consumption is being followed by the railways in the periodic studies made by them. The Railways which were not covered in the report of the Study Team have also been asked to undertake similar studies and to send the reports to the Board.

It will thus be seen that the Railways have taken suitable follow-up action to implement the recommendations in the Study Team's report.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC/IV/60 dated 23.9.1969/Asvina 1, 1891].

Further Information

Please state:

(a) whether in Eastern, South Eastern and Northern Railways, where the Study Group found a drop in productive utilisation of loco hours, the position has since improved and if so, please submit relevant statistical data on this point;

(b) what steps have been taken to check the disproportionately large increase in steam locos on South Eastern and Northern Railways and to accelerate the 'slow' pace of reduction of steam locos in Eastern, South Eastern and Central Railways ;

(c) what steps have been taken to economise on shunting locomotive requirements with particular reference to Central and Northern Railways.

Reply

(a) There has been an improvement in the productive utilisation of loco hours in the case of Eastern, South Eastern and Northern Railways during the year 1968-69 and the first half of 1969-70 as given below:

	*Percentage of train engine hours to total engine hours	
	1968-69	First half of 1969-70
Eastern Railway	29.0	29.0
South Eastern Rly.	23.8	24.3
Northern Railway	40.2	40.6

*These figures have been taken from Railways' domestic statistics.

(b) and (c) As a result of the review of the engine utilisation carried out recently, Central, Eastern, Northern and South Eastern Railways were asked to reduce the Steam Loco holdings. The number of BG Steam Locomotives that will be withdrawn is shown below:

Railway	Total No. of Steam locos. to be released
Central	40
Eastern	49
Northern	45
South Eastern	40

[Ministry of Railways (Railway Board) O.M. No. 69-(C)-Genl./26 dated 17th Dec. 1969].

Recommendation

Apart from the scope for economies, no less important, in the Committee's views is the need to check losses on account of theft by intensifying vigilance on the part of the Railway Protection Force.

[S. No. 7, Appendix, Para 1.66 of 60th Report of the P.A.C. (IV Lok Sabha)].

Action taken

The importance stressed by the Committee for checking losses on account of theft by intensifying vigilance on the part of the R.P.F. is noted and necessary instructions in this connection have been repeated to the General Managers All India Railways *vide* letter No. 69-B (C)-PAC|IV|60(7) dated 26.7.1969 (copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC|IV|60 dated 23-9-1969/Asvina 1, 1891].

Annexure

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 69-B(C)-PAC|IV|60(7).

New Delhi, dt. 26-7-1969.

4 Sravana, 1891 (s).

The General Managers,
All Indian Railways.

SUBJECT: *Public Accounts Committee's recommendation No. 7 contained in their 60th Report (1968-69) on Losses on Railways on account of theft.*

The Public Accounts Committee, while reviewing the expenditure incurred on coal-consumption, have *vide* recommendation No. 7 contained in their 60th Report (68-69), observed that apart from the scope for economies, no less important, in the Committee's view, is the need to check losses on account of theft by intensifying vigilance on the part of the Railway Protection Force.

2. While drawing your attention to the Board's earlier instructions contained in their letter No. 67-Sec(Cr)|120|24 dated 15|16-2-1968, you are also requested to intensify efforts in respect of the following:—

1. Special surprise checks on coal carrying trains over vulnerable sections;

2. Special watch by RPF on coal wagons stabled in yards;
3. Posting of armed pickets and patrols at outer signals, shunting necks and other vulnerable sections;
4. Co-ordinated efforts by RPF and Claim Prevention Branch to locate affected sections for ensuring special watch over such points;
5. Unobtrusive watch by RPF plain-clothes staff on habitual coal thieves, pilferers, railway staff conniving at; and
6. Laying stress on the verification of the antecedents of the labourers handling coal at transshipment points.

Sd. G. D. SINGH,

Joint Director, Security, Railway Board.

No. 69-B(C)-PAC/IV/60(7)

New Delhi, dated 26-7-1969,

4, Sravana 1891.

Copy with 44 spare copies forwarded to the A.D.A.I. (Rlys), New Delhi for information.

Sd. G. D. SINGH,

Joint Director, Security Railway Board.

Recommendation

There is an equally vital need to keep a check on the consumption of diesel oil and P.O.L. With the increasing pace of dieselisation, these items will account for a progressively increasing proportion of the Railways' fuel bill.

(S. No. 8 Appendix—Para 1.67 of 60th Report Fourth Lok Sabha)

Action taken

The fuel control organisation of the railways has been geared up to cover fuel economy in diesel oil in addition to coal. The procedure of accountal of receipts and issues of diesel oil on the railways has been streamlined. Trip rations have been fixed by properly conducted trials on sections where diesel locos are working. Driver-wise and engine-wise consumption registers for diesel oil are maintained in the sheds. These help to locate the drivers whose performance needs improvement or where the mechanical condition of the diesel loco requires attention.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC/IV/60 dated 23-9-1969/Asvina 1, 1891].

Recommendation

The Committee observe that the total fuel bill of the Railways amounts on an average to a fifth of their working expenses. There is, therefore, imperative need for the Railway Board to keep this item under continuous high-level review. The Financial Advisers attached to the various Zonal Railways should also keep tab on the position in this regard.

[S. No. 9, Appendix, Para 1.68 of 60th Report (Fourth Lok Sabha)].

Action taken

The observations of the Committee are noted.

The Railway Board are fully alive to the need for maximum economy in fuel consumption as fuel constitutes one of the largest single item of expenditure on Railways. The fuel performance of the individual Zonal Railways. is discussed every month by the Directors in their Statistical Meeting in the Board's Office and the Railways whose performance needs improvement are taken up. The economy achieved in fuel consumption is reviewed by the full Board every three months, and the observations made as this meeting are communicated to the concerned Railways for effective follow-up actions. Periodic Meetings of the Fuel Officers of the Railways are also held to discuss fuel problem and to take remedial action. The Financial Advisers and Chief Accounts Officers of the Railways have been asked to keep a tab on the expenditure on fuel.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 23-9-1969/Asvina 1, 1891].

Recommendation

In view of the deficits in the working results of the Railways, there is need to enforce economies in other spheres also. A study by the Efficiency Bureau indicated that operational economies could be achieved through the closure of certain block/crossing stations and the introduction of 'one engine only' system in sections where traffic is light. The Committee note that some of the recommendations made by the efficiency Bureau in this respect have been implemented and others are under consideration. The Committee would like early action to be taken in this regard. The Railway Board and the Zonal Railways should also assess the scope for eco-
3074 (Aii)LS—5.

nomy in expenditure on staff, on the basis of studies of special organisations in Railways conducted by the Efficiency Bureau and the special review at present stated to be under way by the Financial Advisers of Zonal Railways.

[S. No. 10, Appendix, Para 1.69 of 60th Report (Fourth Lok Sabha)].

Action taken

The Railways are alive to the fact that maximum economies should be achieved in all spheres and for that reason studies were conducted by the Efficiency Bureau in a few selected fields. There is strong public opinion against the down-grading of block crossing stations, inspite of the public being assured that none of the existing facilities like purchase of tickets, entraining and detraining and booking of goods is being curtailed. Sometimes the pressure of local public opinion has resulted in agitations. Even so the Railways have been able to downgrade 48 stations. Further progress has been retarded due to the very strong local agitations against the down-grading of the stations. Still, in order to achieve further results Divisional Supdts., have been asked to handle the situations tactfully and use their discretion and initiative to down-grade the stations according to the local circumstances prevailing and after explaining the implications to the people in the area. The assistance and support of the State Governments is also sought. In case of introduction of 'one engine only' system out of 46 sections selected, the implementation has already been done on 44 sections.

Further, studies conducted by the Efficiency Bureau in regard to the staff strength in public Relations Cell, Metric Cell and in the departmental Mobile Catering units have resulted in the surrender of about 200 posts (over and above 176 posts mentioned in para 1.58 of the P.A.C. Report).

The need for economy in expenditure on staff is a matter on which the Railway Board and the Zonal Railways have instituted a continuous and general drive as a result of which a large number of posts have been surrendered. This is also kept in mind when additional staff have to be sanctioned for new services started or new assets added or new system of working are introduced. A periodical review is made of the staff strength to locate adverse trends and pinpoint disproportionate increase of staff in relation to the work-load. Whenever the growth of staff strength in any department is found to be disproportionate to the work-load devolving on it, a bar is imposed on further creation of posts in the department. Such

departments are also subject to periodical review by the Financial Advisers on the Zonal railways.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 19th November, 1969|Kartika 28, 1891 (Saka)].

Recommendation

The comparative evaluation at page 29 of their Report would indicate that the staff position in some of the Railways like the Central and South Eastern Railway would bear closer scrutiny. In fact, the Railway Board should carry out periodical reviews of the working of the various Railways, not only from the point of view of staff but from the point of view of overall financial results so that timely action could be taken to arrest any deterioration in performance.

[S. No. 11, Appendix, Para 1.70 of 60th Report, (Fourth Lok Sabha)].

Action taken

The observations of the Committee are noted.

2. Regarding scrutiny of the staff strength of the Central and South Eastern Railways, it is seen that while furnishing information in Annexure II to the note attached to the Action taken note on recommendations No. 34 & 35 of the 22nd report of the P.A.C. forwarded under this Ministry's O.M. No. 68-B(C)-PAC|IV|22(O), dated 20th September, 1968, the expenditure on the total staff of the Central Railway and percentage of expenditure of the headquarters staff of this Railway, for 1965-66, was erroneously shown as 52.8130 and 8.55 per cent respectively instead of 52,18,30 and 5.55 per cent respectively. The mistake which crept in due to typographical errors, is regretted. As regards South Eastern Railway the position is still under examination and the Committee will be advised of the action taken as soon as it is finalised.

3. The Committee's recommendation regarding carrying out of periodical review of working of the Railways from point of view of overall financial results is noted.

4. As regards periodical review from point of view of staff, a study on "Trends of Staff Strength on Zonal Railways" was made by the Efficiency Bureau in early 1967 which analysed the growth

of staff strength in individual departments on each zonal railway with reference to the workload devolving on them. Broad criteria were evolved for accessing workload on the various departments in terms of available statistical data relevant to the functions of the respective departments. The study analysed the trends generally from 1957-58 to 1964-65. It was noticed that in the case of certain departments of different railways, the growth of staff strength had been *prima-facie*, disproportionate to the increase in the workload and restrictions were, therefore, imposed on the creation of additional posts in such departments even for operating and maintenance purposes.

5. Subsequently, the trends of staff strength have been reviewed on an annual basis on the lines of the Efficiency Bureau's study referred to in the preceding para and restrictions on creation of additional posts made applicable to departments showing indications of disproportionate growth of staff strength. The last review was made in June, 1969 for the year 1967-68. It is intended to continue such reviews on an annual basis. It is also intended to keep a watch on the increases/decreases in staff strength on the railways on a quarterly basis through the data that is being furnished by the railways along with their quarterly economy reports.

6. This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC.IV|60, dated 19th November, 1969|28th Kartika, 1891].

Further Information

Please state the action taken to review expenditure on the South Eastern Railway. A copy of the review carried out by the Efficiency Bureau on staff strength in 1967-68 may also please be furnished.

Reply

It is regretted that the review of expenditure on staff in the Headquarters office of the South Eastern Railway could not be undertaken for want of information which the Railway is compiling. The Railway has been asked to make the information available as early as possible. The results of the review carried out by the Efficiency Bureau in 1967-68 on staff strength of Railways are contained in the Annexure enclosed.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-Genl.|26, dated 17th December, 1969].

ANNEXURE

Present (i.e. 1967-68) trends in respect of departments showing disproportionate growth of staff strength upto 1966-67 and departments where adverse trends have set in during 1967-68.

Railway	Departments in which growth of staff strength was disproportionate to work load in or up to 1966-67	Departments out of those mentioned in col. 2 in respect of which trends for 1967-68 show			Departments in which adverse trends have set in during 1967-68	Departments in which trends are very encouraging
		Improvement	No change	Deterioration		
I	2	3	4	5	6	7
1. Central *	Commercial, Medical and Engineering.	Engineering	.	Commercial Medical	..	..
2. Eastern .	Stores, Commercial and Engineering.	Commercial*	Engineering	Stores	Administration and Security	Mechanical
3. Northern .	Transportation, Medical, Security and Engineering.	Medical* Security*	Engineering	Transportation	Administration	Electrical
4. North Eastern .	Accounts, Security, Stores and Medical.	.	Accounts Medical	Stores Security	Administration, Transportation, Commercial and Medical.	Electrical
5. Northeast Frontier	Electrical, Transportation, Commercial and security.	Transportation* Electrical Commercial*	..	Security	Administration, Stores and Medical.	..
6. Southern .	Accounts, Commercial and Engineering.	Accounts	Engineering	Commercial	Medical	..
7. South Central .	..	..	..	..	Medical	..

*In spite of improvement in 1967-68, the trend compares unfavourably with better levels of 'Per unit work load strength' in earlier years and efforts to achieve further improvement are necessary.

	1	2	3	4	5	6	7
8. South Eastern		Electrical, Engineering Ad- ministration, Stores and Medical,	Electrical En- gineering,	Medical	Administration Stores,	..	Transportation, Mechanical
9. Western		Security	Transportation, Mechanical Electrical,

Recommendation

While the Committee note that the accumulation of scrap is being progressively controlled, they cannot help observing that there has been a steady increase in the balances of scrap both absolutely and in terms of the total stores balances. The target set by the Railways in 1963-64 was to bring down the 'holdings' of ferrous scrap, which constitutes the bulk of the scrap accumulations to six months' 'arisings' but the balance at the end of 1967-68 amounted to nine months' arisings. Such an accumulation causes congestion in the yard and also blocks substantial income which the Railways could get by its disposal. The Railways should take steps to accelerate the disposal of scrap, after making full utilisation for Railway purposes.

[S. No. 12, Appendix, Para No. 2.6 of 60th Report (Fourth Lok Sabha)]

Action taken

Necessar instructions have been issued to the Railways *vide* Board's letter No. 69-BC-PAC|IV|60(12), dated 18-9-69, (copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 15-10-1969|Asvina 23, 1891].

ANNEXURE

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No 69-B(C)-PAC|IV|60(12)

• Bhadra 27, 1891.

New Delhi, September 18, 1969.

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

SUB:—Disposal of scrap.

The Public Accounts Committee in their recommendation No. 12 contained in the 60th Report to the 4th Lok Sabha in reference to para 12 of Railway Audit Report, 1968 observed as under:

"While the Committee note that the accumulation of scrap is being progressively controlled, they cannot help observing that there has been a steady increase in the balances of scrap both absolutely and in terms of the total stores balances. The target set by the Railways in 1963-64 was to bring down the holdings of ferrous scrap which constitutes the bulk of the scrap accumulations, to six months' arisings but the balance at the end of 1967-68 amounted to nine months' arisings. Such an accumulation causes congestion in the yard and also blocks substantial income which the Railways could get by its disposal. The Railways should take steps to accelerate the disposal of scrap, after making full utilisation for Railway purposes."

2. A statement showing balances, arisings and disposal of scrap for the year 1960-61 to 1967-68 is enclosed. While the holdings of non-ferrous and miscellaneous scrap has been brought down to a level of about 6 months' arisings, ferrous scrap holdings are more than 6 months' arisings. The objective now should be to bring down ferrous scrap holdings to a level of 6 months arisings and non-ferrous miscellaneous scrap to a level of 3 months' arisings.

3. Board desire that concerted effort should be made to achieve this objective as early as possible by accelerating the pace of disposal of scrap.

4. Please acknowledge receipt.

Sd/- B. C. CHOWDIAH,
Jt. Director, Rly. Stores (G), Rly. Bd.

No. 69-B(C)-PAC IV 60 (12)

New Delhi, dt.—9-1969.

Copy forwarded for information to ADAI (Railways), New Delhi, with 45 spare copies.

Sd/- B. C. CHOWDIAH,
Jt. Director, Rly. Stores (G),
Rly. Bd.

Copy to RS(S) with 25 spares.

Particulars of accumulations and Disposal of Scrap during the years 1960-61 to 1967-68

Year	Ferrous—Qty. in M/Ts			Non-Ferrous—Qty. in M/Ts			Misc.—(Value in Lakhs Rs.)		
	Arisings during the year	Balance at the end of the year	Balance expressed as No. of months arisings	Arisings during the year	Balance at the end of the year	Balance expressed as No. of arisings	Arisings during the year	Balance at the end of the year	Balance expressed as No. of months arisings
1	2	3	4	5	6	7	8	9	10
1960-61 . . .	2,11,249	2,58,112	15	18,132	13,249	9	58.71	29.47	6
1961-62 . . .	2,05,882	2,99,932	18	17,193	12,407	8½	53.16	33.69	8
1962-63 . . .	2,20,066	3,06,919	17	20,879	11,337	6½	62.16	39.80	8
1963-64 . . .	2,91,829	3,29,044	14	18,506	9,867	6	62.00	32.00	6
1964-65 . . .	3,11,695	3,07,382	12	19,658	9,640	6	80.00	34.00	5
1965-66 . . .	4,08,263	3,48,749	10	20,846	9,910	6	87.00	34.00	5
1966-67 . . .	4,01,133	3,59,742	11	22,144	11,400	6	83.00	43.00	6
1967-68 . . .	4,14,149	3,72,622	10.7	22,822	13,078	6.8	87.12	45.62	6.2

Figures from Railway Board's Report on Indian Railways.

Recommendation

The Committee note that certain rails laid by the South Eastern Railway on the main lines which in the opinion of the Railways "were not defective" were removed to a siding prior to the commissioning of the lines. This became necessary, as the inspection certificates in respect of those rails "which were lying in the (Railway) Board's office and also in the office of the Central Railway" did not become available to that Railway at that time. The shifting of the rails, which the Railway Board considered "very unfortunate", cost the Railways a sum of Rs. 1.98 lakhs. As the shifting was done by the Railway concerned in the interests of public safety, the Committee do not wish to pursue the question of responsibility for the infructuous expenditure incurred. The Committee hope, however, that the Railway Board will ensure that vital documents relating to operational stores are supplied to the Railways in time and are properly recorded to facilitate reference and checking.

[S. No. 14, Appendix, Para No. 235 of 60th Report of Forth Lok Sabha].

Action taken

The observations of the Committee are noted. Necessary instructions have been issued to the Railways *vide* Railway Board's letter No. 69-BC-PAC|IV|60(14), dated 19-11-69 (copy enclosed).

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 19-11-1969.]

ANNEXURE

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 69-B(C)-PAC|IV|60(14).

New Delhi, dt. 19-11-1969.

The General Managers,
All Indian Railways.

SUB:—*Para 14 of the Audit Report (Railways) 1968—Avoidable expenditure in the removal of I class Rails from the main line on South Eastern Railway.*

Arising out of a recent case in which a Railway removed rails laid on main lines because the Railway was not in a position to produce the Inspection Certificate of the rails which were imported, to the ACRS during his inspection of the line prior to the opening of passenger service, the P.A.C. has observed that it should be ensur-

ed that vital documents relating to operational stores are available with the Railways in time and are properly recorded to facilitate reference and checking.

2. Board desires that hereafter the Railways should ensure that they are in possession of such vital documents before utilising materials in construction where safety of travelling public is concerned so that occasion need not arise necessitating removal of material already put in from the point of view of safety.

3. Receipt of this letter may kindly be acknowledged.

Sd/- B. K. MITRA,

*Director, Civil Engineering,
Railway Board.*

D.A.: Nil: .

No. 69. BC-PAC|IV|60(14).

New Delhi, dt. 19-11-1969.

Copy with 45 spare copies forwarded to A.D.A.I. (Rlys.), New Delhi. DA|As above.

Sd/- K. PARAMESWARAN,

*Deputy Director, Finance (BC),
Railway Board.*

Recommendation

2.67. The Committee are not happy about the performance of the Durgapur Sleeper Plant in the matter of the supply of sleepers to the Railways. Out of a lot of 2.94 lakh numbers of sleepers supplied between 1965-66 and 1966-67, 25,000 were defective, 35,773 second-class (fit for use only in sidings) and 3,665 rejects. Besides, the Plant accumulated 1.30 lakh numbers of sleepers, rejected on inspection, which they were constrained to sell to the Railways at a reduced price.

The Plant inevitably ran into heavy weather as a result of the production of such a large number of substandard sleepers. Its working had to be restricted to two shifts and its production slumped from 68,662 tonnes in 1965-66 (90 per cent of capacity) to 55,047 tonnes in 1966-67 (73 per cent capacity). Its working results changed from one of profit in 1965-66 (Rs. 70.20 lakhs) to that of loss in 1966-67 (Rs. 34.73 lakhs) and 1967-68 (Rs. 56.19 lakhs).

[S. No. 15, Appendix—Para No. 2.67 of 60th Report—1968-69].

Action taken

The observations relate mainly to the Department of Iron and Steel.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60 dated 19th November, 1969.]

Noted.

[Ministry of Steel & Heavy Engineering O.M. DUR-18 (4) |69 dated 4th December, 1969.]

Recommendation

2.85. The Committee cannot help feeling that the Railways incurred an avoidable expenditure of Rs. 10.6 lakhs in this case by failing to restrict their orders for imported fish plates to their immediate requirements. The fish plates were procured for meeting urgent requirements in connection with track renewals, but an assessment was not made before placing the orders as to whether the supplies of rails were likely to materialise in time. The representative of the Railway Board himself admitted in this respect during evidence that the fish plates were procured "irrespective of whether the rails could be used immediately or a little later". Apart from this, the Railways also failed to assess the extent to which their requirements of fish plates were likely to be met from indigenous sources. Arrangements had in fact been made before the orders for imported fish plates were placed for 22,000 tonnes of billets being imported for augmenting indigenous production of fish plates. However, the Railways failed to ascertain the programme drawn up by the Iron and Steel Controller for the utilisation of these billets and to restrict their purchases of imported fish plates correspondingly. The overall result of these omissions was that, of 12,500 tonnes of fish plates imported as an urgent requirement in June, 1963, over a sixth (2,556 tonnes) remained unutilised till the end of 1964-65, due either to rails not becoming available or to indigenous supply being higher than anticipated. Had orders for this quantity not been placed in November, 1962 the Railways could have averted an extra expenditure of Rs. 10.6 lakhs, apart from saving valuable foreign exchange.

2.86. The Committee trust that in the light of the experience gained in this case, steps will be taken by the Railway Board to ensure that such costly errors in estimation do not recur.

[S. No. 18, Appendix—Paras No. 2.85 and 2.86 of 60th Report].

Action taken

The observations of the Committee are noted and suitable instructions have been issued to the Railway Admns. vide Railway Board's letter No 69-BC-PAC|IV|60(18) dated 2-6-1969 (Copy enclosed).

This has been seen by Audit. DA|As above.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60 dated 23rd September, 1969 1st Asvina, 1891].

Annexure

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 69-13(C)-PAC|IV|60(18)

New Delhi, dated 2-6-1969|

Jyaistha 12, 1891.

To

The General Managers,
All Indian Railways.

SUBJECT: *Para 17 of the Railway Audit Report (1968)—Non-utilisation of fishplates imported at higher rates.*

On receipt of urgent requirements of fishplates from the various railways in 1962-63, arrangements were made for the import of fishplates as the indigenous capacity was not adequate to meet the requirements. In view of the urgency indicated by certain railways, the import of 12500 tonnes had to be arranged from U.S.A. at a high rate (as only U.S. Aid Loan was available for the import of P. Way material in 1962-63). It is, however, observed that out of these fishplates, 2556 tonnes remained unutilised till the end of 1964-65.

The Public Accounts Committee, who discussed the matter, has observed as under:—

"The Committee cannot help feeling that the Railways incurred an avoidable expenditure of Rs. 10.6 lakhs in this case by failing to restrict their orders for imported fishplates to their immediate requirements. The fishplates were procured for meeting urgent requirements in connection with track renewals, but an assessment was not made before placing the orders as to whether the supplies of

rails were likely to materialise in time. The representative of the Railway Board himself admitted in this respect during evidence that the fishplates were procured "irrespective of whether the rails could be used immediately or a little later." Apart from this, the Railways also failed to assess the extent to which their requirements of fishplates were likely to be met from indigenous sources. Arrangements had in fact been made before the orders for imported fishplates were placed for 22,000 tonnes of billets being imported for augmenting indigenous production of fishplates. However, the Railways failed to ascertain the programme drawn up by the Iron and Steel Controller for the utilisation of these billets and to restrict their purchases of imported fishplates correspondingly. The over-all result of these omission was that, of 12,500 tonnes of fishplates imported as an urgent requirement in June, 1963, over a sixth (2,556 tonnes) remained unutilised till the end of 1964-65, due either to rails not becoming available or to indigenous supply being higher than anticipated. Had orders for this quantity not been placed in November, 1962, the Railways could have averted an extra expenditure of Rs. 10.6 lakhs, apart from saving valuable foreign exchange.

The Committee trust that in the light of the experience gained in this case, steps will be taken by the Railway Board to ensure that such costly errors in estimation do not recur."

In view of the above observation of the P.A.C., Railway Board desire to be ensured that the errors in estimation of the requirements of stores should not recur and only the actual requirements for a particular year are advised to the Board for arranging procurement.

Please acknowledge receipt.

DA/Nil.

Sd.- B. K. MITRA,
Jt. Director, Civil Engg.,
Railway Board.

New Delhi, dated 2-6-1969/
Jyaistha 12, 1891.

No. 69-B(C)-PAC|IV|60(18)

Copy, with 40 spares, forwarded to the ADAI(Railways), New Delhi with reference to Recommendation No. 18 contained in the 60th Report of the Public Accounts Committee (1968-69).

DA/As above.

Sd.|- B. K. MITRA,
Jt. Director, Civil Engg.,
Railway Board.

Copy for information to all branches of Stores and Works Directorates.

Recommendation

The Committee are surprised to learn that an order placed by the Railways in October, 1961, for Metre-Gauge bogie petrol tank wagons costing Rs. 26 lakhs was not cancelled in spite of clear indications that became available subsequently that these wagons would turn out to be surplus. It is all the more surprising that this should have happened, when the supplier himself repeatedly made representations to the Railways for the cancellation of the order. The representatives of the Railway Board stated before the Committee that the main reason which weighed with them is not cancelling the order was that the cancellation would have entailed infructuous extra expenditure of Rs. 1.2 lakhs. They also argued that, though the Railways "could have done with fewer tank wagons", the procurement of these 100 wagons helped to make transportation "easy". It passes the Committee's comprehension how, for the sake of avoiding an expenditure of Rs. 1.2 lakhs, the Railways accepted an avoidable capital investment of Rs. 26 lakhs, thereby committing themselves to a recurring annual liability of Rs. 1.56 lakhs by way of dividend payable to the General revenues. As regards the view that these wagons helped to ease movements, the Committee see little justification in the Railways building up a large cushion of wagons to meet unforeseen fluctuations in traffic when the same purpose could well be served by better utilisation of wagons. The operational statistics given in the 'Review of Performance of Indian Government Railways' (February 1969) would indicate that wagon kilometres per wagon day have progressively gone down from 60.1 in 1965-66 to 57.6 in 1967-68 in metre gauge sections. This signifies more detention of wagons in marshalling yards and at terminal points, which the Railways should be able to reduce with concerted effort. The Committee have already drawn attention to this aspect

of wagon utilisation as also the existence of surplus wagon capacity in the Railways in paras 1.35 and 1.36 of their Forty-Ninth Report (Fourth Lok Sabha). The Committee hope that, in the light of those observations, earnest efforts will be made by the Railways and the Planning Commission to assess the existing wagon capacity and the scope for improved utilisation of existing wagon stock, so that precious and scarce resources are not unnecessarily deployed in the purchase of wagons during the Fourth Plan period.

[S. No. 19, Appendix I, Para 2.105 of 60th Report].

Action taken

The observations of the Committee are noted. Detailed studies are being made in consultation with the Ministry of Petroleum and Chemicals to assess more precisely the transport requirements of POL products and this will be taken into account in framing the future Rolling Stock Programme.

As regards deterioration in the efficient use of metre gauge wagons during 1967-68 as compared to 1965-66 in terms of wagon kilometres per wagon day, it is submitted that the drop has been mainly due to economic recession and consequent idling of wagons for want of traffic. The number of metre gauge wagons (four-wheelers) loaded during 1967-68 was 3,662,047 as compared to 3,971,870 loaded in 1965-66 indicating a drop of 8 per cent. Efforts are being made continuously to reduce detention to wagons in marshalling yards and at terminal points in order to improve their availability for loading. With the revival in economic activity, the MG wagon Kms per wagon day has increased to 59.5 (Provisional) in 1968-69, and has thus almost equalled the peak figure of 60.1 achieved in 1965-66.

As recommended by the Committee, the existing capacity in terms of wagons as well as the wagon requirements at the end of the Fourth Plan have been assessed. The scope for improved utilisation is also being studied. In this connection attention is invited to the 'Action Taken Notes' on Recommendations No. 9 and 10 of the 49th Report of the Committee.

This has been seen by the Planning Commission.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC/IV/60, dated 14-11-69/Kartika 23,1891].

Recommendation

The Committee also understand that the Administrative Reforms Commission is comprehensively studying the working of the Railways. The Committee have no doubt that this aspect of the operation of the Railways will in the course of the study receive the importance it deserves and that the results of this study will become available to the Railways and the Planning Commission in time to facilitate the formulation of a correct wagons provisioning policy for the Fourth Plan.

(S. No. 20, Appendix, Para No. 2·106 of 60th Report, Fourth Lok Sabha).

Action taken

The report of the Administrative Reforms Commission on the working of the Railways is still awaited. The observation of the Committee have been brought to the notice of the Administrative Reforms Commission. This has been seen by the Planning Commission.

This has been seen by Audit.

[Ministry of Railways (Railways Board) O.M. No. 69-B(C)-PAC/IV'60 dated 14-11-69 Kartika 23, 1891].

Recommendation

The Committee note that cables made of aluminium worth Rs. 4.81 lakhs were procured by the Northern and Southern Railways for use in signalling circuits though the policy of the Railway Administration was to use only copper cables in these circuits. Consequently these cables could not be utilised for signalling work and had to be diverted for use in other circuits. The Committee note from the information furnished by the Railway Board that a complete picture of the utilisation of these cables is not yet available. Besides, as much as 3·44 lakh metres of cables out of 8·65 lakhs procured by these two Railways, remain unused. The Committee would like the Railways to examine whether these cables could be put to use. If there is no prospect of the cables being utilised in the near future, expeditious arrangements should be made for their disposal.

(S. No. 26, Appendix—Para No. 2·157 of the 60 report of the PAC, IV Lok Sabha).

Action taken

It may be stated that the entire quantity of 2.99 lakhs metres of Aluminium cables procured by Northern Railway has since been consumed.

Out of the total quantity of 5.66 lakhs metres (5655 coils) procured by Southern Railway 4.45 lakh metres (4451 coils) have been issued and 2428 coils have been consumed. The Southern Railway have stated that the balance of 1204 coils held in stock would be utilized in electrical and high voltage signalling and telecommunication circuits. Further no difficulty is anticipated in consuming the balance in stock.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60
Dated 19 Nov., 1969|Kartika 28, 1891].

Recommendation

2.165. The Committee regret to observe that it took the Railway Administration over four years to erect a steel oil storage tank after it was received at the site of work. A substantial quantity of oil which was, in the meanwhile, stored in concrete tanks was lost due to seepage, the loss on this account, including other sundry losses, amounting to Rs. 58,000. The Committee note that the delay in erecting the tank was caused by the time taken to obtain the approval of the Explosives Department for the erection plans and that the question of fixing responsibility for the delay is under consideration.

2.166. The Committee deprecate the inordinately long time taken in settling preliminaries and formalities before taking in hand the work of installation of the tank. The Committee would like the Railways to impress on all concerned the need for adopting a purposive and business like approach in the execution of work which is necessary in the interest of stopping wastage.

[S No. 27 & 28, Appendix. Para Nos. 2.165 & 2.166 of 60th Report (Fourth Lok Sabha)].

Action taken

2.165. The delay in the installation and commissioning of the overhead tank has been investigated by the Railway Administration. In April, 1962, the Ajmer Workshon was asked to undertake the work of transferring the tank from Radhanpur to Bandra. There was some delay in the office of the Deputy Chief Mechanical Engineer (W), Ajmer, in carrying out the dismantling and despatching of the tank. The Administration has held that Shri Kartar Singh the then

Assistant Works Manager (P), Ajmer was responsible for delay so far as Ajmer Loco Shop was concerned and action is being taken to impose appropriate penalty on him.

In regard to Bombay Divisional Office, the Administration has held that there has been no undue delay in processing the matter between the various offices and the Inspector of Explosives.

There was some delay in the office of the Controller of Stores in placing the order for pipes. The Controller of Stores has warned the dealing clerk for delay in placing the supply order for the procurement of 50 metres of G. I. Pipes.

2.166. Necessary instructions have been issued to Railways vide copy of letter No. 69-BC-PAC/IV/60(27-28) dated 28th June, 1969 enclosed.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60
Dated 15th October, 1969/23rd Asvina, 1891].

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 69-B(C)-PAC. IV 60 (27-28).

New Delhi, dated 28-6-1969.
7 Asadha , 1891.

To

The General Managers,
All Indian Railways,
CLW, DLW and ICF.

The D. G.,
R. D. S. O.,
Lucknow.

SUB: Recommendations No. 27-28 of the 60th Report of PAC (1968-69)—Need for adopting a purposive and business-like approach in execution of work which is necessary in the interest of stopping wastage.

A case was reported in Para 23 of Audit Report (Railways) 1968 of loss incurred by Railways on account of seepage of High Speed Diesel oil from underground concrete storage tanks. HSD oil for

fuelling Diesel Locomotives was stored at Bandra in four underground concrete tanks since 1947-48. Noticing heavy seepage of oil in 1960, the Railway decided in June 1961 to transfer two mild steel tanks, which were spare at another station for the purpose. The tank to be installed at Bandra (the other was to be installed at Ahmedabad) was received in October 1963, erected in January 1967 and commissioned in November 1967 involving a total period of 6 years. An inordinately long time was taken in settling preliminaries and formalities, particularly in obtaining the approval of the Inspector of Explosives, as will be seen from the enclosed chronology of action taken.

2. While commenting on this case in their 60th Report (Fourth Lok Sabha), the Public Accounts Committee have observed as under:—

“The Committee regret to observe that it took the Railway Administration over four years to erect a steel oil storage tank after it was received at the site of work. A substantial quantity of oil which was, in the meanwhile stored in concrete tanks was lost due to seepage, the loss on this account, including other sundry losses, amounting to Rs. 58,000. The Committee note that the delay in erecting the tank was caused by the time taken to obtain the approval of the Explosives Department for the erection Plans and that the question of fixing responsibility for the delay is under consideration.

The Committee deprecate the inordinately long time taken in settling preliminaries and formalities before taking in hand the work of installation of the tank. The Committee would like the Railways to impress on all concerned the need for adopting a purposive and business like approach in the execution of work which is necessary in the interest of stopping wastage.”

3. The observations of the Committee should be brought to the notice of your Heads of Departments etc. for guidance. It is also essential that, whenever a work of this nature, which involves co-ordination between a number of departments of the Railway and also an outside agency, has to be undertaken, a reasonable target date for completion of the various individual items and final commissioning of the work should be laid down and strictly adhered to, so that the loss suffered by the Administration is reduced to the minimum.

Please acknowledge receipt.

DA|As above.

Sd|- K. PARAMESWARAN,
Dy. Director, Finance (BC),
Railway Board.

No. 69-B(C)-PAC-IV|60 (27-28)

New Delhi, dated 28-6-1969.
Asadha 7, 1891.

Copy to:—

The A.D.A.I. (Railways), New Delhi with 40 spare copies.
DA:As above.

Sd|- K. PARAMESWARAN,
Dy. Director, Finance (BC),
Railway Board.

Copy to Fuel Branch, Railway Board.

Date

CHRONOLOGICAL STATEMENT DETAILS

- 20.12.60. Report by Divisional Mechanical Engineer, Bombay Central to Chief Mechanical Engineer that these underground tanks allowed seepage to occur.
- 27.12.60. Chief Draughtsman was asked to prepare a drawing.
- 7.1.61. Ferro plan prepared and put up for approval of APEN (II), Bombay Central.
- 21.2.61. Storage capacity details called for from Divisional Mechanical Engineer, Bombay Central and reply received on 15.3.1961.
- 1.4.61. Decision to use the released tank at Radhanpur taken by Dy. Chief Mechanical Engineer(L) and estimate called for from Divisional Superintendent, Ajmer on 11.4.61.
- 15.6.61. Case passed on to Assistant Accounts Officer (P. & S.) for obtaining Accounts concurrence and it was received on 28.6.61.
- 28.6.61. The decision taken to transfer two steel tanks of 20,000 capacity from Radhanpur to Bandra Shed to release underground tanks.

Divisional Superintendent (M), Bombay Central, was asked to prepare the estimate, including dismantling, transportation and installation charges. Divisional Superintendent (M), Bombay Central was also asked to take the assistance of Works Manager (Carriage), Parel for dismantling the tank.

- 1.12.61. Millwright Foreman of Works Manager (C), Parel's office deputed to arrange for examining the volume of work involved.

After deputing the necessary staff to assess the quantum of work involved, Works Manager (C), Parel, advised his inability to undertake the work on 10.1.1962.

2. 2. 62. Executive Engineer (Works) Sabarmati was requested to examine the issue and assess the quantum of work.

5. 2. 62. Executive Engineer (Works), Sabarmati expressed his inability to undertake the work as the same was of very heavy nature.

- 6|9.4.62. The matter was again re-examined and Dy. Chief Mechanical Engineer (W), Ajmer, was asked to undertake this work *vide* letter dated 6|9.4.62 taking assistance from Ajmer Division.

As the work was of difficult nature and tank was situated very far way from Railway lines the dismantling was completed and Dy. Chief Mechanical Engineer (W), Ajmer approaches Chief Operating Superintendent for permission to move Over Dimensional Consignment from Radhanpur on 20.4.63

29. 5. 63. Chief Operating Superintendent's sanction to move oversize consignment conveyed to all concerned.

As the Over size consignment had to be moved over M.G. as well as the B.G. it took quite some time to finally reach at Bandra.

- Oct., 1963. Tank received at Bandra Shed.

- 11.10.63. The plans showing the foundation details and the superstructure were sent by Divisional Engineer (II), Ajmer.

On receipt of the plan from Ajmer Division the case was first put up for ascertaining whether necessary provision for funds were made. The question regarding height to be provided was discussed and then the work of preparing the plan was taken in hand.

6. 1. 64. Plans were put up to Computer for checking the details and obtaining the approval of Assistant Engineer, Divisional Engineer (1), Assistant Mechanical Engineer (L) and Divisional Mechanical Engineer, Bombay Central.
30. 1. 64. The foundation plan prepared, signed by all concerned and issued to Assistant Engineer, Parel.
- 25. 3. 64. Inspector of Explosives was contacted for approval of installation by Assistant Engineer, Bombay Central.
20. 5. 64. Change of site suggested as it was too near to the shed and new site selected by Inspector of Works (B), Parel and Loco Foreman Bandra final plan ready.
- 3.8|9.64. Subsequently a new site had to be decided and sketch showing the new location was prepared by Assistant Engineer, Parel and submitted to the Divisional Office on 3.8|9.64.
7. 7. 65. A reference was made by Divisional Office, to the Inspector of Explosives.
- ◄ 30. 7. 65. Inspector of Explosives raised certain queries and fixed up the date for joint meeting on 30th or 31st July, 1965. Again the meeting was fixed for 13.9.65 by the Inspector of Explosives.
- 10.10.65. Inspection of site by Inspector of Explosives.
- 18.12.65. Revised plans were submitted on 18.12.65 after prolonged correspondence and Inspection of the site by the Inspector of Explosives. Further points were raised by Inspector of Explosives and Plans were again revised.
21. 7. 66. The plans were again revised and submitted to Inspector of Explosives.
- ◄ 16. 9. 66. Indent for pipe lines were forwarded to Controller of stores by District Controller of Stores, Mahalakshmi.

- 9.12.66. Final approval of Inspector of Explosives returned the plans and drawing showing the site and layout of the proposed H.S.D. oil tanks.
- Jan. 1967. Erection of tank completed.
9. 3. 67. Plans for a provision of pump house approved by Inspector of Explosives.
29. 5. 67. Divisional Engineer (I) Bombay Central advised that the pump house had been completed in all respects except for the foundation for the pump.
6. 7. 67. Supply order for pipes were placed by Controller of stores, Churchgate with delivery period of 4 weeks.
24. 8. 67. The pipes despatched by Firm to Inspector of Stores, Mahalakshmi.
The pipes were received by Loco Foreman, Bandra on 20.9.1967.
- Nov. '67. The overhead tank was put into commission after laying the pipe line but without flow meter.

Recommendation

The Committee note that 13 out of 20 bridges built on the Godhra-Ratlam Section at a cost of Rs. 5.72 lakhs developed defects within three to four years of their being opened to traffic. As a result, passenger and goods trains had to be slowed down on these bridges, entailing an extra operational cost to the Railways of Rs. 9.42 lakhs during the three years ending 1967-68. As the extra costs will continue to recur, the Committee hope early action will be taken to complete repairs to the bridges on which speed restrictions have been in existence in some form or other for the last six to seven years.

[S. No. 29 Appendix Paras 3.27 to 3.29 of the 60th Report of the P.A.C.]

Action taken

The existing speed restrictions on the 13 bridges are as follows:

- (i) 45 Miles per hour: 75 K.Ms. per hour.—Bridge Nos. 178, 190, 191, 195, 254, 256, 258, 263 and 132.

(ii) 30 Miles per hour|50 K.Ms. per hour.—Bridge Nos. 26, 114 and 129.

(iii) 6 Miles per hour|10 K.Ms. per hour.—Bridge No. 54.

Speed restriction has been removed from 26-10-69 on Bridge No. 258. It is proposed to undertake repairs to bridge Nos. 132, 178, 190, 191, 195, 254, 256 and 263 during the next working season commencing from October 1969, and it is expected that the speed restriction on these bridges will be relaxed to normal by 1-10-70.

In regard to bridge Nos. 26, 114 and 129, repairs will be undertaken during 1970-71 and the speed restrictions are likely to be removed by 1-10-71.

Damage to bridge Nos. 54 is relatively more severe and certain repairs have already been carried out and the speed restriction has been relaxed from dead stop and 8 Kms. per hour to 10 Kms. per hour without dead stop. The effect of repairs is under close observation and the restrictions will be further relaxed depending upon the extent to which the repairs are found to be effective.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60 dated 19th November 1969]

Recommendation

The Committee note that the construction of these bridges involved the use of a new technology with which the Railway engineers supervising the work were not fully familiar. As a matter of precaution, the Railways should have considered whether the 'maintenance period' for the work, during which the contractor would be liable for defects, should have been longer than the normal period of six months. The omission in this respect enabled the contractor to escape liability for defective work. The Committee hope that Government will profit by this experience and issue instructions to ensure that maintenance periods for works involving new technology are fixed in such a way as to safe-guard adequately Government's interests.

[S. No. 31 Appendix Paras 3.27 to 3.29 of the 60th Report of the P.A.C.]

Action taken

The observations of the Committee are noted. Suitable instructions have been issued to the Railway Administrations *vide* Railway Board's letter No. 67|WI|CT|36 dated 31-10-1969 (copy enclosed).

This has been seen by Audit.

DA|Three.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60
dated 19th November 1969|Kartika 28, 1891 (Saka)]

ANNEXURE

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 67|WI|CT|36.

New Delhi, dt. 31st October, 1969.

9th Kartika, 1891 S.E.

The General Managers,
All Indian Railways, including
CLW, DLW, ICF and R.E.

The Director General,
RDSO, Lucknow.

SUB:—*Recommendations of the P.A.C. contained in their 60th Report (1968-69)—Maintenance period for Works involving new technology.*

The Railway Board have decided that while undertaking works involving new technology, the Railways may stipulate maintenance and guarantee period such as would adequately safeguard railways' interests without unduly raising the price of such innovations.

Please acknowledge receipt.

Sd|- M. V. BASRUR,

Joint Director, Civil Engineering,
Railway Board.

D.A.: Nil

No. 67|WI|CT|36.

New Delhi, dt. 31st October, 1969

9th Kartika, 1891 S.E.

Copy forwarded for information to the ADAI (Railways), New Delhi, with 40 spares.

Sd|- M. V. BASRUR,

Joint Director, Civil Engineering,
Railway Board.

Copy to:—

All Branches of the Works & Stores Directorate (except W.I. Branch), F(X)II and Budget (Committee) Branch (Budget Committee Branch's file No. 69-B(C)-PAC|IV|60 (29—31) refers) Railway Board.

Recommendation

The Committee note that there was a "regrettable omission" on the part of the Railways to serve notice of termination on a contractor before letting out the portions of work left incomplete by him to a new contractor. The award of the work to the new contractor itself was delayed due to this omission and the "clerical delays" that occurred. In the result, the Railways had not only to forfeit their claim for a sum of Rs. 42,978, being the extra expenditure incurred on getting the unfinished work completed by the new contractor, but were also obliged to pay the contractor a sum of Rs. 34,975.

The Committee would like the Railways to investigate the circumstances in which these various lapses occurred and take appropriate action.

[Sl. No. 33, Appendix—Paras 3.54 and 3.55 of the 60th Report of the P.A.C. IV Lok Sabha]

Action taken

The observations of the Committee are noted. It is, however, submitted in clarification that as against the amount of Rs. 34,975 awarded to the Contractor an amount of Rs. 34,928 was accepted by the Railway as due to the contractor and was withheld on account of the Railway's claims against him.

The Northern Railway have issued necessary instruction to all concerned for strict compliance of rules and orders on the subject. In regard to the staff responsibility for these failures it is submitted that the Divisional Superintendent and the Divisional Engineer who dealt with the case have since expired and the Head Clerk has finally retired. Necessary disciplinary action is in progress against the clerk concerned.

This has been seen by Audit who have remarked that the facts mentioned in the preceding para have been referred to the Chief Auditor, Northern Railway, for verification.*

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC|IV|60 dt. 14-11-69|Kartika 23, 1891]

*Since Verified

Recommendation

The Committee consider it unfortunate that, in spite of specific instructions to the contrary issued by the Railway Board, the North-east Frontier Railway proceeded with the work of remodelling of Siliguri and Alipurduar yards for a capacity of 700 wagons on the basis of their own assessment. The trends of traffic after completion of the remodelling have belied the anticipation of the Northeast Frontier Railway. Against a capacity of 700 wagons provided in these yards at a cost of Rs. 84.81 lakhs, the maximum traffic reached in 1968 was 526 wagons. It was also indicated during evidence that, though traffic will "go up", the peak traffic anticipated "may not be reached". As admitted by the Chairman, Railway Board, during evidence, the Northeast Frontier Railway "should have erred on the side of caution" and stopped work at the level it could have been stopped. Had that been done, the bulk of the expenditure of Rs. 31.78 lakhs incurred, after issue of the Board's instructions, could have been avoided. The Committee trust that the Railway Board will ensure that, in future, work of such magnitude is executed after careful advance planning and the prior approval of the Railway Board who would no doubt weigh the operational gain; necessity of the work against the expenditure to be incurred.

[S. No. 35, Appendix, Para No. 4.27 of 60th Report
(Fourth Lok Sabha)]

Action taken

The observations of the Committee are noted. Instructions have been issued to the Railways in this Ministry's letter No. 69/W5/DL/8 dated 25-8-69 (copy enclosed) reiterating the need for a thorough and realistic appraisal of the traffic requirements even at the planning stage and before undertakings the works so that only such essential improvements as are considered necessary to deal with the traffic anticipated are provided.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60 dated 23rd September, 1969 1 Asvina, 1891.]

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 69 W5 DL 8

New Delhi, dt. 25-8-1969.

To

The General Managers,
All Indian Railways including
I.C.F., D.L.W. and C.L.W.

SUB:—Execution of works—proper planning thereof.

Instances have come to the notice of the Railway Board wherein there has been a tendency on the part of the Railways to plan and execute works on a much larger scale than what is essentially required for the level of traffic that is likely to materialise in the near future. In this connection, attention is invited to this office letter No. 69 W5 DL 8 of 22-3-1969 wherein the need for observing strict economy while planning for works was emphasised. Reference is also invited to paras 470-E and 807(i) GI. It has been repeatedly emphasised by the Board that, with the formation of the Planning Organisation on the Railways, which has been in existence for quite some time, it should not be difficult for the Railways to make a realistic assessment of the traffic requirements and to plan their works accordingly.

2. Recently the Public Accounts Committee have had occasion to pass adverse criticism on the action on the part of one Railway in taking up and completing certain major yard remodelling works without making a realistic assessment of the traffic that will have to be handled in the near future, resulting in over-capitalisation and unnecessary expenditure.

3. The Board, therefore, would like to reiterate that the Railways should undertake a thorough and realistic appraisal of the traffic requirements for such works even at the planning stage, so that only such essential improvements that are considered necessary to deal with the traffic anticipated are provided for.

4. Receipt of this letter may please be acknowledged.

Sd|- M. G. NAIR,
Joint Director (Works)
Railway Board

D.A.: Nil.

No. 69|W5|DL|8

New Delhi, dated 25 August, 1969.

Copy to:

1. The A.D.A.I. (Railways), New Delhi (with 40 spares)
2. The Chief Administrative Officer, Metropolitan Transport Project, Bombay, C|o General Manager, Central Railway, Bombay.
3. The Chief Administrative Officer, Metropolitan Transport Project, Calcutta, C|o General Manager, South Eastern Railway, Calcutta.

DR: As above.

Sd|- M. G. NAIR,
Joint Director (Works)
Railway Board

Copy to W-1, W-2, W-3, W-5, W-6, Planning, F(X)II, Electrical and Budget branches.

Copy to Budget (Committee) Branch, Railway Board for file No. 69|B(C)|PAC|IV|60|35 (with 80 spare copies)

Recommendation

While the Committee appreciate the fact that the construction of the line had to be undertaken in a hurry to meet strategic needs, they feel that it was not prudent on the part of the Railways to have undertaken the construction of crossing stations and the provision of auxiliary facilities without a prior traffic survey. The subsequent closure of the stations rendered the investment of Rs. 7.25 lakhs on that account entirely infructuous, besides saddling the Railways with the responsibility for recurring maintenance expenditure on the facilities created. The Committee trust that action will be taken by the Railways to avoid the recurrence of such costly lapses.

[S. No. 36, Appendix—Para 4.34 of the 60th Report of the P.A.C. 1968-69].

Action taken

The observations of the Committee are noted.

Out of the assets valued at Rs. 7.35 lakhs (revised figures based on final measurements) assets valued at Rs. 3.98 lakhs are in use at present. Regarding the assets which are not in use, the Railway Administration have advised that no expenditure has been incurred since 1st July, 1966 as the condition thereof has not required any maintenance attention.

Necessary instructions have been issued to the Railway Administrations to carry out a careful investigation before additional facilities are provided *vide* Ministry of Railways (Railway Board)'s letter No. 69-BC-PAC|IV|60 (36) dated 1st August, 1969 (Copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60 dated 30th October, 1969/8th Kartik, 1891].

ANNEXURE

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(Railway Board)

No. 69-B(C)-PAC|IV|60(36). New Delhi, dated 1st August, 1969.

Sravana 10, 1891.

The General Managers,

All Indian Railways,

SUB: *Unnecessary provision of crossing stations with ancillary facilities on a new line.*

While undertaking construction of a new line as an emergency measure, without a detailed traffic survey, a decision was taken by the Railway administration to construct crossing stations at every 8 miles (12.8 Kms.). However, crossing stations were also provided at shorter intervals on the new line without recording a proper appreciation of the traffic expected to be handled for which the additional facilities were being provided. The fact that these crossing stations had to be closed down soon after they were opened, has been commented upon by the Public Accounts Committee in para 4.34 of their 60th Report (1968-69) who have stated:—

“The subsequent closure of the stations rendered by investment of Rs. 7.25 lakhs on that account entirely infructu-

ous, besides saddling the Railways with the responsibility for recurring maintenance expenditure on the facilities created. The Committee trust that action will be taken by the Railways to avoid the recurrence of such costly lapses."

The Board desire that where additional facilities are required to be provided, a careful investigation should be made of the necessity for the same and the requirement assessed on proper basis.

Sd/-

TIRATH PRAKASH,
Jt. Director, Civil Engg.,
Railway Board.

No. 69-B(C)-PAC/IV/60(36). New Delhi, dated 1st August, 1969.
Sravana 10, 1891.

Copy forwarded for information to the ADAL(Hys), New Delhi with 40 spares.

DA/As Above.

Sd/-

TIRATH PRAKASH,
Jt. Director, Civil Engg.,
Railway Board.

Copy to WIV Branch, Railway Board

Recommendation

The Committee are constrained to observe that the expenditure of Rs. 3.25 lakhs incurred on the provision of additional facilities for handling goods and parcel traffic at Jaipur station was largely avoidable. The facilities were meant to help the station to cope with an anticipated increase in goods traffic from 81 to 144 wagons apart from an increase in parcel traffic that was also expected. However, the actual goods traffic that materialised at Jaipur Station ranged from 79 to 90 wagons during the years 1964 to 1967. The Railway Board have pointed out that if goods traffic at adjoining stations i.e. Jaipur South, Jaipur West, Gandhinagar and a few private and departmental sidings are also taken into account, the increased traffic should be considered to have materialised. The Committee are unable to appreciate how increased traffic at these stations and sidings was related to the facilities provided at Jaipur station. As regards parcel traffic, the Committee note that it declined instead of increasing, due to "the rapid and intensive development of road services in the area."

The Committee hope that, in the light of this experience, the Railway Board will ensure that planning for provision of facilities to cope with anticipated increases in traffic, is done only after a realistic estimation of traffic growth. In the process of such estimation, it is vital that the impact of the sizeable growth in road communications is also taken into account.

[S. No. 37, Appendix—Paras 4.43 and 4.44 of 60th Report of the PAC]

Action taken

The observations of the Committee are noted.

The recommendation of the Committee has been brought to the notice of the Railways *vide* Board's letter No. 69-B(C)-PAC|IV|60(37) dated 3rd July, 1969 (copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board O.M. No. 69-B(C)-PAC|IV|60 dated 23rd September, 1969|Asvina 1, 1891].

ANNEXURE

GOVERNMENT OF INDIA MINISTRY OF RAILWAYS

(Railway Board)

No. 69-B(C)-PAC|IV|60(37). New Delhi, dated 3rd July, 1969.

Asadha 12, 1891.

The General Managers,
All Indian Railways.

SUB: *Para 31 of Audit Report (Rlys.) 1968—Western Railways—
Remodelling of station yard at Jaipur.*

The observations|recommendations made by the Public Accounts Committee in paras 4.43 and 4.44 of their 60th report in regard to above is reproduced below for information and guidance.

“The Committee are constrained to observe that the expenditure of Rs. 3.25 lakhs incurred on the provision of additional facilities for handling goods and parcel traffic at Jaipur station was largely avoidable. The facilities were meant to help the station to cope with an anticipated increase in goods traffic from 81 to 148 wagons, apart from an increase in parcel traffic that was also expected. However, the actual goods traffic that materialised at Jaipur station ranged from 79 to 90 wagons during the years 1964 to 1967. The Railway Board have pointed out that if goods traffic

at adjoining stations i.e. Jaipur South, Jaipur West, Gandhinagar and a few private and departmental sidings are also taken into account the increased traffic should be considered to have materialised. The Committee are unable to appreciate how increased traffic at these stations and sidings was related to the facilities provided at Jaipur station. As regards parcel traffic, the Committee note that it declined, instead of increasing due to "the rapid and intensive development of road services in the area."

The Committee hope that, in the light of this experience, the Railway Board will ensure that planning for provision of facilities to cope with anticipated increases in traffic, is done only after a realistic estimation of traffic growth. In the process of such estimation, it is vital that the impact of the sizeable growth in road communications is also taken into account."

2. The Railway Administrations should ensure that while planning for provision of facilities at stations/yards to cope with anticipated increase in traffic, the estimate of growth of traffic is made on a realistic basis. Further in the process of such estimation of traffic growth, it is vital that the impact of the growth of road communications is also taken into account.

Sd/-

K. PARAMESWARAN,
Dy. Director, Finance (BC),
Railway Board.

No. 69-B(C)-PAC|IV|60(37).

New Delhi, dated 3rd July, 1969.

Copy forwarded for information to the A.D.A.I. (Rlys.), New Delhi with 40 spare copies.

Sd/-

K. PARAMESWARAN,
Dy. Director, Finance (BC),
Railway Board.

Copy to Planning Branch.

Recommendation

The Committee regret to note that, due to lack of co-ordination, the doubling of the Maksi-Ujjain line was allowed to proceed, even after the work of doubling of the Guna-Maksi line to which it

constituted "an essential supplement" had been stopped. The stoppage of the doubling work on the Guna-Maksi line was done apparently pending detailed assessment of its traffic prospects in the light of the doubling of the Bina-Bhopal line which had in the meanwhile taken place. It is, therefore, a matter for surprise that no effective action was taken to suspend the supplementary doubling of the Maksi-Ujjain line. As a result, after this portion of the work was completed at a cost of Rs. 2.2 crores, it was found that the peak traffic developed was only 14.5 trains which was even less than the capacity available before the doubling was undertaken. The Committee would like the Railway Board to investigate why there was a failure to stop further work on the line and initiate suitable action. The Railway Board should also evolve a procedure for ensuring that line capacity works are undertaken or proceeded with only after the most careful survey of traffic prospects in the light of such works undertaken in complementary sections.

(S. No. 38, Appendix, Para No. 4.54 of 60th Report, Fourth Lok Sabha).

Action taken

While noting the observations of the Committee, the Ministry of Railways would respectfully refer again to their earlier submission that the estimated coal production of 104 million tonnes, on the basis of which doubling of Ujjain-Maksi section was undertaken, was not revised downward till July 1964 (when the Study Group set up by the Ministry of Steel, Mines and Fuel concluded that the total coal production at the end of the III Plan would not exceed 75.98 million tonnes) by which time, considerable overall progress (67 per cent) on the doubling as a whole had already been made and commitments for sections not yet doubled had already been entered into in full. Incidentally, it may be mentioned that consequent on the doubling there is a saving of about Rs. 3.50 lakhs per annum as a result of avoidance of detentions to rolling stock due to reduction in transit time on account of increased speed during 1968-69 as compared to 1963-64 when the section was completely single line.

With reference to the concluding portion of the Committee's recommendation, suitable instructions have already been issued to the Railway Administrations vide Board's letter No. 68/W4/CNL/O/8, dated 5th October, 1968 (copy enclosed).

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969].

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(Railway Board)

No. 68/W4/CNL/O/8.

New Delhi, dated 5th October, 1968.

The General Managers,
All Indian Railways.

The Board have been considering the question of strengthening the organisation for carrying out Engineering and Traffic surveys and also the desirability of carrying out detailed traffic surveys for all line capacity works costing more than Rs. 20 lakhs. Hitherto, most of the Engineering surveys for new lines, conversions, doublings etc. were being carried out by Senior Scale Officers. Similarly, Traffic surveys for new lines and conversion scheme were also being made by Senior Scale Officers. No. detailed traffic surveys were being carried out for doubling and other line capacity works.

2. In order to ensure that the most economical proposals are formulated, the Board have decided that Engineering surveys should be made by Senior and experienced Engineers in the I.A. grade so that the most economical alignment may be selected and designs and estimates may be more realistic.

3. For Traffic surveys also, the collection of data and their analysis should be in the hands of an experienced administrative officer of the Commercial or Operating Branch who will be in a position to make out a more rational assessment of Traffic prospects and the financial implications of the project. To ensure that the estimates of the anticipated traffic, capital costs and recurring expenses etc. are realistic and the financial appraisal of the project including phasing of investments and return at each stage was worked out as correctly as possible, the Board have decided that a Senior Scale Accounts Officer or, in the case of important new lines and conversion schemes, a Dy. Chief Accounts Officer, with experience of traffic costing should work in close association with the survey team.

4. In the light of the above decisions of the Board the following general instructions are issued for guidance of the Railway Adminis-

trations in the matter of surveys and composition of survey teams. Provision for the posts mentioned below should invariably be included in estimates for surveys alongwith other field office staff:—

- (i) Detailed traffic surveys should be carried out not only for new lines and conversions but also for doublings and other line capacity works costing more than Rs. 20 lakhs each.
 - (ii) All such traffic surveys should be conducted by a Dy. C.C.S. or Dy. COPS assisted by a Senior Accounts Officer or a Dy. Chief Accounts Officer, as the case may be, preferably with experience of traffic costing.
 - (iii) All Engineering surveys for new lines, gauge conversions and doublings should be under the charge of an Engineer-in-Chief in the Inter Administrative Grade. The Engineer-in-Chief should be in overall charge of the traffic survey of the project also and the traffic survey report should be prepared under his general guidance.
 - (iv) On those Railways where separate Construction Organisation exists under a Chief Engineer, the Engineer-in-Chief (Survey) should work under the Chief Engineer (Construction), otherwise the Engineer-in-Chief should work directly under the General Manager.
5. The receipt of this letter may please be acknowledged.

Sd/- M. G. NAIR,
3-10-1968

Jt. Director (Works),
Railway Board.

Recommendation

The Committee note that the Kottavalasa-Bailadilla line constructed specially for movement of ore meant for export carried a traffic of 0.21 million tonnes in 1967 and 0.67 million tonnes in 1968 (upto 20th August, 1968) against the targetted annual traffic of 4 million tonnes. The consequent loss of earnings in 1967-68 has been estimated by the Railways at Rs. 108.09 lakhs. The Committee observe that the traffic failed to materialise due to the delay in the development of the mines and that from 1969-70 onwards, traffic of 4 million tonnes or more is expected to be moved on this line. The Committee would like to watch the position in this respect.

One point incidentally arising out of the information made available to the Committee needs emphasising. The Committee notice that Australia has emerged "in a big way" as an exporter of iron ore

posing "a serious challenge" to Indian iron ore exports to Japan which are moved on this line. Government are apparently confident that this challenge would be met and that it would be possible to compete with that country on an equal footing. The situation that has developed underscores, however, the necessity for a close and continuous watch on the quality of our export, offering and its price.

(S. Nos. 39 & 40, Appendix, Para Nos. 4.66 & 4.67 of 60th Report, IV Lok Sabha).

Action taken

The total quantity of iron ore moved on this section during 1968-69 was 1.9 million tonnes. The quantity moved during the six months from April to September, 1969 amounted to 1.5 million tonnes.

This recommendation relates to the Department of Foreign Trade.

This has been seen by Audit, who have, however, observed that the facts stated against para 4.66 of the Draft Action Note are being got verified by local audit. A further communication will follow in due course.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 19th November, 1969|Kartika 28, 1891].

Government agree that close and continuous watch would be necessary on the quality of our export offering and its price so as to be able to meet the serious challenge that has been posed by the emergence of Australia in a big way as an exporter of iron ore to Japan. Towards achievement of a competitive position in regard to price, apart from maintenance of the quality of the ore, no less important would be improvement in the loading conditions in our ports so as to progressively reduce the ocean freight element in the end-cost of the buyer. Towards that end, in regard to Bailadilla ore, negotiations have already been commenced with the buyers on the basis of establishment of Outer Harbour in Visakhapatnam. The feasibility of this project has already been established to the satisfaction of the buyers and detailed Project Report has also now been prepared. It is expected that on completion of this Project, it would become possible in the first stage itself to load Bailadilla ore in ore carriers upto the size of 100,000 DWT with loading rate appropriate

for such size of ships. The Project is being so planned that these capacities could be further increased at subsequent stages.

[Ministry of Foreign Trade & Supply (Department of Foreign Trade) O.M. No. 15/90/68-M&F, dated 19th September, 1969].

Recommendation

The Committee cannot help feeling that the expenditure of Rs. 3.22 lakhs incurred by the Railways on the provision of these convertors was avoidable. Two out of four convertors have been closed down and the total production from the other two convertors amounted to 96 tons against their capacity of 1,360 tons. The Ministry of Railways have stated that the need for intensive utilisation of these convertors "no longer exists" in view of the considerable expansion in the capacity of steel foundries in the country during the Third Plan. These convertors were also set up during the same period and it is not clear why, before embarking on the project, the Ministry of Railways failed to take note of Government's Plans to licence additional capacity in the existing foundry units and also to set up new units, some of which fall within the Railway's own jurisdiction.

[S. No. 41 Appendix, Para No. 4.79 of 60th Report (Fourth Lok Sabha)].

Action taken

The observations of the Public Accounts Committee have been noted by the Ministry of Railways for guidance when embarking on similar projects in future. The recommendation has also been circulated to all the Railways and Production Units with suitable instructions that it should be kept in view when embarking on similar projects in future, vide Railway Board's letter No. 68-M(W)/645/14, dated 1-8-69 (Copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 23rd September, 1969/1st Asvina, 1891].

IMMEDIATE

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(Railway Board)

No. 68/M(W)/645/14

New Delhi, dated 1st August, 1969,

10 Sravana, 1891

The General Managers,
All Indian Railways.

The General Managers,
CLW, DLW and ICF.

SUBJECT:—*Recommendation No. 41 of the Public Accounts Committee of their 60th report 1968-69 Eastern, Southern, North-Eastern and South-Eastern Railways. Non-utilisation of Tropenaz Convertors—Para 34 of Railway Audit Report 1968.*

The project of setting up steel melting units and rolling mills at one major workshop of each Railway was intended to:

- (i) maximise the utilisation of steel scrap arisings on the Indian Railways;
- (ii) Convert melting scrap into ingots and roll ingots into smaller steel sections;
- (iii) produce steel castings that were urgently required but were not available from trade; and
- (iv) impart experience to Railway Engineers and artisan staff in steel making.

2. Referring to the convertors erected in Jamalpur Workshop of Eastern Railway, Perambur workshop of Southern Railway, Izatnagar workshop of North-Eastern Railway and Kharagpur workshop of South-Eastern Railway the Public Accounts Committee (1968-69) vide recommendation No. 41 of their 60th report have made the following observations:

“The Committee can not help feeling that the expenditure of Rs. 3.32 lakhs incurred by the Railways on the provision of these convertors was avoidable. Two out of four convertors have been closed down and the total production from the other two convertors amounted to 96 tonnes against their capacity of 1,360 tonnes. The Ministry of Railways have stated that the need for intensive utilisation of these convertors ‘no longer exists’ in view of the

considerable expansion in the capacity of steel foundries in the country during the Third Plan. These convertors were also set up during the same period and it is not clear why, before embarking on the project, the Ministry of Railways failed to take note of Government's plans to licence additional capacity in the existing foundry units and also to set up new units, some of which fell within the Railways' own jurisdiction."

3. The above observation of the Public Accounts Committee should be kept in view when embarking on similar projects in future.

Sd./-

Director, Mechanical Engg., (P&D)
Railway Board.

DA/Nil

No. 68/M(W)/645/14

New Delhi, dated 6-8-1969.

Copy with 44 spare copies forwarded to ADAI(Railways), New Delhi.

Sd/-

(J. MATTHAN),

Director, Mechanical Engg., (P&D)
Railway Board.

Recommendation

The Committee feel constrained to observe that all the four cranes were purchased by the Railways in this case without drawing up a proper programme for their installation and the execution of works connected therewith. The crane purchased for the Gorakhpur Stores Depot in 1958 was moved from place to place from 1958 to 1962, without being put to any use. In 1963, the site for its installation was chosen, and it took over four years thereafter for all the attendant work to be completed.

The other mobile cranes purchased for Garhara yard in October, 1964 worked "to half their capacity from a stationary position" because of "the condition of the ground from which they operated". A third crane purchased for this yard in April, 1967 as part of scheme for mechanisation of handling facilities in the yard has not been used as the traffic offering could be handled by the two mobile cranes and one Goliath crane already provided.

The Committee do not feel happy that after expending over Rs. 5 lakhs on the purchase of these cranes, little attention was given to the question how effectively and quickly they could be put

to use. The Committee trust that suitable action will be taken by the Railways to ensure that expensive items of machinery are purchased by the Railways only after proper assessment of requirements and that they are put to effective use without delay.

[S. No. 42 Appendix Para Nos. 4.87 to 4.89 of 60th Report (Fourth Lok Sabha)].

Action taken

The observation of the Committee is noted.

The recommendation has been brought to the notice of the Railways for their guidance *vide* Ministry of Railways' letter No. 69-B (C)-PAC/IV/60 (42), dated 15-7-1969. (Copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC/IV/60, Dated 23-9-1969/1 Asvina, 1891].

ANNEXURE

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS

(Railway Board)

No. 69-B(C)-PAC/IV/60(42)

New Delhi, dated 15-7-1969.

Asadha 24, 1891.

To

The General Managers,
All Indian Railways.
CLW, DLW and ICF.

SUBJECT:—*North Eastern Railway—Non-installation and under-utilisation of cranes—Para 36 of the Railway Audit Report 1968.*

While examining the above noted Audit Para, the Public Accounts Committee have made the following observations in their Sixtieth Report, 1968-69 (Fourth Lok Sabha):—

“4.87. The Committee feel constrained to observe that all the four cranes were purchased by the Railways in this case without drawing up a proper programme for their installation and the execution of works connected therewith. The crane purchased for the Gorakhpur Stores Depot in 1958 was moved from place to place from 1958 to 1962, without being put to any use. In 1963, the site for its

installation was chosen, and it took over four years thereafter for all the attendant work to be completed.”

“4.88. Two other mobile cranes purchased for Garhara Yard in October, 1964 worked “to half their capacity from a stationary position” because of “the condition of the ground from which they operated”. A third crane purchased for this yard in April 1967 as part of scheme for mechanisation of handling facilities in the yard has not been as the traffic offering could be handled by two mobile cranes and one Goliath crane already provided.”

“4.89. The Committee do not feel happy that after expending over Rs. 5 lakhs on the purchase of these cranes, little attention was given to the question how effectively and quickly they could be put to use. The Committee trust that suitable action will be taken by the Railways to ensure that expensive items of machinery are purchased by the Railways only after proper assessment of requirements and that they are put to effective use without delay.”

The Board desire that the recommendations of the Committee that such expensive items of machinery are purchased only after proper assessment of requirements and that they are put to effective use without undue delay should be noted for guidance.

(K. PARAMESWARAN),
Dy. Director, Finance (BC),
Railway Board.

DA/Nil.

No. 69-B(C)-PAC/IV/60(42)

New Delhi, dated 15-7-1969.
Asadha 24, 1891.

Copy forwarded for information to the A.D.A.I. Railways, New Delhi, with 40 spare copies.

DA/As above.

Sd/-
(K. PARAMESWARAN),
Dy. Director, Finance (BC),
Railway Board.

Recommendation

The Committee find it hard to understand why engines for hauling the Taj Express had to be run double-headed over a distance of 215 Kms. from Jhansi to Agra, when they could as well have been

moved from Delhi Junction to New Delhi, a distance of 4 Kms, by establishing a suitable train-link. The process of double-heading cost the Railway Administration a sum of Rs. 2.13 lakhs over a period of one year, after which it was given up, when an engine link was established with effect from 1st April, 1967. The representative of the Railway Board himself stated during evidence that he did not "consider this to be the most economical way of working". It was, however, argued that the engine-link that was established could not have been established earlier, as congestion on the Delhi Junction-New Delhi section did not permit of movement of an engine till a 'goods avoiding line' was built. Even conceding that such movement was impossible, the Committee do not see why the engine link was not established in October, 1966 when the goods avoiding line was built, instead of April, 1967. The Committee hope that the Railway Board will review the position regarding double-heading whenever it is in vogue in the Railways and ensure that it is avoided as far as practicable.

[S. No. 44, Appendix, Para 5.9 of 60th Report, 1968-69]

Action taken

The observations of the Committee are noted.

2. With reference to the Committee's observations as to why the engine link was not established in October, 1966 when the goods avoiding line was built instead of having been introduced from April, 1967, the Ministry of Railways would like to submit that the goods avoiding line was opened after the Jhansi Division engine links for the new time table which came into force from 1st October, 1966 were prepared. Although the goods avoiding line was opened to traffic on 1st October, 1966, goods trains were diverted via this route progressively and this resulted in a time lag between the commissioning of this line and the availability of additional capacity between Delhi Junction and New Delhi section for the movement of light engines.

3. As desired by the Committee, the position regarding double heading on Railways has been recently reviewed and necessary action is being taken. Railways have been instructed that no link involving double heading of trains should be introduced without the prior approval of the Board and they have been asked to furnish detailed justification sufficiently in advance of the proposal in cases where this becomes unavoidable. Instructions have also been issued to the Railways to report changes after such permission is obtained so that a considered decision can be taken whether in

view of such changes it would be feasible to discontinue double heading.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC-IV/15/60, dated 19th November, 1969/28th Kartika 1891].

Recommendation

5.21. The Committee observe that an experimental scheme for maintenance of cost data on locomotives in the various Railways introduced between December, 1956 and February, 1957 was not "progressed with appropriate expedition" from 1960 onwards, when the file on the subject was 'lost'. The scheme continued till 1966, when it was given up after the introduction of an incentive scheme in the workshops. The Ministry of Railways have stated that as a result of the incentive scheme and the procedures evolved "for control over the cost of stores through pre-inspection", it has been possible to check effectively the cost of repairs and overhauls of locomotives. The trends of expenditure over the years on the repair and overhaul of locomotives suggest however, the need for devising more effective checks in this respect. The Railways have during the last three years been spending Rs. 85 crores to Rs. 100 crores on the repair and maintenance of rolling stock, a little over half of this expenditure being accounted for by locomotives. The average cost of repairs and maintenance per equated engine kilometre for all the Railways together has gone up from Rs. 0.61 in 1965-66 to Rs. 0.70 in 1967-68. The cost has been subject to very wide variation from one Railway to another. This suggests the need for a closer study of the problem. The Committee would in this connection like to commend the following lines of approach:

- (i) Detailed work studies should be conducted in the various loco-sheds where overhauls and major repairs are undertaken with a view to effecting improvements in the methods of operation and achieving efficiency and economy.
- (ii) The various operations involved in overhauls and major repairs should be standardised and suitable norms evolved on this basis. Such norms would facilitate comparative evaluation of the performance of different workshops and stimulate healthy competition amongst them.
- (iii) Based on the standardisation of the various operations, some suitable form of batch costing should be evolved. For this purpose, the experience of undertakings like the

Chittaranjan Locomotive Works could with advantage be drawn upon.

- (iv) There has been a progressive reduction in the number of steam locomotives in use since 1965, due to increasing dieselisation and electrification. It would, therefore, be necessary for the Railways to assess to what extent idle capacity has been created in the steam loco sheds and such capacity could be usefully diverted for maintenance/repairs of diesel/electric locomotives, so that duplication of facilities could be avoided.

[S. No. 45, Appendix, Para No. 5.21 of 60th Report (Fourth Lok Sabha)].

Action taken

The workshops have introduced the Production Control Organisation recommended by the Board vide letter No. 58/509/M(W) of the 24th January, 1958. This was done to introduce the system of payment by results in all workshops. This was intended to increase the productivity of all workshops and to have a rational system of comparison of productivity of individual workshops with a view to improving them. The process of introduction of incentive involved a close study of operations, standardisation of operations and 'allowed times'. Certain methods improvements were also introduced at that time before standardisation of allowed times was made. The introduction of incentive schemes did result in a considerable increase in productivity of all shops and enabled the Indian Railway Workshops to undertake the overhaul of increased holdings of carriages and wagons besides taking up various additional lines of manufacture such as new wagons, spare parts etc. which would normally have required additional staff, machines etc. had the incentive scheme not been introduced.

2. The Railways are now working on improving productivity still further by introducing 'method study cells' in Railway Workshops. This has been reasonably well developed in certain Railways such as Western Railway though in other Railways the progress has been somewhat slow. Railways are now being instructed to utilise the services of Rate Fixers to undertake method study to improve productivity further.

3. Considerable progress has already been made in standardisation of various operations involved in periodic overhaul and major repairs. This standardisation, however, has taken into account the standard of equipment material handling facilities etc. available in

individual workshops. The quarterly review is made by the Board to follow up the productivity of all shops and to compare workshops performances. This review does in itself help to stimulate healthy competition between Workshops and has resulted in a steady improvement in the manpower ratios which is one of the important norms for comparison and shows the efficiency of each workshops on a realistic basis.

Work study in loco sheds has also been included as an item for study by work study groups on Railways. The studies so far carried out in few loco sheds are being circulated to all Railway as a basis for making changes in the method of working, as conditions of work in many cases are similar.

Stores consumption in sheds is regulated in accordance with imprests fixed based on wear-pattern etc. The sanction for imprests are reviewed periodically at the Divisional Mechanical Engineers' level and fluctuations in consumption have to be properly justified. Thus adequate controls are exercised on stores costs also.

4. A straight comparison of the cost of overhaul in various Workshops, however, would be unrealistic as there are vast differences in the condition of incoming rolling stock which, result in considerable variations in repair times and in the quantum of materials replaced involving in turn variations in repair costs. This difference in quantum of repairs to be executed on incoming rolling stock is mainly due to the variety of types of rolling stock, extent of utilisation on different railways including variations in the loads carried by them over varying condition of tracks etc. The condition of incoming locomotives varies widely from Railway to Railway as also from various Divisions in the same Railway. This is due to the different type of feed-water available for locomotive use, the loads normally carried, the gradients in the section, the average speed obtained etc. All these factors make it very difficult to have a straight comparison in repair costs between various Workshops.

5. A system of "Batch Costing" is suitable only where the nature and extent of Work done in successive batches of a single product is the same.

During the periodical overhaul of locomotives various classes of locomotives falling under different age groups are repaired in each period. Therefore the repair operations carried out on locomotives during the periodical overhaul necessarily vary so widely both in their extent and nature that it is not feasible to introduce a batch

costing system for repair work, in the same manner as for manufacturing operations in a Production Unit like Chittaranjan Locomotive Works, where the work involved in the manufacture of large numbers of the same product (*viz.* Locomotive) is repetitive.

However, keeping in view the need for controlling the cost incurred on periodical overhaul of locomotives in Repair Workshop a system based on the "allowed manhours" for the POH of each class of locomotives is being evolved for evaluating the POH cost but it is still to be seen whether such a system will serve the objective in view *viz.* control over POH cost more effectively than any system of batch costing.

6. A review of Workshop capacities is made periodically in the Board's office. Based on this review, workload is transferred from Shops which are over-loaded to Shops having spare capacity due to one reason or another. The spare capacity generated due to transfer of POH of steam locomotives from one Workshop is taken over by either additional lines of productions or by taking over POH of diesel locomotives as at Kharagpur or electric locomotives as at Kanchrapara. There is at present no idle capacity generated due to dieselisation or electrification in any of the Workshops. The same applies to the Loco Sheds of the open line. Here a policy decision has been taken to utilise spare capacity generated in the sheds due to transfer of steam locomotives consequent to dieselisation/electrification of the sheds to take over the maintenance of diesel or electric locomotives. Examples of Sheds so converted are Asansol Shed for the maintenance of electric locomotives, there is, no idle capacity at present in any Loco Shed on the Indian Railways.

In other cases steam staff released as a result of dieselisation/electrification is transferred to other depots., and only that number is retained which is justified according to the yardstick. Similarly surplus equipment is disposed of.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC/IV/60, dated 19th November, 1969/28 Kartika, 1891 (S)].

Recommendation

The Committee note that a test check of wagons carrying timber booked from October, 1966 to January, 1967, at four stations in the South Central Railway, which lack weigh-bridge facilities, disclosed loading of wagons beyond the minimum chargeable weights and a consequent loss of revenue of Rs. 8,179. As the annual revenue from the timber traffic originating at these four stations is of

the order of Rs. 10 lakhs, it is probable that the loss over a period of one year will be fairly substantial. The losses might also continue to recur. The Committee note that at three out of these four stations the Railway Board do not consider the installation of these weighbridges justified on this basis of traffic. As these stations carry timber traffic originating in the Chanda forests, the Committee would like the matter to be kept under constant review. Pending the installation of weighbridges, the question of intensification of surprise checks should be considered. The Committee would also like a speedy decision to be taken on the question of installation of the weighbridges at the fourth station which the Railways are at present stated to be considering.

[S. No. 46, Appendix, Para 5.26 of 60th Report (Fourth Lok Sabha)].

Action taken

As desired by the Committee, instructions have been issued by the South Central Railway to intensify surprise checks of wagons with a view to prevent cases of over-loading.

The question of providing weigh-bridge at the fourth station viz., Dandeli has been examined. As Dandeli is the terminus of the Alnavar-Dandeli branch line and a weighbridge is available at Alnavar Dandeli branch line and a weighbridge is available at Alnavar where wagons loaded at Dandeli can be conveniently weighed, it has been decided not to instal a separate weighbridge at Dandeli.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, Dated 15-10-1969/Asvina 23, 1891].

Recommendation

The Committee note that, out of a sum of Rs. 56.85 lakhs recoverable as at the end of December, 1966, from various siding holders in the Eastern Railway, a sum of Rs. 14.68 lakhs was still awaiting recovery at the end of July, 1968. The bulk of the recovery relates to public undertakings who have disputed the basis of charges. The Committee hoped that the matter will be speedily sorted out and the outstanding dues expeditiously realised.

[S. No. 47, Appendix, Para No. 5.33 of 60th Report (IV Lok Sabha)].

Action taken

Out of the outstanding siding dues of Rs. 14.68 lakhs recoverable as at the end of July 1968, Rs. 4.85 lakhs have since been recovered, leaving a balance of Rs. 9.83 lakhs as on 1st August, 1969. Vigorous efforts continue to realize the balance outstanding.

The break-up of the outstandings against the Colliery Sidings and Industrial Sidings is as under:—

(Figures in lakhs of Rs.)

	Colliery Sidings	Industrial Sidings	Total
1. Interest & Maintenance Charges	4.16	0.87	5.03
2. Establishment Charges	0.40	4.40	4.80
Grand Total	4.56	5.27	9.83

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 6th November, 1969; 15th Kartika, 1891].

Recommendation

The Committee regret to note that claims amounting to Rs. 15.98 lakhs for maintenance and other expenses incurred on rolling stock used by Defence Authorities were not preferred by the Central Railway in time and were rejected by the Defence authorities as time barred. It is surprising that the claims were not raised till Audit brought up the matter and, even after Audit had drawn the attention of the Railways to the position, it took about two and a-half years to prefer the claims. The Committee note that action for fixing responsibility in this case is underway and that the Railways are negotiating with the Defence authorities for settlement of the claims. The Committee would like to be apprised of the final outcome of these efforts.

[S. No. 48, Appendix, Para 5.39 of 60th Report of the P.A.C.].

Action taken

Departmental action against 3 Senior Accountants and one sub-head has since been finalised. In the case of one Senior Accountant, now officiating as Assistant Accounts Officer, a letter has been issued by the General Manager warning this officer to be more careful in the discharge of his duties, and Passes and P.T.O.s have been withheld from two Senior Accountants for a period of one year. The post-retirement complimentary passes of the sub-head (who has since retired) have been withheld for a period of one year.

2. As regards settlement of claims by Defence authorities, it is submitted that due to revision of certain bills, as indicated below, Railway's claim against the Defence Department came down from Rs. 15.98 lakhs to Rs. 11.36 lakhs:

(figures in lakhs of Rs.)			
	Original bill	Revised bill	Increase(+) Decrease(-)
Bil for 55 coaches pertaining to 1958-59 on the basis of completed cost.	5.26	5.85	(+).0.59
Supplementary bill pertaining to 1953-54 to 1963-64.	5.40	0.19	(-)5.21
Net decrease			4.62

Out of Rs. 11.36 lakhs, the Ministry of Defence have, on further persuasion, agreed to pay a sum of Rs. 3,99,505 - covering the bills relating to 1962-63 and 1963-64.

The position in regard to realisation of the balance of Rs. 7,36,255 is as under:—

- (i) Interest, maintenance and depreciation charges of Rs. 7,01,941 relating to the years 1958-59, 1961-62 & 1962-63 have finally been rejected by the Defence Ministry as time barred and further action to write off the outstanding amount is under consideration.
- (ii) Recovery of charges of Rs. 15,769 for P.O.H. etc. done in Railway Workshop to wagons belonging to Defence Department for 1961-62 is under examination in consultation with the Ministry of Defence.
- (iii) The realisation of the amount of Rs. 18,545 on account of supplementary claims for charges in respect of coaches loaned to the Defence Department for the period 15th October, 1963 to 31st March, 1964, is being pursued with the Ministry of Defence.

This has been seen by Audit who have advised that the amount of Rs. 11.36 lakhs mentioned in para 2 above is under verification by local audit officer and that a further communication will follow on receipt of reply from him.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 14th November, 1969/23rd Kartika, 1891].

Recommendation

The Committee are surprised to learn that to prevent thefts of Loco fittings which amounted to Rs. 7,400, one of the Divisions in the Central Railway initiated a scheme for detailing loco staff on duty during the 'homing' of locomotives at a cost of Rs. 46,000. It is regrettable that, before introducing the scheme, the Division failed to obtain the sanction of the competent authority or even to consider in consultation with the Chief Security Officer whether the existing security arrangements could be improved. The Committee note that the scheme has since been given up. The Committee desire that action should be taken to ensure that cases of this type do not recur.

[S. No. 49, Appendix, Para 6.6 of 60th Report, 1968-69].

Action taken

The observations of the Committee have been noted. Suitable instructions in the matter have been issued to the Railways in Ministry of Railway's letter No. 69-B(C)-PAC|IV|60(49), dated 28th June, 1969. (Copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 23rd September, 1969|Asvina 1, 1891].

ANNEXURE

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(Railway Board)

New Delhi, dated 28-6-1969.

Asadha 7, 1891.

No. 69-B(C)—PAC|IV|60(49)

To

The General Managers,
All Indian Railways.

SUB: P.A.C.'s recommendation Sl. No. 49 contained in the 60th Report (1968-69)—Avoidable expenditure on a scheme for prevention of thefts.

In one of the Divisions of the Railways a scheme was introduced in which each steam engine coming to the loco shed for repairs

was in charge of a shunter throughout the entire period of its naming and repairs. A log book was also maintained on each engine showing the movement of the engine and the time taken on different operations in the shed. The purpose of the scheme was to ensure better security arrangements against thefts of costly fittings from the engine. The sanction of the competent authority was not obtained for the scheme. The scheme was given up after one year without assessing its usefulness. The cost of the scheme worked out actually to much more than the value of the thefts reported prior to the introduction of the scheme. The thefts were also not completely eliminated. The Board, therefore, desire that before introducing a scheme of this nature, it should be ensured that:

- (a) the full implications (including financial) are worked out in the initial stage itself;
- (b) the sanction of the competent authority is obtained in advance; and
- (c) investigation are made to find out if it would not be possible to make improvements in the existing arrangements which may be less expensive in preference to introducing a new scheme.

Sd|-

K. PARAMESWARAN

*Dy. Director, Finance (BC),
Railway Board.*

No. 69-B(C)-PAC|IV|60 (49)

New Delhi, dated 26-6-1969

Asadha 7, 1891

Copy forwarded for information to the A.D.A.I. (Railways), New Delhi, with 40 spare copies.

Sd|-

K. PARAMESWARAN,

*Dy. Director, Finance (BC),
Railway Board.*

Recommendation

The Committee are concerned over the increasing incidence of thefts on the Railways. With the growing number of thefts, the Railways have also been facing claims from parties on an increasing scale. Some idea of the magnitude of the problem can be had from the fact that claims paid on account of "losses", theft and pilferage increased from Rs. 3.84 crores in 1965-66 to Rs. 5.87 crores in 1967-68. These accounted for over three-fifths of the net claims paid during

these years. The fact that during this period the expenditure on the Railway Protection Force increased from Rs. 9.63 crores to Rs. 11.97 crores raises the question whether the Railways have been able to obtain results commensurate with the heavy expenditure on this Force. The Committee would like the Railway Board to examine how best the Railway Protection Force could be made effective to minimise the growing incidence of thefts.

[S. No. 51, Appendix, Para 7.20 of 60th Report].

Action taken

It is submitted that the Railway Board are fully alive to the problem of thefts of railway property including booked consignments on the Railways and are taking all possible steps to reduce thefts which are linked with the payments of claims to the parties concerned. The various measures taken by the Railways have already been reported to the Public Accounts Committee, as mentioned in paras 7.5 to 7.17. The question of making the Railway Protection Force more effective in preventing thefts has also been engaging the attention of the Railway Board and a High Powered Committee was appointed in October, 1966, whose report has been received and is under examination in the Ministry of Railways.

2. Incidentally, it may be pointed out that due to the special steps taken by the Railway Protection Force, the overall position of incidence of theft on the Railways has shown a marked improvement during the first quarter of the current year, as will be observed from the following figures:—

Theft of booked consignments

	No. of cases	Value of Property involved (Rs.)
Ist quarter 1969	556	4,10,519
Ist quarter 1968	788	8,11,979

The enforcement of the Railway Property (Unlawful Possession) Act, 1966, with effect from 1st April, 1968, has also shown very good results. During the period of the quarter i.e. from 1st January, to 31st March, 1969, railway property worth over Rs. 5 lakhs has been recovered with the arrest of as many as 3,825 persons. It is hoped that with the conferment of more powers on the Railway Protection Force for the investigation and prosecution of cases of theft, etc. together with the other measures suggested by the High Powered Committee the incidence of thefts will be effectively controlled.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 6th November, 1969/15th Kartika, 1891].

Recommendation

Incidentally, the Committee note that the Railways took 33.1 days to settle claims in 1967-68 as against 31.7 days in 1965-66 and 34.3 days in 1966-67. The Committee would like steps to be taken to ensure that the Commercial Department settles claims in an expeditious and businesslike manner.

[S. No. 51, Appendix, Para 7.21 of 6th Report of the P.A.C. (1968-69)].

Action taken

The observations of the Committee are noted.

The Ministry of Railways (Railway Board) would like to clarify that all possible steps are being taken to expedite disposal of claims. Watch is maintained on the disposal of claims cases by the Railways. The Claims Organisation on the Railways has been strengthened and certain posts of Senior Commercial Officers upgraded to Junior Administrative Grade. An Expert Committee has also been appointed to examine the question in all its aspects and to suggest ways and means for more expeditious disposal of claim cases.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 23rd September, 1969/1st Asvina, 1891].

Recommendation

The Committee had in their 32nd Report (Third Lok Sabha) recommended that losses on account of thefts of fittings should be separately exhibited in the Appropriation Accounts. The Committee observe that this is not being done by some of the Railways. The Committee desire that their recommendations should be implemented quickly.

[S. No. 51 Appendix, Para 7.22 of 60th Report Fourth Lok Sabha].

Action taken

Noted. Instructions were issued to the Railways to indicate losses on account of thefts of fittings separately in the statement of losses Annexure 'H' to Appropriation Accounts *vide* Railway Board's letters No. 68-Sec(Cr)-184/21, dated 5th December, 1968 and No. 68 App/10/67-68, dated 28th December, 1968 (Annexure I & II). These

instructions have been re-iterated *vide* para 4 of Railway Board's letter No. 69 App|6|1|68-69, dated 16th June, 1969 (Annexure III).

This has been seen by Audit.

]Ministry of railways (Rly. Board) O.M. No. 69-B(C)-PAC|IV|60.[

ANNEXURE I

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS (RAILWAY BOARD)

No. 68-Sec(Cr) 184|21.

New Delhi, dated 5th December, 1968.

To

The General Managers, All Indian Railways.
 General Manager, C. L. W., Chittaranjan.
 General Manager, D. L. W, Varanasi.
 General Manager, Railway Electrification, Calcutta
 The Chief Administrative Officer, I.C.F., Madras.

Sub: Appropriation Accounts—Statement of losses.

Reference is invited to the instructions in respect of exhibition of losses on account of deficiencies and shortages of Rolling Stock fittings in the Appropriation Accounts issued by the Board from time to time, leading to those in the concluding para of their letter No. 68|App|4|1067-68|Pt. I dated 5-10-68. It appears that on some Railways, instances have occurred of deficiencies and shortages in Rolling Stock fittings attributable to clear cases of theft, being lumped up with the other cases of deficiencies and shortages, in the statement of losses intended for incorporation in the Appropriation Accounts. With a view to eliminating any ambiguity in this regard, the Board would once again invite attention to the instructions contained in letter No. 64-Sec(Cr)184|6 dated 16-11-1965 according to which the deficiencies|shortages under reference have to be carefully recokned in regard to the following:—

- (i) A careful record has to be kept of all parts removed from the Rolling Stock for carrying out shed and running repairs on other stock so as to distinguish the resultant shortage from cases of other deficiencies and shortages referred to sub-paras (ii) and (iii) below (c.f. para 3 (iv) of Board's letter *ibid* of 16-11-1965).

- (ii) Lists have also to be prepared of all the deficient items which are attributable to clear cases of theft of the various fittings (c.f. para 3(iii) & (vii) of letter *ibid*).
- (iii) Other fittings which are found deficient and do not find place either in the inventory taken *vide* sub-para (i) above or do not constitute clear cases of theft *vide* sub para (ii) above, have to be listed separately and shown as shortages resulting *inter-alia* from certain parts dropping off on account of wear and tear, etc.

2. The Board desire that the position in this regard on your Railway at various levels should be immediately reviewed and the procedure strengthened adequately that the loss on account of theft (including shortages and deficiencies attributable to clear cases of theft) is shown distinctly and separately from that on account of other deficiencies and shortages referred to in sub para (iii) above, in the various statements of losses under the appropriate heads.

3. The Board further desire that the number of items and amount of losses already reported in Annexure H to your Appropriation Accounts for 1967-68 should be immediately reviewed and the analysis thereof in the light of the above *viz.* (i) cases of theft (including shortages and deficiencies attributable to clear cases of theft) and (ii) other deficiencies furnished to them immediately.

4. The receipt of this letter may please be acknowledged.

(Sd/- C. S. PARAMESWARAN),
Secretary, Railway Board.

ANNEXURE II

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS (RAILWAY BOARD)

No. 68App/4/10/61-68

New Delhi, dated 28-12-1968.

The General Managers, All Indian Railways,
CLW, DLW and ICF.
RE and DBK (S. E. Railway).

SUBJECT:—*Statement of Losses—Annexure H to Appropriation Accounts for 1967-68.*

Reference is invited to para 3 of Railway Board's letter No. 68-Sec(Cr)184/21 dated 5-12-1968 in regard to exhibition of items of losses attributable to theft|shortages of Rolling Stock Fittings with the request that the requisite information may please be sent to the

Railway Board urgently supplying simultaneously a copy of the same to your Chief Auditor for verification.

2. The break up of the items of losses shown in the statement under reference for 1967-68 according to year of occurrence in the proforma circulated with Board's D.O. letter No. 67App|4|10|66-67 dated 1-8-1968 and 8-8-1968, required to be sent to Board *vide* concluding portion of their letter No. 68App|4|10|67-68|Pt. I dated 5-10-1968 may please be sent early. A copy of this information may please be sent to your Chief Auditor also for vetting.

A certificate in regard to reconciliation of figures of losses desired in para 2 of Board's letter No. 68 App|7|3|65-66|Pt. dated 29-5-1968 may also please be furnished.

This may please be given *top priority*.

Sd/- (Kapur Chand)
Joint Director, Finance (X),

No. 68|App|4|10|67-68

New Delhi, dated 12-1968.

Copy (with 45 spare copies) forwarded to the A.D.A.I. (Railways) New Delhi the usual number of copies of Railway Board's letter of 5-10-1968 mentioned above are also enclosed.

Sd/- (P. L. BAHL)
for Secretary, Railway Board.

Copy to Sec(Cr) for information.

ANNEXURE III

GOVERNMENT OF INDIA

MINISTRY OF RAILWAYS (RAILWAY BOARD)

No. 69App|6|1|68-69

New Delhi, dated 16-6-1969.

The General Managers,
All Indian Railways,
C.L.W., I.C.F., DLW, and
R.E. (S.E. Railway).

SUBJECT:—*Appropriation Accounts for 1968-69.*

Reference is invited to Board's letter No. 68App|6|1|67-68 dated 7-1968 under which was **circulated the programme for the com**

pilation and submission of the Appropriation Accounts and the supporting statements and annexure etc. for the year 1967-68 in convenient batches. A similar programme in respect of the Appropriation Accounts for 1968-69 has been drawn up in consultation with Audit and a copy thereof is enclosed for information and necessary action.

2. The Railway Board have from time to time emphasised the imperative need for close observance of the prescribed time table for the submission of the 'advance' and 'final' Appropriation Accounts as well as the supporting statements etc. and take this occasion to reiterate that arrangements should be made to ensure that the dates indicated in the enclosed programme are strictly adhered to. This has become all the more necessary because these Appropriation Accounts have also to be translated and printed in Hindi for presentation to the Parliament.

3. In this connection attention is also invited to the instructions contained in paras 2 & 3 of Board's aforesaid letter of 8-7-1963 with the request that while the explanations for variations should be illuminating and self-contained, adequate correlation of the explanations has also to be ensured in the Appropriation Accounts of the relevant grant(s) under which per contra variations occur. Further, the Audit comments that may be received on these accounts should be dealt with and disposed of expeditiously *inter-alia* by holding discussions among the executive, accounts and the audit officers at the appropriate level.

4. *Statement of losses etc. Annexure 'H' to Appropriation Accounts.* Reference is invited to the instructions contained in Board's letter No. 68App/4/10/67-68 dated 28-12-1968 according to which the losses relating to shortages and deficiencies of rolling stock fittings have to be shown distinctly and separately under two categories *viz.* (i) those attributable to clear cases of theft and (ii) those on account of other deficiencies and shortages. This information should please be shown separately in the statement of losses in the light *inter-alia* of the instructions contained in Board's letter No. 68-Sec(Cr)184/21 dated 5-12-1968.

5. *Statement showing operating ratio (percentages of Working Expenses to Earnings).*—While comparing the operating ratio for the year under report with that for the previous year, the main causes for variation under Earnings and Working Expenses should

be indicated alongwith the magnitude thereof; Railway Board letter No. 69App|5|4|68-69 dated 16-4-1969 refers.

*Copy enclosed for Central Rly.

6. Receipt of this letter may please be acknowledged.

Sd|- T. R. SANKARAN,
Dy. Director, Finance (Accounts)

DA|As above.

No. 69App|6|1|68-69

New Delhi, 16-6-1969.

Copy with 50 spares, forwarded to A.D.A.I. (Railways), New Delhi for information and necessary action. A copy of the instructions issued to the Chief Auditors in this respect may kindly be sent to this office as usual.

Sd|- T. R. SANKARAN,
for Secretary, Railway Board.

DA|As above.

Copy to (i) Accounts I (B.O.), R.S.(G), R.S.(B), P.T.N., Cash, E(NG) and Publicity branches for information and necessary action regarding accounts and statements relating to them.

(ii) Accounts I(Comp), Accounts (Inspection), Stat., Hindi, Accounts II, Accounts III, Budget and Budget (Committee) Branches for information.

Recommendation

The Committee feel that it was unnecessary to have resorted to an advance from the Contingency Fund in this case, as the expenditure was clearly foreseen. The advance related to the write-off of an item of expenditure incurred as early as December, 1962 and the proposal for write-off was under the consideration of Ministry of Railways since June, 1965. Had that proposal been speedily processed it would have turned out to be unnecessary to have taken an advance on the last day of the financial year. The Committee desire that action should be taken to ensure that the Contingency Fund is not unnecessarily drawn upon by holding over proposals for expenditure received well before the close of the financial year.

[Sl. No. 56, Appendix-Para 7.64 of 60th Report of the P.A.C.
(Fourth Lok Sabha)]

Action taken

Ministries of Home Affairs, etc., are requested to note the above recommendations of the Public Accounts Committee carefully for information and guidance.

Sd/- (MANJIT SINGH)

Under Secretary to the Government of India.

(Ministry of Finance O.M. No. F.8(62)-B|69
dated 8-8-1969.)

The recommendation of the Committee is noted.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC|IV|60
dated 23-9-1969|Asvina 1, 1891]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

16. The Committee note the view expressed during evidence that there are some "inherent defects" in the process of manufacture of sleepers. The Committee cannot, however, avoid the conclusion that perhaps the Railways also cannot escape from some part of the responsibility for this state of affairs since they had accepted the process of simultaneous pressing and punching which gave rise to these "defects". The Railway have on this account asked for a change in the design of the sleepers, but this would require a complete change in the processing operations and the layout, entailing substantial capital investment. The Committee are unable to understand why the process of operation adopted by the Plant has produced such unsatisfactory results when it has been worked successfully in other countries. This suggests that either the presser plant and the dies are defective or that they are not being properly maintained or operated. The matter needs close investigation by Government.

(S. No. 16 Appendix-Para No. 2.68 of 60th Report of the P.A.C.)

Action taken

As regards Committee's observation that "perhaps the Railways also cannot escape from some part of the responsibility for this state of affairs since they had accepted the process of simultaneous pressing and punching which gave rise to these defects", the position has already been clarified by the representative of the Railway Board *vide* para 2.57. The Ministry of Railways could not apparently take on any responsibility for the successful working of the process which was entirely dependent on the detailed terms of technical cooperation which the plant authorities had settled with their collaborators. The fact that the percentage of rejections has come

down to a great extent after 1967 would also appear to point to the conclusion that there was nothing basically wrong with the process originally settled. In view of satisfactory quality of supplies at present, it is not proposed to pursue the question of change in the process of manufacture.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-POC|IV|
60 dated 19th November, 1969]

Improvement in the percentage of rejections over the years has already been reported to the Committee. The observation of the Member (Engg.) contained in para 2.62 is also relevant. "The defect is not of such a serious nature that we cannot use them. The finish is not very good. We would like them to improve the finish. We have tightened up the inspection. Laterly, we have been getting satisfactory sleepers." The observation of the Committee that the defects due to dies or pressing need investigation by Government has, however, been noted and the Plant is maintaining strict watch and control.

[Ministry of Steel & Heavy Engineering O.M. No. DUR-18(4) 69
dated 4th Dec. 1969]

Recommendation

Another aspect of the case calling for comments is the fact that even after the deficiencies in the lots supplied to the Integral Coach Factory came to the notice of the Railways, six more contracts were placed with the same firm. The Committee would like Government to investigate how this happened and fix responsibility.

(S. No. 23, Appendix Para 2.126 of 60th Report of the P.A.C.)

Action taken

The six more contracts placed after the deficiencies in the copper content of the steel had come to notice, referred to in the above recommendation were those placed against global tender Nos. S-70 to S-75 between December '66 and April '67 for a total quantity of 14,521 tonnes of steel out of which only 10,370 tonnes was for plates; sheets in copper bearing quality whereas the balance 4151 tonnes were in non-copper bearing quality.

The details of these six orders are indicated below:—

	Tender No.	Date order was placed	Qty. M/T	Quality of steel	Remarks
GROUP I	70	5-12-66	2375	Copper bearing.	1149.31 M/T of copper bearing steel supplied & balance qty. cancelled.
	71	29-12-66	1609	Non-copper bearing.	1189.350 M/T supplied, balance cancelled.
	72	20-2-67	2708	Copper bearing.	Cancelled.
GROUP— II	73	8-3-57	5312	Copper bearing & non-copper bearing.	
	74	29-3-67	1010	-do-	-do-
	75	27-4-67	1507	Non-copper bearing.	481.358 M/T supplied & balance Qty. cancelled
			14521		

Out of these 14,521 tonnes, the firm had supplied only 2820 tonnes within the contractual delivery dates the balance quantity thereafter was cancelled. Out of these 2820 tonnes 1670.7 tonnes were against orders for steel in non-copper bearing quality. The balance 1149.3 tonnes was in copper bearing quality. The supplies were found to be in full conformity with the specification with correct copper content. As such, it will be appreciated that there was no case of any copper deficiency in supplies made against these contracts.

2. Initial Report on copper deficiency.

On 5.11.66 ICF reported that a consignment of 151 tonnes of sheets received from the firm was on test found to be deficient in copper content which varied from 0.01 percent to 0.1 percent as against 0.2 to 0.35 percent specified ISM was cabled immediately to investigate the complaint. A detailed report was also sent on 19.11.66 and on 25.11.66 ISM asked for duplicate samples of the supplies for testing at their end. In the meantime samples were also sent to the National Test House, Alipur to verify the test results of ICF. The D. G., ISM in his letters of 24.11.66 and 6-12-66 advised that the matter was being

investigated by his Director of Inspection On 6-12-66 the Railway Adviser, London advised that he had discussed the complaint with M|S Getraco the suppliers and further stated that

- (i) the Sollac Mills where the Steel was manufactured, were a first class mill in France with a very high status and that they had supplied previously copper bearing sheets to ICF. They also supplied steel to several other customers including the French Railways and there had never been any complaint against the quality of steel supplied by them;
- (ii) M|S. Getraco had assured that they would furnish adequate compensation if found to be necessary.

On 17-12-66 tests results were received from the National Test House, Alipur which confirmed the complaint made by ICF. These were forwarded to the DG, ISM, London, who advised that he had tightened up inspection procedure.

3. Placement of orders (six) against global tender Nos. S-70-S75.

The six orders could be divided into two groups:

Group I—Orders against Tender Nos. S-70, S-71 and S-72 placed in December, 1966 and February, 1967.

Group II.—Orders against tenders S-73 to 75 placed in March and April, 1967.

3.1 Group I—(a) Order against Tender No. S-70.

(i) This tender was opened on 7th November, 1966 and contained items of copper bearing plates. M|s Getraco's offer was the lowest in the cases of six items for 2375 tonnes.

(ii) The next higher offer was \$ 15,360 more than Getraco's offer valuing \$ 2.30 lakhs.

(iii) In response to a specific reference, the firm confirmed that their offer was to specification with the requisite copper content.

(iv) Deficiency in copper additive was such which could be guarded against by a check during inspection and DG, ISM had already been alerted.

(v) DG, ISM had also assured that he had tightened up the inspection procedure by the time supplies against these orders are to be inspected, DG, ISM, would have fully investigated the complaint vis-a-vis inspection procedures and made arrangements to check all aspects of the specifications.

(vi) The supplied steel conformed to all physical chemical properties and surface finish laid down except for the element of copper additive which was less than prescribed. The steel with regard to its main properties was usable for the purpose for which it was obtained with certain precautions.

(vii) The reports received from London, as explained in the previous paragraph clearly indicated that the concerned mills were capable of producing steel with copper additive to the required specifications and that the quality could be assured by detailed inspection by ISM.

Under the circumstances, there was no reason for the Tender Committee to pass over the firm's offer especially, as the guidelines for procurement under IDA credits|Bank loans laid down by the IBRD and IDA authorities stipulated that contracts must be awarded to the lowest evaluated tenderer who met the tender terms and conditions. Accordingly, taking into consideration all the above facts the Railway Board approved of the recommendations of the Tender Committee for placement of orders on the firm for 2375 tonnes of steel. As a measure of abundant caution, ISM was asked once again to tighten up inspection procedure and ensure that the supplies were with requisite percentage of copper.

(b) *Order against S-71—additional reasons for acceptance of offer of M|s. Getraco.*

This tender for 2420.84 tonnes covered items of steel in non-copper bearing quality, and was opened on 24th November, 1966. For 1609 tonnes M|s Getraco's offer was the lowest by a margin of \$8855 out of a total value of \$1,56,112. As the items were in any case of non-copper bearing quality and taking the factors into consideration, as for tender No. S-70 there was no reason for the Tender Committee and the Railway Board to pass over the firm's offer and lose on the price.

(c) *Order against tender S-72.*

The tender was for 3283 tonnes of sheets and plates in copper bearing quality. The tender was opened on 28th December, 1966. M|s Getraco's offer was technically the lowest one for 2708 tonnes. In reply to a specific query they confirmed that their offer was exact to specification. The next higher offer \$11,162 more than that of Getraco. For the same reasons as explained earlier, the Railway Board approved of Tender Committee's recommendations for placement of the order on M|s. Getraco for 2708 tonnes valued at \$ 3.26 lakhs. The order was placed on 20th February, 1967.

3.2. *Further developments after December 1966 in February, 1967.*

In February, 1967 the ISM inspected and passed 2438 tonnes of similar sheets against the earlier order (placed in mid. 1966) in copper bearing quality offered by the firm. He wrote on 27th February 1967, that the material was thoroughly tested and it strictly conformed to the specifications cited in the contract. In a later letter, the DG|ISM also advised that in February, 1967 before passing the supplies, samples had been independently got tested for chemical analysis with a laboratory in U.K.

Group II. (a) *Orders against tenders S-73 & S-74.*

These tenders were opened on 3rd February, 1967 and 23rd February, 1967 respectively, and were under consideration of the Board around and after the time when under the tightened procedures the inspection results of steel having been found to be with requisite copper content, were received from I.S.M. Out of a total quantity of 7371 tonnes, M|s Getraco's offer was the lowest for the 6322 tonnes which was ordered on the firm. As in the previous tender in reply to a specific query the firm confirmed that their offer was to specifications with the correct copper content. In view of the reports received from ISM, London, that substantial quantities had been inspected in February, 1967 and passed after the inspection procedure had been tightened up, there was no reason to lose on the price. The next offer was \$59,529 higher out of a total value of 6.37 lakhs. The guidelines laid down by the World Bank authorities specially required that the order should be placed on the lowest evaluated tenderer who met the tender terms and conditions. Accordingly, the Railway Board approved recommendations of the Tender Committees who took all the factors outlined in the previous paragraphs into consideration while recommending placement of order on M|s Getraco for 6322 tonnes. The orders were placed on 8th March, 1967

and 29th March, 1967. The orders covered 5287 tonnes of copper bearing plates and sheets and 1035 tonnes of non-copper bearing steel.

(b) *Orders against tender S-75.*

This tender was opened on 23rd March, 1967 covering items only of non-copper bearing steel. Taking into consideration the factors as outlined earlier, as also since the items were non-copper bearing, the order was placed for 1507 tonnes for which the firm's quotation was the lowest, valued at \$1.58 lakhs. The next offer was higher by \$6064.

4. To summarise, at the time of dealing with the global tenders and placement of the two orders in December, 1966 and one order in February 1967, the following common factors were taken into consideration by the senior level Tender Committees and the Railway Board:—

- (i) (a) The supplied steel conformed to all physical/chemical properties and surface finish laid down except for the element of copper additive which was less than prescribed. The steel with regard to its main properties was usable for the purpose for which it was obtained with certain precautions.
- (b) By the time supplied against these orders are to be inspected, DG/ISM, would have fully investigated the complaint vis-a-vis inspection procedures and made arrangements to check all aspects of the specifications. DG/ISM, had been alerted and had tightened inspection.
- (ii) The deficiency in copper complained of was such as could be safeguarded against at the time of inspection.
- (iii) The mills concerned were large procedures having international repute and capable of producing steel with copper additive;
- (iv) the firm confirmed specifically that their offer was for copper bearing steel with correct content;
- (v) the next offers ~~were~~ higher by \$35,377 (in respect of the three tenders);
were higher

- (vi) the guidelines laid down by the IBRD & IDA insisted upon order being placed on the lowest evaluated tenderer who met the tender terms and conditions;
- (vii) as an abundant precaution, ISM was also specifically advised after placement of contract to specifically ensure conformity to specification.

At the time the next three orders (Group II) were placed against global tenders in addition to the factors given above, the following also were taken into consideration by the Senior Level Tender Committee and the Railway Board:—

- (i) A bulk quantity of 2438 tonnes of steel sheets had been inspected in Feb. 1967 under the tightened inspection procedure and steel passed in inspection with correct copper content after independent chemical analysis.
- (ii) the next offers were higher by a margin of \$65,593 (in the three tenders).

5. Bulk of the orders cancelled.

The supplies which were passed by the ISM in February, 1967 (against earlier orders placed in mid. 1966) were received by ICF in June 1967. These supplies had been certified by ISM after an independent chemical analysis to conform to the specifications in all respects including copper content. The supplies received by ICF were tested in June 1967 and again it was found that the bulk of them were deficient in copper content. From this it appeared that the copper deficiency persisted in the supplies and ISM were yet unable to ensure conformity of supplies to specifications in regard to copper content. It was accordingly decided by the Railway Board as a measure of caution to stop ordering further supplies from the firm and to terminate the outstanding contracts on expiry of the contractual deliveries.

Out of the total quantity of 14,521 tonnes covered by these six contracts, 10,370 tonnes were of copper bearing quality (as also mentioned in the Audit Para). Out of these 1149 tonnes only have been supplied and these were found to contain the correct quantity of copper. The balance quantities have been cancelled.

6. Conclusion.

It will be appreciated that the complaint with regard to the deficiency in copper content was not overlooked while placing the 6 contracts but taken due note of by the senior level Tender Committees and by the Railway Board alongwith the reports received from ISM and the Railway Adviser, London. The placement of these orders against Global Tenders on the firm which, as explained earlier, has not brought in any copper deficient supplies, was fully justified, and inescapable in view of the conditions laid down by the World Bank/IDA authorities.

[Ministry of Railways O.M. No. 69-BC-PAC|IV|60, dated 19-11-1969|28 Kartika, 1891.]

Recommendation

The Committee regret to note that out of 8,190 axle boxes procured by the North Eastern Railway for use in wagons, as many as 2282 axle boxes valued at Rs. 1.78 lakhs have turned out to be surplus, and that the Railways are likely to sustain a loss of Rs. 1.74 lakhs due to the proposal to scrap these surplus axle boxes. The Committee further note that the excess procurement occurred due to the failure of the Railways to take into account the fact that the wagons for which these boxes were needed were being condemned in large number. The Committee would like the Railways to investigate the circumstances in which this failure occurred.

The Committee also observe that as many as 98 axle boxes out of 494 procured for the old type E.M.U. coaches in the Central Railway have been rendered surplus and will have to be scrapped. The Committee would like the Railways to investigate the circumstances in which these boxes came to be purchased in excessive numbers.

[S. No. 25, Appendix, Para Nos. 2.140 and 2.141 of 60th Report (IV Lok Sabha)].

Action taken

The observations of the Committee have been noted.

So far as the procurement of axle boxes on the North Eastern Railway is concerned, it has not been possible to ascertain as to how demands were actually worked out during 1953-55, due to non-availability of records relating to the period. The General Manager of the Railway Administration who has gone into the matter has stated that the Mechanical Department failed to take into account two

special features in this case viz., (i) downwards trend in the consumption of in 1954-55, and (ii) the condemnation of a number of non standard wagons. He has held that the Deputy Chief Mechanical Engineer who dealt with the case at that time was responsible for this failure. Since he has, however, retired from service in 1955, no action could be taken against him.

As regards the excess procurement of axle boxes on the Central Railway, the indents were placed during the period November, 1954 to January, 1956. As the relevant records are not now available, it is regretted that it has not been possible to investigate the basis on which these indents were placed. The axle boxes were received during the year 1957-58. However, a study of the consumption figures from 1952-53 onwards indicates that during the period 1952-53 to 1958-59, 208 axle boxes were used and the stock on hand at the close of each year was NIL till supplies from these indents were received in 1957-58. During the period 1959-60 to 1966-67, only 16 axle boxes were consumed. The excess indenting was apparently due to the adverse stock position at that time and the anxiety of the administration not to cause immobilisation of the E.M.U. stock which carry heavy suburban traffic. Considering, however, the small value of the loss to the Railway on account of scrapping of 98 axle boxes viz. Rs. 11,686 it is submitted for the consideration of the Committee that this matter may not be pursued further.

This has been seen by Audit, who have remarked as under:—

“In the case of excess procurement of axle boxes on the Central Railway the Ministry of Railways (Railway Board) have, in the concluding sentence of the action taken note, submitted for the consideration of the Committee that considering the small value of the loss on account of scrapping of 98 axle boxes the matter may not be pursued further. In view of this, the facts regarding stock of axle boxes at the close of each year from 1952-53 onwards as mentioned in the note have been noted by us without verification of this position by the local Audit office from the records of the Railway Administration.”

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAS/IV/60,
Dated 23-9-1969] 1 Asvina, 1891].

Recommendation

Para 3.28. One aspect of the case calls for detailed examination by Government. The firm which executed this work and work in other sections, where also defects came to light, went into liquidation in 1962. By that time some of the defects in the work had already come to notice. It is not clear why the matter was not quickly investigated and legal opinion taken on the question whether any general damages could be claimed from the firm notwithstanding the fact that by then the prescribed maintenance period (during which the contractor remained responsible for the work) had elapsed. In fact, legal opinion on this point was taken by Government only in December, 1968, i.e., after the Committee's hearings in connection with the case, and the opinion at that stage was that "not all facts are available to give any categorical opinion whether the Railway Administration had a strong case to claim damages for defective work", and that, in any case, "it may not now be possible" to initiate action. The Committee would like the Railway Board to investigate why the case for claiming general damages was not speedily processed.

[S. No. 30 Appendix No. Paras 3.27 to 3.29 of the 60th Report of the P.A.C.]

Action taken

Defects came to light on only one span of bridge No. 54 in March 1962 before the firm, which executed this work went into liquidation in May 1962. Since this was only an isolated instance, confined to one span out of the 37 spans in line, and since the occurrence of damage was not widespread, it was felt by the administration that no action was called for against the firm, specially since the maintenance period under the contract for this work had already elapsed as early as 15th June, 1960. The widespread nature of the damage came to light only after a similar instance was reported on bridge No. 26 in January 1963 and on a detailed inspection carried out thereafter. At that stage the records show that no legal opinion was sought presumably because the company had already gone into liquidation.

Fresh legal opinion since obtained indicates that against the background of this case, the railway administration could not have successfully made a claim for damages against the contractors even if the firm had not gone into liquidation. Copies of the references

made to Ministry of Law, Bombay Branch and the legal opinion obtained under the Ministry of Law's U.O. No. 2288/69-Adv.Bom., dated 31st July, 1969 are enclosed for information.

[O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/Kartika 28, 1891 (Sakha)].

NOTE

Reference is invited to the legal opinion given by the Additional Legal Adviser to the Government of India, *vide* Ministry of Law's E.O. No. 3427/68-Adv., dated 7th December, 1968, copy enclosed.

2. It has been opined that 'not all facts are available to give any categorical opinion whether the Railway Administration had a strong case to claim damages or not. It may not now be possible to proceed against the ex-director of the company which has gone into voluntary liquidation'. A doubt has arisen as to whether the Railway had any strong case at all and whether the Railway could have claimed damages from the contractors in case they had not gone into liquidation or from the ex-director of the company which has gone into voluntary liquidation by the time the damage to the girders were noticed.

3. In this connection, brief facts of the case were already sent to the Ministry of Law in this Railway's note No. Nil, dated 11th December, 1968 on the basis of which the opinion dated 7th December, 1968 was given. A copy of this note is also enclosed. Copies of the tender documents etc. are available at pages 77 to 60c of file No. WC 177/10/1/39, Vol. I. A copy of the General Conditions of Contract (Revised) of the Western Railway, which govern the conditions of the contract is enclosed. The contract agreement is at pages 116a and 116b of the same file. The contractors' memorandum and article of association is placed at flag 'A' of the linked file.

4. The work was completed by the contractor on 15th December, 1959 and the maintenance period expired on 15th June, 1960. In terms of the contract, the contractors prepared designs and plans for prestressed concrete girders and submitted them to the Railway. The Railway Administration approved the designs and plans before the contractor was permitted to start the work. The cement and mild steel required for the work was supplied by the Railway. The other materials required for the work, namely high tensile steel, metal, sand, water, anchorages, etc. were supplied by the contractors and were inspected and approved by the Railway. The work at site was also supervised by the Railway staff. Deflection tests

were taken and the tests proved satisfactory. During the course of the work, samples of concrete were also taken and tested and found to be satisfactory.

5. The Railway staff after having satisfied themselves that the work has been properly carried out, prepared the final bills and returned the security deposit and other dues, when the maintenance period was over.

6. Some damage in the end of one span (pair of girders) out of the 38 manufactured, supplied and erected by the contractors was noticed in August 1962. Similar damage in another span was noticed in January 1963. Between March and July 1963, minor damage of a similar nature was noticed in several other girders. The damage noticed was hair cracks over the girder seats in a few cases. The total value of the contract is of the order of Rs. 9.26 lakhs. The approximate cost of the repairs as now envisaged is Rs. 22,000. Investigation carried out by the railway revealed that the damage had arisen due to improper seating of the girders on the bearings. Expert opinion sought was however, divided as to whether the cause of the damages is the defective design or defective workmanship or both.

7. Legal opinion is now sought as to whether the Railway could have held the contractors responsible for the damages and claimed the general damages from the contractors immediately after the defects were noticed even if the firm had not gone into liquidation.

DA 1 copy of Legal Opinion.

1 file No. WC 177/10/1/39—Vol. 1.

Sd/-

ENC (General).

(No. W 65/10/1/1)

dt. 29-7-69.

Shri V. N. Lokur,
Addl. Legal Adviser to the Govt. of India,
Ministry of Law,
Bombay.

It is not the practice of this Ministry to give opinions on hypothetical facts or questions of law. However, I have examined the question of law raised.

Since no defects were found during the guarantee period and the work was found to be satisfactory the Railway Administration could not have proceeded against the contractors. The plans prepared by the contractors were approved and there was checking by the Railway Administration throughout the period of construction. Part of the material required for the contract was supplied by the Railway Administration. The deflection tests taken were also found satisfactory. The expert opinion is also divided as to whether the subsequent defects found were due to defective workmanship or defective design or both. The defects were found after one and a half years after the maintenance period was over. The Railway Administration had satisfied itself that the work was satisfactory before passing the final bills. No case of fraud or latent defects could have been made out. I am therefore, of the view that the Railway Administration could not have successfully made a claim for damages against the contractors.

Sd/-

(V. N. Lokur)

Addl. Legal Adviser to the Govt. of India,

Phone—293657, dt. 30-7-1969.

E.N.C. (General)/W. Rly., Bombay.

Min. of Law U.O. No. 2288/69-Adv. Bom. dt. 31-7-1969.

Recommendation

The Committee cannot help feeling that the work on augmenting the facilities in Tatanagar and Adityapur has not been processed in a very businesslike manner. The work was undertaken, on considerations of urgency, without any survey, to deal with increased traffic expected out of the expansion of the Iron and Steel industry located at Jamshedpur. However, though the expansion of that industry got under way in 1964-65 the work on the remodelling of the yards is still in progress after ten years. Due to the fact that a survey was not conducted the cost of the work underwent revision after surveys from Rs. 2.22 crores to Rs. 3.94 crores.

The Committee note that the scope of the work on these yards, as contemplated in the latest estimate for the work, provides for the Tatanagar yard handling about 3.135 wagons as against which the actual traffic that has materialised so far has been of the order of 1,100 to 1,200 wagons. As the expansion plans of the industry in

this area, to which this scheme was mainly geared, were completed as far back as 1964-65 it calls for examination whether the scope of the work needs pruning.

[S. No. 34, Appendix—Paras 4.11 and 4.12 of the 60th Report of the P.A.C.]

Action taken

As explained in the note submitted to the Committee (Reproduced at para 4.8 of 60th Report of P.A.C., 1968-69) there has been an increase in the scope of the work which contributed to the increase in the cost of the work as well as the time taken for its completion. The work had to be undertaken without seriously affecting the day to day operating work in the yard to enable it to handle the traffic to and from the TISCO during its construction and post-construction stages. The work had therefore, to be spread over a number of phases. The work was also held up for land acquisition and heavy cutting involved. The additional or improved facilities finally provided over those in the original plan were:—

- (1) A Hump for sorting of wagons to reduce servicing time.
- (2) Extension of the capacity of the lines to 70 vehicles on account of the reconstruction of the main line which permitted haulage of larger trains.
- (3) Four additional sorting lines for the traffic to and from the subsidiary industries; and
- (4) Two additional lines at Adityapur.

2. As regards the Committee's remarks in para 4.12, it is explained that the capacity of 3135 wagons for Tatanagar and 1295 wagons for Adityapur is not the handling capacity, or the dealing capacity but is only the holding capacity, which represents the number of wagons which can be actually held in a yard. Handling capacity is usually taken to be 3/4th of the holding capacity and includes the wagons carried by through trains as well. The dealing capacity is the number of wagons which can be sorted out in the yard and includes only the wagons sorted out for forming trains or placement for loading or unloading.

3. The forecast of the number of wagons to be dealt with in Tatanagar yard after remodelling was only 1658 wagons (in terms of 4-wheelers) against 1176 wagons (in terms of 4-wheelers) dealt with prior to re-modelling.

4. The materialisation of the traffic forecast took considerable time due to the delay in TISCO attaining their rated capacity production and recession which followed in the wake of the Third Plan period. The number of wagons dealt with in Tatanagar yard is, however, picking up with the recovery of the economy as will be seen from the following comparative figures:—

Year	No. of wagons dealt with (in units)	No. of wagons in terms of 4-wheelers.
1967	871	1086
1968	1040	1279
1969 (first 6 months)	1173	1474

To the aforesaid figures are to be added another 200 wagons as the number of wagons to and from Goods Shed and subsidiary industries have to be dealt with twice in the inward and outward trips.

5. The Tatanagar Yard expansion visualised the creation of both additional capacities for dealing with wagons and for handling additional through goods trains and additional passenger trains. The yard is now handling 16 through goods trains on the average per day both-ways clearing about 1,000 wagons. The number of passenger trains handled has increased from 8 each-way in 1956 to 14.5 each way in 1968 and the average daily number of passengers originating has also gone up from 2408 in 1956 to 3132 in 1968. Provision of additional platforms and passenger rake stabling facilities have permitted maintenance of convenient connecting trains for Branch lines to Gua, Kharagpur etc. and a bi-weekly passenger to Waltair. It will thus be seen that the forecast made in connection with the remodelling has already materialised and as such the need for pruning the works as suggested by the Committee is, therefore, not justified.

6. Apart from this the Railway have reported in June 1968 that 90 per cent of the work had been completed by that time. Subsequent to the receipt of the Committee's recommendation, the matter was further examined in consultation with the railway, who have stated that 98 per cent of the work has been completed and the only item remaining to be done was drainage and ballasting. There is, therefore, now no scope for pruning any item of the work.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/28th Kartika, 1891].

CHAPTER IV

RECOMMENDATIONS|OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE & WHICH REQUIRE REITERATION

Recommendation

The Committee note with concern that the Railways ran into a deficit in 1966-67 for the first time since independence. The Budget for 1966-67 actually envisaged a surplus of Rs. 22.19 crores, but this failed to materialise and the actual results showed a deficit of Rs. 18.27 crores. The deficit was mainly caused by a shortfall in goods earnings, in respect of which the Railways had in fact expected an increase of Rs. 44.53 crores over the revised estimates for the previous year. It is odd that such a result should have been anticipated at all, when the Budget had taken note of the drought and its repercussions on passenger earnings, which were expected to go down. The actual results over the year showed that the drought affected other sections of the economy as well and upset the Railways' calculations regarding an increase in goods earnings.

(S. No. 1, Appendix, Para 1.17 of 60th Report of the P.A.C.).

Action taken

The deficit of Rs. 18.27 crores as against the budgeted surplus of Rs. 22.19 crores amounts to a variation of Rs. 40.46 crores. The broad details of this variation are.

	(Rs. in crores)
(i) reduction in gross receipts	26·54
(ii) increase in working expenses (including miscellaneous expenditure)	17·00
(iii) reduction in openline works revenue	(1·97)
(iv) reduction in payments to general revenue	(1·11)
Total	<hr/> 40·46 <hr/>

(Figures within brackets are minus figures).

2. The increase in the working expenses was due chiefly to certain post-budget developments which could not be anticipated when framing the budget, like the increase in the rates of Dearness Allowance and of the statutory price of coal and other factors detailed below:—

	(Rs. in crores)
Higher rates of Dearness Allowance	13·84
Higher statutory price of coal	2·99
Higher consumption of diesel oil	1·53
Increase in price of diesel oil, including increased Sales Tax, excise duty etc. thereon	0·69
Higher consumption of coal	0·27
Partly offset by non-operation or operation for a shorter duration of certain posts	(3·01)

3. For 1966-67 the budget was for passenger earnings of Rs. 227.20 crores, other coaching earnings of Rs. 39.60 crores, goods earnings of Rs. 506.53 crores and sundry earnings of Rs. 23.50 crores. These assumed an increase over the revised estimates of 1965-66 of 6.70 crores in passenger earnings, Rs. 20 lakhs in other coaching earnings, Rs. 44.53 crores in goods earnings and Rs. 1½ crores on sundry earnings. Actual passenger earnings exceeded the budget of the year by Rs. 2.14 crores and were Rs. 10.17 crores more than the actuals of the previous year. Other coaching earnings were Rs. 57 lakhs less than the budget and Rs. 37 lakhs less than in the previous year but this was compensated by sundry earnings which were Rs. 1.27 crores more than the budget and Rs. 2.52 crores more than in the previous year. The shortfall in gross earnings was, therefore, entirely in goods earnings. The budget of goods earnings assumed increase in traffic based on the experience of 1964-65, the latest trends in 1965-66, and the revised estimates for 1965-66. This also included Rs. 18.10 crores expected to accrue from the increase of three percent in the supplementary charge. Excluding this, increase in the traffic was expected to bring in Rs. 26.43 crores. Forecasts were obtained from other Ministries of the output of coal, steel, export ore and cement. These were substantially discounted in framing the estimates of goods earnings to the extent shown below but even these more modest estimates did not materialise.

	(In million tonnes)		
	Forecast from other Ministries	Estimates adopted for goods earnings	Actuals
Coal	+10.07	+4.3	-0.1
Steel, plants raw material	+5.73	+1.3	-0.9
Steel finished	+1.05	-0.5	Nil.
Export iron ore	+2.48	+2.0	+1.1
Cement	+1.30	+1.3	+0.3

4. The Committee have commented that when the the Railway took note of the drought (and its repercussions on passenger earnings which were expected to go down, it was odd that the railways should, while allowing for a reduction in passenger earnings due to the drought, have anticipated an increase of Rs. 44.53 crores in the goods earnings over the revised estimates of the previous year. The position is that at the time of the preparation of the revised estimate for 1965-66 (and budget estimate for 1966-67), a noticeable check in the growth of passenger traffic had already occurred. The revised estimate of passenger earnings for 1965-66 was, therefore, placed at Rs. one crore less than the Budget. Allowing for a possible improvement in conditions, the Budget Estimates in 1966-67 for passenger earnings were kept at Rs. 6.70 crores higher than the revised estimates for 1965-66 (an increase of 3 per cent). The actual realisation of passenger earnings during 1966-67 was Rs. 2.14 crores more than the Budget Estimate.

5. The case of goods earnings was somewhat different. Actual traffic in the first nine months of 1965-66 in some of the relatively higher rated items was more than the expectations for the period, and with this trend in view the revised estimate of goods earnings for 1965-66 was placed at Rs. 462 crores, Rs. 20.10 crores higher than the budget estimates for that year. This anticipation proved to be correct and the actual realisation in 1965-66 was about Rs. 3½ crores higher than the revised estimates. This rising trend in goods earnings in 1965-66 was despite the poor agricultural season of that year. There was little reason, therefore, to apprehend a reversal of this trend in 1966-67. It was accordingly expected that the rising trend in goods traffic would continue in 1966-67 and the budget estimate for that year was accordingly placed at Rs. 506.53 crores—an increase of Rs. 44.53 crores over the revised estimate for 1965-66 (of which Rs. 18.10 crores was to come from the 3 per cent increase in the supplementary charge).

6. The experience of 1966-67 was, however, different. The drought apparently affected not only the agricultural output but also industry, both agro-based and hydel-powered. Even heavy engineering and general traffic were affected, the increase in the industrial output in 1966-67 being only +2.6 as compared to +5.6 per cent in 1965-66. The actual effect of the drought during 1966-67 following the failure of rains in the summer of 1966 could not have been taken into account in the original budget estimate when it was framed in December, 1965, in view of the trend in 1965-66 which was also a poor agricultural year.

[Ministry of Railways O.M. No. 69-B(C)-PAC. IV/60, dated 19th November, 1969|28th Kartika 1891].

Recommendation

In their 22nd Report (Fourth Lok Sabha), the Committee have already drawn attention to the heavy overcapitalisation that took place in the Railways during the period of the Third Plan leading to the creation of traffic capacity far in excess of actual requirements. In the Committee's opinion, the deficits now developing in the Railways have to be considered as a legacy of the faulty policies embodied and followed during the Third Plan, which resulted in an increase in dividend liability of the Railways to the General Revenues from Rs. 55 crores in 1960-61 to Rs. 115 crores (excluding the passenger fare tax) in 1966-67.

[S. No. 2 Appendix, Para 1.18 of 60th Report].

Action taken

The observations of the Committee in the 22nd Report have already been dealt with in the 'Action Taken Notes' furnished earlier. Attention is also invited to the 'Action Taken Note' on Recommendation No. 9 of the 49th Report of the Committee where it has been pointed out that the capacity created by the end of the Third Plan was only that required for a sustained annual movement level of 205 million tonnes which was not in excess when compared to the actual movement level of 203 million tonnes in the last year of the Third Plan.

2. It is also submitted in this connection that the increase in the dividend liability is not only on account of the increase in capital invested, but also due to the increase in the rate of dividend payable. As against Rs. 55 crores paid as dividend in 1960-61 on the capital of Rs. 1521 crores, the dividend for 1966-67 was Rs. 115 crores

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on a capital of Rs. 2842 crores, of the increase of Rs. 60 crores in the dividend paid about Rs. 19 crores was due to the raising of the rate of dividend.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC. IV| 60, dated 19th November, 1969|28th Kartika 1891].

Recommendation

In the context of the deficits now developing, it will be necessary for the Railways to take serious steps to put their house in order. The Committee would in this connection like to commend the following broad lines of approach:—

xxx

xxx

xxx

- (ii) A concerted effort should be made to secure more efficient use of the rolling stock and other capital assets on the Railways. The indices of track, wagon and locomotive utilisation given at page 9 of this report show that there is scope for improvement in this regard. One way of improving the utilisation of rolling stock and effect saving in the fuel bill is to increase the speed of trains without endangering safety. It would have the double advantage of adding to public convenience and also effecting saving in expenditure. A particular effort should also be made to maximise wagon usage by reduction in the 'turn round' and further resources should not be committed to the purchase of wagons before a careful assessment is made of surplus wagon capacity existing in the Railways as suggested by the Committee in paras 1.35 & 1.35 of their Forty-Ninth Report (Fourth Lok Sabha).

[S. No. 3, Appendix, Para 1.19 (ii) of 60th Report. Fourth Lok Sabha].

Action taken

As already indicated during the oral evidence before the Committee the deterioration in the indices of utilisation of assets during 1966-67 as compared to 1965-66 was mainly due to recession in the economic activity during the year which led to a fall in the level of goods traffic. With the economic revival in 1968-69 there has been a general improvement in the utilization of wagons and locomotives. The figures relating to 1966-67, 1967-68 and 1968-69 (provisional) in

respect of net tonnes kms. moved per thousand running track kms., gross load per tractive effort and net tonne kms., per tonne of wagon capacity are indicated below:

1. Net tonne kms. (in millions) moved per annum per 1000.

Year	Broad gauge	Metre gauge
1966-67	2,535	717
1967-68	2,562	708
1968-69 (*Provisional)	2,602*	755*

2. Gross load per kg. tractive effort

Year	Broad gauge	Metre gauge
1966-67	92.0	77.7
1967-68	90.2	77.4
1968-69 (*Provisional)	90.4*	78.1*

3. Net tonne kilometres moved per annum per tonne of wagon capacity.

1966-67	14983	11646
1967-68	14857 (revised)	11413
1968-69 (*Provisional)	14917*	12079*

It would be seen from the above table that there is an improvement in the performance in 1968-69 as compared to 1966-67 in respect of net tonne kms. moved per annum per thousand running track kms. and per tonne of wagon capacity. The drop in the gross load per kg. tractive effort on the BG from 92.0 in 1966-67 to 90.4 in 1968-69 occurred on account of the increase in average tractive effort from 16139 in 1966-67 to 16598 in 1968-69. The gross load (including the weight of engines) of goods trains which is a reliable index of the utilisation of the power of locos, however, increased from 1484 in 1966-67 to 1501 (Provisional) in 1968-69. The engine kms. per engine day on line also increased from 143 in 1966-67 to 148 in 1968-69,

while the engine kms. per goods engine day in use increased from 185 in 1966-67 to 197 (Provisional) in 1968-69. The gross load per kg. of tractive effort is affected by the ratio of different types of locomotives and a decline in this figure is not, therefore, an index of deterioration in efficiency. For example the gross load per kg. of tractive effort in respect of empty trains will be more in the case of steam traction and less in the case of diesel and electric traction, as the tractive effort of electric and diesel locomotives is much higher than that of steam locomotives.

As regards utilisation of wagons, wagon kms. per wagon day has also improved from 70.03 and 58.8 on BG & MG respectively in 1966-67 to 72.7 (provisional) and 59.3 (provisional) in 1968-69. The average speed of through goods trains and all goods trains has also improved as will be seen from the following table:—

	Broad Gauge			Metre gauge		
	1966-67	67-68	68-69	66-67	67-68	68-69
1. Average speed of through goods trains (kms)	20.1	20.2	21.0*	16.7	16.6	17.0*
2. Average speed of goods trains (kms)	16.5	16.8	17.5*	13.8	13.9	14.5*
	(*Provisional)					

Every effort is being made to improve wagon utilisation further by reducing the delays in marshalling yards, terminals; etc.

In regard to the Committee's observation on purchase of additional wagons the position is being explained in reply to the recommendation Nos. 9 and 10 of the 49th Report of the P.A.C. (Fourth Lok Sabha).

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC] dated 19th November, 1969[28th Kartika, 1891].

Recommendation

The Committee are surprised that despite the erratic growth of goods traffic since 1961-62, the Railways should have budgeted for an increase in goods traffic of 11 million tonnes during 1966-67. The actual increase in traffic that materialised was only 2.2 million tonnes or one-fifth of the increase in traffic expected. The shortfall

was mainly on account of coal, cement, general goods and steel plants traffic. The Committee have in paras 1.11, 1.19 and 1.24 of their Forty-Ninth Report (Fourth Lok Sabha) already drawn attention to the need to ensure that estimates of traffic in respect of these commodities are drawn up on a realistic basis, in the light of empirical data, which should be subjected to periodical review on the basis of known and anticipated demand and production data for various commodities. The Committee hope that this will be done and that, in the process of assessment of traffic, the significant progress made in road communications and their impact on the Railways' share of goods traffic will be kept prominently in view.

[S. No. 4, Appendix XI, Para 1.38 of the 60th Report].

Action taken

The observations of the Committee are noted. In this connection, attention is also invited to the action-taken notes since submitted by this Ministry in respect of recommendation Nos. 1, 2, 5 and 6 (Paras 1.11, 1.12, 1.23 and 1.24) of the Committee's 49th Report (Fourth Lok Sabha) wherein the steps taken and proposed to be taken by this Ministry on the points emphasised by the Committee have been explained.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O. M. No. 69-B(C)-PAC/IV/60, dated 30th October, 1969/Kartika 8, 1891].

Recommendation

17. A development which is likely to have repercussions on the economics of the Plant is the proposal of the Railways to go in for prestressed concrete sleepers. The Committee note in this respect that the Railway Accidents Enquiry Committee (1968) have in part I of their Report urged the Railway Administration to make a special effort to introduce concrete sleepers on an extensive scale and that these sleepers have been found very suitable for purpose of track circuiting and automatic signalling. Modernisation of signalling arrangements on the Railways will require use of pre-stressed concrete sleepers on a progressively increasing scale. Serious consideration, therefore, needs to be given to the adverse implications of the development on the demand for sleepers of the type produced by the Durgapur Plant and the economic working of the Plant.

[S. No. 17-Appendix—Para No. 2.69 of 60th Report of the P.A.C.].

Action taken

The Board have recently reviewed the future policy for procurement and use of various types of sleepers for Indian Railways. It has been estimated that during the Fourth Five Year Plan the requirements would be about 40 lakhs sleepers per annum. It is also proposed that the following order of preference should be observed in the procurement of sleepers:—

- (i) Durable Wooden Sleepers, (ii) Concrete Sleepers, (iii) Steel Sleepers, with elastic fastening, (iv) Cast Iron Sleepers, (v) Non-durable Wooden Sleepers.

In respect of durable wooden and concrete sleepers, it has been estimated that the maximum annual availability by 1973-74 would only be 5 and 6 lakhs respectively. The availability of Steel through sleepers would be about 8 lakhs per annum. The balance requirement would be made up by use of cast iron and non-durable wooden types. Even allowing for the possibility of the increased manufacture of concrete sleepers, there need be no apprehension of any fall in demand from Railways for the steel trough sleepers for quite some time, as the corresponding reduction could easily be made in the use of cast iron and non-durable wooden sleepers. This is also by way of clarification of the statement made by the representative of the Railway Board mentioned in para 2.64 of Report that the increased purchase of concrete sleepers would make a difference in the total requirement of steel sleepers.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/28th Kartika, 1891].

Recommendation

The Committee are distressed to note that 12,215 tonnes out of about 13,000 tonnes of steel sheets/plates supplied by an overseas firm to the Railways did not contain copper according to contract specifications. Besides, some of the sheets turned out to be thicker than stipulated in the contracts. The inspection of these sheets/plates was conducted by the Indian Supply Mission, London, but they failed to detect that some of the sheets did not conform to contract specifications in the matter of thickness. As regards the chemical properties of the sheets, they relied largely on the Mills' own certificates, but these turned out, on subsequent investigations, to be 'forged'. In fact, these investigations disclosed that the firm, with whom the contracts were placed did not ask the Mills to produce copper bearing sheets at all, except for a negligible quantity of 40

tonnes and that in "collusion" with some of the Mills employees "falsified" the certificates. Adequate facilities were also apparently not given to the Inspecting Staff of the India Supply Mission to carry out the inspection.

In para 34 of their Thirty-second Report (Third Lok Sabha) the Committee had commented on the failure of the India Supply Mission to detect the absence of copper in certain consignments of steel sheets supplied to the Railways. It is regrettable that an identical lapse should have recurred and that, in the course of inspection the India Supply Mission even failed to detect dimensional deficiencies in the sheets. The Committee would like Government to fix responsibility for the lapses that occurred on the part of the Inspection staff.

[60th Report (Fourth Lok Sabha) Sl. Nos. 21 & 22, Paras 2.124 & 2.125 Appendix].

Action taken

The recommendation|observation relates to the Department of Supply. As such, no remarks are being offered by the Ministry of Railways.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 19th November, 1969].

The fact that the consignee received steel sheets without copper was due to fraud and malpractices on the part of the contractors. The inspection staff followed the prescribed procedure and practice for inspection of steel according to which the chemical properties are to be checked with the Mills' analysis certificate; physical tests are to be made for conformity with the specification requirements and dimensional checks are to be made for compliance with cited tolerances. Though they had taken care to check the Mills' Analysis Certificate, it is unfortunate that later on they were found to be forged. Even though the procedure did not call for it, during the early part of 1967, the Chief Mechanical Engineer and the Senior Metallurgist of I.S.M., London visited the mills, carried out the normal inspection and also drew sample for independent chemical analysis. Under normal circumstances this tightened form of inspection should have sufficed, but incorrect supplies were received in India. The reasons for this became clear after investigations by the I.S.M. in September, 1967, unearthed the fraud, perpetrated by the firm and certain Mills' employees in collusion.

With regard to dimensional deficiencies I.S.M.'s Inspectors had selected samples and checked the physical dimensions and had evi-

dently found the thickness to be within allowable tolerances. The specifications were such that the minus tolerances on the thicker sheets and the plus tolerances on the thinner sheets overlapped. From a technical inspection point of view I.S.M. Inspectors did not find any grounds to reject the material.

The I.S.M. have issued Office Order, as per copy attached at Annexure 'A' (i) & (ii) tightening up procedures for steel inspections. Since experience of the Getraco contracts, they have been doing independent chemical analysis on similar steel samples drawn from bulk supplies from Germany, Sweden, France, Belgium and the U.K. Between 1967 and 1969, 342 samples were tested by them at a total cost of £ 2363. Not a single sample was found to differ substantially from the certified mill analysis sheets. It would thus appear that the case in question appears to be an exception and one of pre-meditated fraud.

[Ministry of Foreign Trade & Supply (Deptt. of Supply) O.M. No. PII-7(7)/67, dated 4th December, 1969].

ANNEXURE A (i)

INSPECTION WING MEMORANDUM NO 3/67

SUBJECT:—*Inspection of Steel.*

Will all Inspection Engineers take note of the following instructions with regard to inspection of Steel ordered from all Commercial Agencies such as Messrs. Getraco, Cosid, General Metal Agencies etc. If any deviations from these instructions are found to be necessary Inspecting Engineers must refer them to H.Q. for decisions.

1. No inspection is to be undertaken at Warehouses at the Port of Shipment, without prior approval from H.Q.
2. No inspection is to be undertaken if the items are offered after expiry of delivery dates mentioned in the contract, without reference to H.Q.
3. Carefully check the contract particulars with respect to specifications and sources of supply and not accept any deviations without reference to Director of Inspection.
4. Before agreeing to inspect, obtain sub-orders on the Steel Sales Organisations and/or Mills.
5. Before inspection check the sub-orders for correctness as to sizes, specifications and right of I.S.M. inspection at the Mills.

6. On receipt of the sub-orders, communicate with the Steel Sales Organisation and the Mills and obtain confirmation that they agree with the details shown on the sub-orders.
7. Ask the Mills to state their source of supply for the original billets and obtain from the Mills duly certified test certificates showing the heat numbers and chemical analysis.
8. Insist that the contractor should not present more than 500 tons per inspection.
9. Insist that the contractor should give 3¼ weeks notice before calling for inspection.
10. At the time of inspection ensure that all heat numbers and the total weight per charge are checked, and the charge sheets, corresponding to the heat numbers are verified for authorised signatures and details shown on the sheets with particular reference to chemical composition and "killing". Where necessary these details must be double checked by communicating directly with the Mills who first produced the billets. In this connection care must be taken to verify whether the original charge was for the complete quantity of special steel on order or whether part of the charge was ladled off for addition of copper, aluminium, silicon etc. If so, find out how the heat number can be identified and isolated from the main charge, by special markings.
11. Ensure that samples are drawn from each heat number for independent chemical analysis.
12. Double stamp and encircle it with some distinctive paint so that the Consignee can identify our stamp.
13. Include in the Certificate of Inspection all heat numbers seen, checked and approved.
14. Not to sign and hand over any mill certificate to the contractor at the time of inspection.
15. Submit a report to H.Q. on the inspection giving details of work done and names of representatives of suppliers who were in contract with the engineers.

Sd/- P. V. BALAKRISHNAN,

for Director of Inspection

India Supply Mission.

29-8-1967.

Distribution:

1. All Inspecting Engineers.
2. I.S.M. Supply Directors.
3. Railway Board, Ministry of Railways, New Delhi.
4. C.A.O. 55, Jormyn Street, W.1.
5. Railway Adviser, I.S.M., London.

ANNEXURE 'A' (ii)**INSPECTION WING MEMORANDUM NO. 3/67**

SUBJECT:—*Inspection of Steel*

The following instructions are issued as an addendum to the previous Memo dated 29-8-1967.

- (a) At the time of inspection of Steel Sheets which are packed in envelopes, engineers must make sure that the Mills have done all the mechanical and chemical tests strictly in accordance with contract specifications. The Mills Certificates must be checked for validity and contents, to make certain that the Mills have taken enough number of samples in accordance with specifications and tested them for mechanical properties and chemical composition.
- (b) Engineers must independently select sample sheets at random from each cast—the number and types of samples conforming to the governing specifications—and witness the mechanical tests themselves.

Sd/-

(P. V. BALAKRISHNAN),
for Director of Inspection
India Supply Mission
5-9-1968.

Distribution:

1. All Inspecting Engineers.
2. ISM Supply Directors.
3. Railway Board, Ministry of Railways New Delhi.
4. CAO, 55, Jormyn Street, London S.W. 1.
5. Railway Adviser, London.

Further Information

Please furnish a note explaining how even after independent chemical analysis by ISM, London in the early part of 1967, incorrect supplies were received in India.

Reply

Between December, 1966 and September, 1967 it was very difficult for the India Supply Mission, London to establish the real reason for wrong supplies, in spite of the fact that they were making investigations for this wrong supply. The Mission had the first breakthrough after visiting the Mills in France in September, 1967. It was found that the Mills Test Certificates were false documents, that the orders placed by M/s. Getraco on the Mills' Sales Organisations were not in conformity with the contract details that the quality of steel was different, that the steel was not killed, etc. It also became clear that there was collusion between Getraco and certain employees holding responsible positions in the Mills in falsifying documents. It was found that only part of the steel inspected by India Supply Mission's Senior Engineers in the early part of 1967 contained copper. The rest of it consisted of incorrect material manufactured previously in 1966. The contractors had gone to extreme ends to produce false documents, including the Works Order to the Production Department of the Mills.

The Contractors, it appears, were determined to commit fraud and therefore they had opportunity and means to ship faulty material. It may be submitted in this connection that 100 per cent inspection on such material and supervision of packing, despatch and shipping were not and are not practicable and hence it is not possible to indicate the exact mechanics of how the contractors executed their fraud.

The fact that wrong supplies were received in India was due to totally unexpected reasons, namely fraud and malpractices on the part of the contractors.

[Ministry of Foreign Trade & Supply (Deptt. of Supply) O.M. No. PII-7(7)/67, dated 20th December, 1969].

Recommendation

From the information furnished by the Railway Board, the Committee observe that during the last three years a sum of £ 73,526 was paid as remuneration to foreign Railways and other agencies:

for inspection of Railway stores for which orders were placed with the overseas suppliers. The Indian High Commission in London has a Railway Adviser and the India Supply Mission, London have their own complement of inspecting staff. The Committee would like Government to examine whether it is not possible for these two agencies to conduct inspection in such cases also, so that the expenditure incurred on the payment of remuneration to foreign Railways and outside agencies could be saved.

[S. No. 24, Appendix—Para 2.128 of 60th Report of the P.A.C.].

Action taken

Since September, 1967 for all contracts placed in U.K. Continent area for Railway stores and equipment, the Railway Adviser, London is being nominated as the Inspecting authority. It is left to the Railway Adviser to undertake inspection either by his own officers departmentally or entrust it to the India Supply Mission, London for inspection by their staff or if both these courses are not practicable, to entrust the inspection to an outside agency on the basis of payment of inspection fees. The R.A., London has advised that the inspection is being undertaken by his staff and ISM staff to the maximum extent possible and that inspection work is off-loaded to National Railways and other agencies only in special cases where the advantage lies with this course. As for instance, in the case of inspection of locomotives, continuous inspection is required during all stages of production which necessitates the presence of an Inspector permanently in the works of the firm. As the duration of such inspection is unpredictable and their occurrence irregular, it will be more economical to entrust such cases of inspection to National Railways who are also equipped to undertake such inspection, than to engage our own officers for this purpose. The P.A.C.'s recommendation, as above, has been taken note of by the Railway Adviser to ensure that such off-loading to outside agency is restricted only in dire cases and where inescapable.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19-11-1969/Kartika 28, 1891].

Further Information

Please indicate:—

- (a) The expenditure incurred on the Railway Adviser's Office, London during the last three years ending 1968-69;

(b) the number of cases in which—

- (i) the Railway Adviser's organisation conducted the inspection;
- (ii) the I.S.M. conducted the inspection;
- (iii) an outside agency conducted the inspection;

(c) in respect of inspection carried out by outside agencies;

- (i) the particulars of agencies whose services were engaged during the last three years;
- (ii) the nature of inspection they did whether inspection work of that type was at any time done either by the Railway Adviser's office or I.S.M.;
- (iii) the remuneration paid during 1968-69.

Reply

(a)	1966-67	£ 24,982	or	Rs. 4,49,675
	1967-68	£ 26,583	or	Rs. 4,78,494
	1968-69	£ 26,806	or	Rs. 4,82,508

(b) (i) No. of cases in which Railway Adviser's organisations conducted direct inspection in last three years were as under:

1966-67	Nil
1967-68	57
1968-69	60

(ii) The number of cases in which ISM conducted inspection is given below:

1966-67	121
1967-68	49
1968-69	16

(iii) The number of cases in which an outside agency conducted the inspection are given below:—

1966-67	10
1967-68	7
1968-69	9

- (c) (i) The particulars of agencies whose services were engaged during the last three years are furnished as under:

Agencies usually engaged are:

- (1) Austrian Federal Railways
- (2) French National Railways
- (3) German Federal Railways
- (4) Italian State Railways
- (5) Swiss National Railways
- (6) Crown Agents in U.K.
- (7) MERT in Hungary
- (8) POLCARGO in Poland.

In case of POLCARGO in Poland and MERT in Hungary the inspection fees are paid in Rupees.

- (ii) The nature of inspection carried out by the outside agencies usually involves continuous inspection during all stages of production necessitating presence of inspector permanently in the works of the firms engaged in the execution of the order. Similar type of inspection work has been done by I.S.M. in the past when railway engineers were posted on deputation to this Inspection Wing. These officers were, however, withdrawn in 1959-60 and since then inspection is entrusted to outside agencies only after evaluating the practical and economical advantages.
- (iii) £ 9056 were paid to outside agencies during 1968-69. This payment was in respect of inspections entrusted to these agencies in earlier years.

[Ministry of Railways (Rly. Board) O.M. No. 69-B(C)-Genl./26, dated 23rd January, 1970].

As the major portion of the Railway Contracts handled by the India Supply Mission emanate from the Railway Board, it is the Railway Adviser who decides the method of inspection. He exercises his discretion either to delegate the work to different National Railways and Commercial Agencies or entrust the work to I.S.M., London. So far as the India Supply Mission, London is concerned, they are competent to provide necessary inspection services to the Railways, except for Rolling Stock.

[Ministry of Foreign Trade & Supply (Deptt. of Supply) O.M. No. PII-7(7)/67, dated 4th December, 1969].

Recommendation

The Committee also note that though the D.G.S. & D. was asked to procure copper cables, orders were placed by his organisation in one of these cases for aluminium cables without prior clearance from the Railways. It is regrettable that this should have happened particularly when the organisation was aware that the Director General, Technical Development, had not banned the manufacture of that type of cable with copper conductors. It is also strange that though a complaint was made by the Northern Railway in this regard to the D.G.S. & D. in March, 1966 no conclusive action was taken by the latter, except for calling for copies of documents after a lapse of 18 months. The Committee would like Government to investigate the circumstances in which the D.G.S. & D. made an unauthorised deviation from the indent specifications while procuring the cables and fix responsibility on the party found at fault.

[S. No. 26, Appendix—Para No. 2.158 of the 60th Report of the P.A.C. (IV Lok Sabha)].

Action taken

This relates to the Ministry of Foreign Trade and Supply (Department of supply).

This has been seen by Audit, who have, however, observed that the facts and figures are being verified by the Local Audit Officers and a further communication in this regard would follow on receipt of reply from them.

[O.M. No. 69-BC-PAC/IV/60, dated the 14th November, 1969/Kartika 28, 1891].

DGS&D have been arranging procurement of cables as per the specific requirements of Railways as indicated in their indents. The indentors are invariably consulted and their prior concurrence obtained, where necessary, before the technical particulars of indents are checked by the Inspection Wing and released to Purchase Sections for arranging procurement.

2. In the year 1964, due to a directive issued by the DGTD for substituting the use of aluminium conductors for copper conductors,

particularly for house wiring cables and flame retarding cables, DGS&D had to arrange procurement of these cables with aluminium conductors, even though the railway indents indicated cooper conductors. Even in these cases the railways were invariably kept informed and their prior concurrence obtained for change from copper to aluminium conductors in their indents. It is, however, regretted that due to *bonafide* omission the indenter was not consulted before an order for aluminium conductor cables was placed in this particular case.

3. The supply order was placed on the 21st April '65 clearly indicating that it was for cables with "aluminium conductors" to IS 434/Current and copies thereof were endorsed to the indenter as well as to the consignees as indicated below:—

1. Indenter — Controller of Stores, Northern Railway, New Delhi.
2. Consignee at Jullundur City.
3. -do- Saharanpur.
4. -do- Rewari.
5. -do- Lucknow.
6. -do- Varanasi (Block Inspector, N. Rly.)
7. -do- Tundla.
8. -do- Allahabad.
9. -do- Varanasi (Asstt. COS, N. Rly.)

In the endorsement to the indenter, he was requested to "check up the despatch instructions, description of stores, quantity, packing and other particulars given in this supply order and confirm direct to this office that the same are in order". No objection was received either from the indenter or anyone of the consignees. The firm proceeded with the supplies which were made in lots from 26th June '65 and the last lot was despatched by them on the 30th Sept '65. The material was accepted by the consignees and copies No. 2 and 5 of the inspection notes also released by the consignees to the firm.

4. As regards the complaint of the Northern Railway stated to have been made in March '66 and referred to in the recommendation, it may be mentioned that this complaint is not traceable in the records of the DGS & D. It is, however, relevant to point out that the last lot was despatched by the firm on the 30th Sept. '65 and, therefore, the entire quantity had been received by the consignees much

before March' 66. Therefore, even if, the complaint in question had been received by the DGS&D, it would not have been possible for the DGS&D to cancel the order at that stage.

[Ministry of Foreign Trade & Supply (Deptt. of Supply) O.M. No. 26(6)|68-PIII, dated the 4th December, 1969].

Recommendation

The Committee note that the Southern Railway carried on its rolls 59 posts of porters in excess of requirements, 49 of them sanctioned prior to 1951 and the rest in 1953. The posts were surrendered some time in 1967. This suggests that a periodical review of the strength of the establishment was not carried out by the Railways as provided for in the standing procedure. The Committee also note that the Railway Board themselves feel that, due to the change in ground conditions that have occurred over the years, the yardsticks in vogue for the provision of various categories of staff on the various Railways need review. The Railways employ a substantial establishment and their wage bill is annually of the order of Rs. 330 to 350 crores. The need to effect economies in this field, therefore, needs no emphasis, particularly as the Railways have now run into a deficit. The Committee hope that the Efficiency Bureau of the Railways will undertake a systematic study of the major categories of staff and evolve realistic norms for those categories taking into account the local conditions obtaining in the individual Railways.

[S. No. 50, Appendix, Para. No. 6.15 of 60th Report, Fourth Lok Sabha].

Action taken

The observations of the Committee are noted.

Only certain types of work where the staff strength depends directly on the volume of work lend themselves to the formulation of general yardsticks. There are other types of work such as work of line staff and in the marshalling yard where no general yardsticks can be adopted and staff strength is determined at each point on the basis of work load involved. It is only for the staff connected with the types of work in the first category that yardsticks exist and are being used. These yardsticks are first fixed and later reviewed periodically by individual Railways as the varying local conditions, practices and facilities have to be taken into account. At

the instance of the Railway Board, a review of such yardsticks has been carried out by the Railways during the last 1½ years and, wherever found necessary, changes have been made in the yardsticks. But by and large, much scope for making a revision has not been found.

2. Formulation of yardsticks and their review is a big task and as has been rightly pointed out by the P.A.C. for the major categories where evolution of general yardsticks are possible, these are being provided by the Railways. For a few chosen major categories, norms have been|are being laid down by the Board also.

3. In case of Station Masters|Asstt. Station Masters, Trains Clerks, Yard Masters, Pointsmen, Levermen, Cabinmen, Yard Porters, etc. posts are created on the basis of the actual workload obtaining. It is ensured that minimum staff, as per requirement is posted. In case of running staff like Drivers, Firemen, Guards the strength of staff depends upon the number of hours of duty put in by them, subject to a maximum of 231 hours in a month.

4. Yardsticks have been laid down by the Board for Gangmen, including Mates and Keymen, PWI, APWIs, RPF Staff and for the staff of the Medical department. In most of the Railways, taking into consideration the local conditions, the yardsticks have been fixed for the principal categories of staff of the Commercial department, viz., Booking Clerks, Parcel Clerks, Goods Clerks, etc., staff of the Mechanical Deptt. and clerical staff. Yardsticks for IOW|AIOW, Signal Inspectors and Telecommunication Inspectors and maintainers are at present under consideration of the Efficiency Bureau.

5. From the above it would be noted that the recommendations of the P.A.C. have been implemented or are being implemented wherever possible.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC|IV|60, dated 19th November, 1969|28th Kartika, 1891].

CHAPTER V

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

Recommendation

The Committee observe that, due to a failure on the part of the Railways to utilise adequately stocks of ferrous scrap available with them in the fabrication of cast iron sleepers, an avoidable expenditure of over Rs. 10 lakhs was sustained by them on contracts for these sleepers placed in 1964-65 and 1965-66. The loss would be even higher if the stocks with the engineering subordinates which were not surveyed and classified are taken into account. The Railway Board had themselves been obtaining since April, 1963, quarterly statements of ferrous scrap available with the various Railways. These very clearly indicated that, due to increasing tempo of track renewals, there were substantial 'arisings' of scrap every quarter, which were progressively augmenting the balances. The increasing accumulation occurred despite the consumption of scrap in the Railway Workshops, which during the period 1961-62 to 1965-66, ranged from 21,270 tonnes to 45,760 tonnes. The position in regard to the accumulation of stocks in fact became so acute that the Railway Board directed the Railways to bring down their stocks from 14 months 'arising' to 6 months 'arising'. It is, therefore, paradoxical that, in the face of this steady and progressive accumulation of scrap, the Railway Board should have felt obliged, while assessing the quantities of scrap available for issue to the contractors, to discount the quantities shown as available in the stock returns, to provide for consumption in the Railway Workshops, or to assume that prospective 'arisings' in the course of the year will take place only during the latter part of the year and need not be taken into account. It is also strange that no note was taken by them of the fact that balances with engineering subordinates (which are, in fact, still to be ascertained) had not been reported by the Railways and that, with expeditious survey and classification, part of these balances could have been utilised for fabrication of the sleepers. As the Financial Commissioner (Railways) himself admitted during evidence there was "not good enough coordination" between the Railways and the Railway Board in assessing the availability of

scrap and utilising "the maximum amount which could be utilised". The Committee would like the Railway Board to investigate how this occurred and fix overall responsibility and also to ensure that in future the accumulated balances of scrap, including the balances with engineering subordinates, which will have to be expeditiously surveyed and segregated, are put to gainful use.

[S. No. 13, Appendix, Para 2.21 of 60th Report, Fourth Lok Sabha].

Action taken

The Railway Board have constituted a Committee of three Joint Directors to go into the question of availability of cast iron scrap for the manufacture of cast iron sleepers during 1964-65 and 1965-66. It is expected that the Committee would submit its report by the end of December, 1969.

The Railways have, however, since been instructed in Ministry of Railways' letter No. 68/746/68/Track dated 2nd December, 1969 (copy enclosed) to take suitable steps to streamline the procedure for survey, classification and segregation of scrap so that it is available for issue to C.I. Sleeper manufacturers soon after release from the track.

This has been seen by audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60 dated 24th December, 1969/Pausa 3, 1891].

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 68/746/68/Track.

New Delhi, dated 2-12-1969.

The General Managers,
All Indian Railways.

SUB.:—*Supply of cast iron scrap grade I for the procurement of C.I. sleepers plates.*

In Board's letter No. 68/746/68/Track dated 13th March, 1969, Railways were instructed to ensure proper co-ordination among their Stores, Mechanical and Civil Engineering Departments for proper assessment of C.I. scrap available for issue to C.I. sleeper manufacturers, after meeting Railways' internal consumption so that the scrap is utilised to the best advantage. Inordinate delays in the past in classifying and segregating released C.I. sleeper scrap has resulted in improper planning of contracts on suppliers. Board,

therefore, desire that Railways should take suitable steps to streamline the procedure for survey, classification and segregation of scrap, so that it is available for issue to C.I. sleeper manufacturers soon after release from the track. Railways may also examine the feasibility of despatching scrap direct from suitably located dumps under the Engineering subordinates to the C.I. sleeper manufacturers.

Please acknowledge receipt of this letter.

Sd.|- M. V. BASRUR,
Joint Director, Civil Engineering,
Railway Board.

DA/Nil.

Recommendation

The Committee note that the question of compensation to be paid for the deficient sheets is still in dispute. They would like to be apprised of the progress made in realising compensation from the firm to the extent it is not covered by securities held or encashed.

[S. No. 23, Appendix, Para 2.127, 60th Report (Fourth Lok Sabha)].

Action taken

The latest position regarding compensation which had been negotiated by the India Supply Mission is to be obtained from them. The reply to this recommendation will be furnished by the Department of Supply. It might, however, be mentioned that the amount withheld and securities available with the Govt. are more than the amount due from the firm.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19-11-1969/28 Kartika 1891].

So far Government have realised compensation as follows:

(a) By way of encashment of Guarantee Bonds	—	\$ 67197.50
(b) By way of supplies of 1149 tons of steel	—	\$ 106542.00*
		\$ 173739.50

*The Suppliers have filed a suit in a London Court claiming payment for the 1149 tons of steel.

[Ministry of Foreign Trade & Supply (Deptt. of Supply) O.M. No. PII-7(7)/67, dated 4th December, 1969].

Recommendation

The Committee note that the extra expenditure recoverable by the Railways from the contractor in this case (which is still to be exactly assessed) has become the subject matter of a suit filed in

court. They would, therefore, like to reserve their comments at this stage pending the outcome of the suit. One aspect of the case, however, calls for comment. Certain bonds of the value of Rs. 1.03 lakhs furnished by the contractor as guarantee for his performance under the contract were allowed to lapse.

The Committee would like the disciplinary proceedings started against the defaulting officials in this connection to be expeditiously finalised.

[S. No. 32, Appendix, Para 3.43 of 50th Report of PAC—1968-69].

Action taken

The final amount to be claimed from the contractor against all the four risk contracts is Rs. 16,00,282.85. The written statement indicating the counter claim is being drafted and this will be submitted to the Ministry of Law for finalisation and filing in the Bombay High Court. In regard to the failure of two officers in having allowed guarantee bond of the value of Rs. 1.03 lakhs to lapse the case has since been finalised, in accordance with the advice given by the Vigilance Commission. The Senior Accounts Officer and the Executive Engineer have been censured by the Railway Board.

This has been seen by Audit, who have advised that the amount of Rs. 16,00,282.85 mentioned above is under verification by the local audit officers.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC:IV/60, dated 30th October, 1969]Kartika 8, 1891].

Recommendation

The Committee are not very happy about the state of affairs in regard to the commissioning and utilisation of weighbridges. Out of 23 weighbridges which were reported to be idle, 11 have since been commissioned after delays, five have been installed but not yet commissioned, six are still to be installed and one is under repair. The representative of the Railway Board himself admitted during evidence that "all these are cases of negligence and neglect and there is no defence for any of these cases." The Committee note that action to fix responsibility in these cases has been initiated by the Railway Board. The Committee trust that the Railway Board will also ensure that such of the weighbridges as are not yet being

used are expeditiously put into commission. It is also necessary to ensure that orders for new weighbridges are not placed without detailed planning in advance of their installation and that weighbridges are effectively maintained.

[S. No. 43, Appendix, Para No. 4.103 of 60th Report, Fourth Lok Sabha].

Action taken

Out of the 12 weighbridges which had not been commissioned or were under repairs, as mentioned in the recommendation, all the 5 weighbridges of North Eastern Railway (at Samastipur, Kasganj, Muzaffarpur, Kanpur and Chupra) have already been commissioned before 1st April, 1969. Out of the 4 weighbridges on N.F. Railway the weighbridges at Katihar and Lumding were commissioned on 18th January, 1969 and 1st April, 1969 respectively. The weighbridge at Tughlakabad on Northern Railway has been commissioned on 10th June, 1969, and that at Rai Ka Bagh on 23rd June, 1969. However, the weighbridges at Siliguri Jn. and Pandu Stores Depot (under repair) have not yet been commissioned/repared for want of missing parts, as the Suppliers have not been able to provide the parts due to labour trouble.

The position regarding remaining weighbridge at Bikaner Stores Depot on Northern Railway will be advised later.

As regards the Committee's observation about fixing of responsibility, the matter is under examination in consultation with the Railways. In regard to the observation about ensuring proper planning of installation and effective maintenance of weighbridges, the Committee's recommendation has been brought to the notice of the Railways. In addition the Railways have been asked to lay down a detailed procedure for installation and commissioning of weighbridges.

This has been seen by Audit who have remarked, that the position regarding installation and commissioning of the 12 weighbridges is under verification by the local Audit Officer.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/28th Kartika, 1891].

Further Information

Please state whether the weighbridge at Bikaner Stores Depot, Northern Railway has since been commissioned.

Reply

The Northern Railway have advised that the foundation for installation of this weighbridge is under construction.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-Genl./26, dated 17th December, 1969].

Recommendation

The Committee feel that the collection of coal ashes in the Jhansi Division during 1964-65 and 1965-66 was very low. It amounted to 10 per cent of the coal consumed against a recovery percentage of about 22 per cent fixed by an Expert Committee which had gone into the question of coal consumption in the Railways in 1958. From the data furnished by the Railway Board it is seen that recovery percentages in the Central Railway as a whole and some of the other Railways like the Western Railway were likewise low. With the increasing consumption of lower grade coal by Railways in recent years, it should be possible to get much better realisation in this respect. In view of the fact that coal ashes fetch a fairly substantial income to the Railways, it may be worthwhile examining why the realisations are at present so poor and whether there is any slackness or leakage in this respect which needs to be remedied.

[Recommendation, Sl. No. 52, Appendix, Para 7.34 of 60th Report, 1968-69].

Action taken

The matter is still under examination in consultation with the Railways.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-B(C)-PAC/IV/60, dated 6th November, 1969|15th Kartika, 1891].

Recommendation

The Committee note that recovery of an 'excess payment' of municipal taxes amounting to Rs. 1.81 lakhs is pending and that the Railways have filed a suit in court for effecting recovery. The Committee would like to be apprised of the outcome of the suit.

[Sl. No. 53, Appendix, Para No. 7.41 of 60th Report (Fourth Lok Sabha)].

Action taken

The suit is still pending in the court.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60 dated 30th October, 1969/8th Kartika, 1891].

Recommendation

The Committee note that there were 80 cases of fraudulent deliveries between January, 1963 and June, 1965 involving compensation claims against the Railways to the tune of Rs. 5.18 lakhs. 74 of these cases could have been prevented had the staff concerned taken the prescribed precautions. The Committee agree that exemplary action needs to be taken to prevent such instances of negligence or connivance on the part of the railwaymen. They trust that in all those cases where responsibility is yet to be fixed, action will be expeditiously taken.

Another point that the Railway should bear in mind in dealing with these cases is the need to settle compensation claims of aggrieved parties as expeditiously as possible as to win the confidence of the customers.

[S. No. 54, Paras 7.47 & 7.48 of 60th Report (Fourth Lok Sabha)—1968-69].

Action taken

The attention of the Railways has been drawn to the recommendation of the Committee. The Railways have also been directed to expedite the pending cases with regard to—

(i) fixing of responsibility and disciplinary action against staff; and

(ii) settlement of claims

vide Railway Board's letter No. TC1/1039/69/AR, dated 26th September, 1969 (copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/Kartika 28th, 1891 (Saka)].

ANNEXURE
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. TCI/1039/69/AR. New Delhi-1, dated the 26th Sept., 69.

The General Managers,
Central Railway, Bombay,
Eastern Railway, Calcutta,
Western Railway, Bombay,
Northern Railway, New Delhi,
and North Eastern Railway, Gorakhpur.

SUBJECT: P.A.C.—*Recommendation No. 54 of 60th Report, 1968-69—Delivery of consignments to spurious parties.*

The Public Accounts Committee *vide* Recommendation No. 54 of the 60th Report (4th Lok Sabha) 1968-69, have made the following recommendations:

54. 7.47. "The Committee note that there were 80 cases of fraudulent deliveries between January, 1963 and June, 1965 involving compensation claims against the Railways to the tune of Rs. 5.18 lakhs. 74 of these cases could have been prevented had the staff concerned taken the prescribed precautions. The Committee agree that exemplary action needs to be taken to prevent such instances of negligence or connivance on the part of the railwaymen. *They trust in all these cases where responsibility is yet to be fixed, action will be expeditiously taken.*

7.48. Another point that the Railway should bear in mind in dealing with these cases is *the need to settle compensation claims of aggrieved parties as expeditiously as possible so as to win the confidence of the customers.*"

Your attention is drawn to the instructions contained in Board's letter No. 67-B(C)-Rlys/2, dated 7th October, 1968. Board further desire that all pending cases with regard to (i) fixing of responsibility and disciplinary action against the staff and (ii) settlement of claims should be finalised expeditiously and a report indicating the present position of the cases furnished.

Receipt of this letter may please be acknowledged.

Sd.- P. N. KALRA,
Dy. Director, Traffic (G),
Railway Board.

DA: Nil

No. TCI|1039|65|AR.

New Delhi-1, dated the 26th Sept., 69.

Copy to the General Managers, Southern, South-Central, South Eastern and N.F. Railways, for information.

Sd.|- P. N. KALRA,

Dy. Director, Traffic (G),
Railway Board.

DA: Nil.

No. TCI|1027|65|AR.

New Delhi-1, dated the 26th Sept., 69.

Copy to the A.D.A.I. (Railways), New Delhi (with 40 spare copies) for information.

Sd.|- P. N. KALRA,

Dy. Director, Traffic (G),
Railway Board.

DA: Spares.

Copy to TC. III, TC. IV, & B(C) Branches of the Board's Office.

Recommendation

The Committee note that the wagon registration fees amounting to Rs. 1.08 lakhs were misappropriated on one of the stations on the Eastern Railway through manipulation of entries in the relevant documents. It is surprising that though the misappropriation continued over a period of two and a half years, it remained undetected in the course of various internal checks conducted by the Accounts and Commercial Departments. The Committee observe that appropriate action has been initiated against those found delinquent and negligent. They would like to be apprised of the outcome of these proceedings.

[S. No. 55, Appendix, Para No. 7.59 of 60th Report (Fourth Lok Sabha)].

Action taken

The latest position regarding disciplinary proceedings against the staff of the Commercial and Accounts Deptt. is as under:—

COMMERCIAL DEPARTMENT

- (i) Asstt. Goods Clerk.
- (ii) One Station Master.
- (iii) One Chief Goods Clerk.

The criminal cases launched against them are still *sub-judice*.

(iv) 4 Station Masters.

(v) 1 Traffic Inspector (Comml.).

The departmental proceedings against these persons have been kept in abeyance pending disposal of the above criminal case. The Chargesheet against one Station Master could not be served as he had retired from service, w.e.f. 22nd May, 1967. Steps have, however, been taken to withhold his final settlement dues until further orders.

Accounts Department

(i) Accounts Clerk Grade II.

The increment has been stopped for 3 years with cumulative effect.

(ii) Accounts Clerk, Grade I.

(iii) Junior T.I.A.

The case is still *sub-judice*.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 69-BC-PAC/IV/60, dated 19th November, 1969/Kartika 28, 1891].

ATAL BIHARI VAJPAYEE,
Chairman,
Public Accounts Committee.

NEW DELHI;

January 24, 1970.

Magha 4, 1891 (S).

APPENDIX

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

S. No.	Para No.	Ministry Department concerned	Conclusions, Recommendations
1	2	3	4
1	1.7	Ministry of Railways	The Committee observe that forecasts of goods earnings for the year 1966-67 in respect of coal, cement, iron ore and steel plants traffic under these heads as worked out by the concerned Ministries was 20.63 million tonnes, but these estimates were heavily discounted by the Railways who adopted a figure of 9.4 million tonnes. The actual traffic offering belied these estimates as, due to the effects of drought, it did not increase by more than 2.4 million tonnes. It is strange indeed that the Railways, while anticipating a decline in passenger traffic on account of drought, should have failed to take into account the repercussions of the drought on goods earnings.
2	1.8	—Do—	The Committee have repeatedly been impressing upon the Railways the need to frame estimates of goods traffic realistically so that scarce resources are not expended on creating capacity not warranted by traffic requirements. The Railways have stated that procedures have been evolved in this regard, but it is obvious that the

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techniques of estimation require further refinement. For this purpose, the Committee would like the Railways to keep a close watch on trends in traffic and periodically overhaul their estimates in the light of actual traffic offering and realistic projections of its growth framed with reference to the state of the economy.

3

I. II

Ministry of Railways
Planning Commission

The Committee are unable to accept the contention of the Railways that "the capacity by the end of the Third Plan was only that required for a sustained annual movement level of 205 million tonnes." The Railways had themselves stated in reply to the observations of the Committee in para 3.15 of the 22nd Report (Fourth Lok Sabha) that a peak-level capacity of 225 million tonnes in terms of wagon holdings was estimated to have existed at the end of the Third Five Year Plan. The Committee had, after analysing data regarding wagon acquisition during the Third Plan, pointed out in para 1.35 of their Forty-Ninth Report (Fourth Lok Sabha) that the number of additional wagons procured was a little less than what was estimated as necessary for carrying goods traffic of 264 million tonnes. The Committee had, therefore, come to the conclusion that there was ample surplus wagon capacity with the Railways at the end of the Third Plan and that a reliable assessment of the capacity should be made by the Railways as well as the Planning Commission, so that investment during the Fourth Plan does not generate further surplus capacity.

- 4 1.12 Ministry of Railways The Committee are aware that wagon holdings constitute only one determinant of transport capacity. The Railways' capacity to handle traffic is also conditioned by several other factors, the most important of which is the line capacity created for goods traffic. In this regard, the Committee had pointed out in para 2.16 of their Twenty-Second Report several instances of doubling of tracks during the Third Plan, in respect of which the capacity actually utilised in 1965-66 was less than the capacity available before the works were undertaken. The Railways themselves had admitted in this respect that there was "surplus transport movement capacity" for certain items of traffic.
- 5 1.13 Ministry of Railways/
Planning Commission The Committee are unable for the foregoing reasons to concur in the Railways' estimate that the traffic capacity created at the end of the Third Plan was only 205 million tonnes and would like the matter to be further gone into by the Railways as well as the Planning Commission as an exercise preliminary to consideration of further investment proposals during the Fourth Plan period. It is also necessary to ensure that unproductive use of wagons through detention at various points, is effectively controlled.
- 6 1.17 Ministry of Railways The Committee cannot too strongly stress the need for improving the utilisation of the various capital assets acquired by the Railways. The data furnished by the Ministry of Railways shows

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that the efficiency of engine utilisation has deteriorated both on broad gauge and metre gauge during the last three years. The Committee would like it to be examined whether as pointed out by Audit this is due to uneconomic haulage particularly on diesel and electric sections.

7 1.18 Ministry of Railway

The Committee would also like to be informed in due course about results of efforts being made to improve wagon utilisation and to relate procurement of additional wagons to a reliable assessment of available capacity and future requirements.

8 1.22 —Do—

In paras 1.65 and 1.66 of their Sixtieth Report, the Committee had drawn attention to the mounting coal bill of the Railways which had over a period of three years from 1964-65 increased from Rs. 85.52 crores to Rs. 97.46 crores. In that context, the Committee had drawn attention to several unsatisfactory aspects of the utilisation of steam locomotives as established by the findings of a Study Group of the Railway Board. The Committee note that the Study Group's report has been accepted by the Railway Board who have asked the various Railways to conduct a periodical review of the position. The Committee would in this connection like to stress the need for action on the following counts:

- (i) The performance of steam locos in the various Railways

should be critically reviewed to ensure that there are no instances of inadequate utilisation of loco hours.

- (ii) Where goods traffic is diverted from steam to other modes of traction, it should be ensured that steam loco holdings are proportionately reduced.
- (iii) A particular watch should be kept on coal consumption of shunting locos.
- (iv) Above all, it should be ensured that security arrangements at coal yards are adequate and do not lead to leakage on a large scale, as has been suspected from time to time.

9 1.23 —Do—

The Committee would like to reiterate that it is one of the important functions of the Zonal Railways and the Associated Finance Wing to keep a close watch of the fuel bill of the Railways.

10 1.27 —Do—

The Railways have since 1966-67 been running up deficits. Their wage bill is over Rs. 350 crores and is the largest single component of their working expenses. It is, therefore, hardly necessary for the Committee to say that the Railways should keep their expenditure on staff under close watch. The Committee note from the replies furnished by the Railway Board to their observations in this regard in the Sixtieth Report (Fourth Lok Sabha) that reviews conducted by the Efficiency Bureau have shown an increase in staff strength "disproportionate to increase in workload" not only in administrative but also in operational and maintenance categories.

1	2	3	4
11	1.28	Ministry of Railways	<p>So far as other Departments and Ministries of Government are concerned, there is an independent agency in the nature of a Staff Inspection Unit in the Ministry of Finance which is charged with the work of conducting norms studies and reviewing the staff position. The Committee feel that it would be a distinct advantage to have a similar arrangement in the case of the Railways also. By suitably reorganising the existing agency created for this purpose, an independent unit could be constituted with a charter of duties similar to that of the Staff Inspection Unit. This independent unit should be entrusted with works study and job analysis and asked to review the position in the various departments of the Zonal Railways on a phased programme. The details of the organisational set-up should be worked out by the Railway Board. But to ensure that it functions as an independent unit like its counterpart in the Ministry of Finance, the proposed unit should be placed under the Finance representative on the Board, namely, the Financial Commissioner, Railways.</p>
12	1.31	—Do—	<p>In para 2.69 of their Sixtieth Report (Fourth Lok Sabha), the Committee had pointed out that plans for modernisation of signalling arrangements on the Railways will call for use of pre-stressed concrete sleepers on an increasing scale. Apart from this consideration, there is also the question of cost of track maintenance, which will be governed by the life of various types of sleepers now in use in relation to their cost. There is also need for ensuring optimum utilisation</p>

tion of alternative sources like other acceptable varieties of wood, improvement in their treatment etc. Keeping in view the need for improved signalling arrangements as well as the need for reducing the cost of track maintenance, the Committee would like the Railways to work out the relative economics of use of the various types of sleepers, such as wooden, concrete and cast-iron sleepers. Based on such a study, a proper scheme of priorities for procurement of these sleepers should be evolved.

- 13 1.34 Ministry of Foreign Trade & Supply (Deppt. of Supply). The Committee are not convinced by the reply furnished by the Department of Supply. They would like the matter to be further investigated to ascertain whether any of the samples which were checked and passed by the Inspecting Staff of the India Supply Mission contained sheets in respect of which the thickness was outside the specified tolerances given in the contract and if so, to fix responsibility therefor.
- 14 1.39 Ministry of Railways. The Committee trust that continuous efforts will be made by the Railway Board to examine how best their Railway Adviser in London can progressively take over the inspection work at present being entrusted to outside agencies on payment of remuneration. The Committee understand that the Railway Adviser, London has some staff stationed in Europe. It should, therefore, be possible for him by stages to undertake the work of continuous inspection with the help of this staff. It is essential that the Railway Adviser's orga-

1	2	3	4
			nisation progressively take over the work, not only so that foreign exchange expended by way of remuneration to outside agencies is conserved, but also to have expertise built up.
15	I 42	Ministry of Foreign Trade & Supply (Deptt. of Supply).	The Committee note that the Department of Supply have taken the view that due to a <i>bona fide</i> omission in this case, the DGS &D procured aluminium cables instead of copper cables indented for by the Railways. It is not, however, clear whether the circumstances in which the unauthorised deviation was made have been fully investigated in view of the fact mentioned in the Sixtieth Report that the case file on the subject in the DGS&D was reported "missing". The Committee would like the Department of Supply to review the case.
16	I 43	Ministry of Railways.	The Department's reply also indicates a failure on the part of the Railways to take appropriate action when copies of the supply order were received by them in April, 1965. Had adequate care been exercised by them at that stage, the mistake could have been easily rectified. The Committee would like the Railway Board to fix responsibility for this omission and issue necessary instructions to avoid recurrence of such lapses.
17	I 48	—Do—	The Committee cannot help the conclusion that the work on remodelling of the yards at Tatatanagar and Adityapur was undertaken and progressed on inflated estimates of wagons to be handled

in the yards. The Ministry of Railways have stated that the forecast of the number of wagons to be dealt with in the Tatanagar yard after remodelling was 1,658 wagons. Apparently, however, the zonal railway incharge of the work had anticipated a higher order of traffic in the yard. They had expected that the yard, after remodelling, would deal with 2,220 wagons by 1970-71. In fact, the actual traffic envisaged by the Railway was 3,553 wagons, but, after providing for about 1,400 through wagons, not requiring marshalling, the number of wagons, to be dealt with in the yard was fixed at about 2,220.

18 1.49

—Do—

As against the dealing capacity of the order of 2,220 wagons expected to be created, the number of wagons in terms of 4-wheelers actually dealt with, on the basis of figures given to the Committee by the Ministry of Railways, ranged from 1,086 in 1967 to 1,474 in 1969. The figures would be even lower, if as pointed out by Audit, the published statistics are taken.

19 1.50

—Do—

The Committee note the view of the Ministry of Railways that there is no scope for pruning the work at this stage. The Committee hope that the Ministry of Railways will draw a lesson from their experience in this case and ensure that works of this magnitude are undertaken only after a most careful assessment of traffic growth and needs. No less important is the need to keep a periodical review of the progress of work *vis-a-vis* the traffic offering so as to ensure that works programmes are suitably readjusted, if necessary, in the light of traffic trends.

1	2	3	4
20	1.53	Ministry of Railways.	<p>The Committee consider it essential that some appropriate costing system should be introduced in various locomotive workshops, as physical controls alone might not be of adequate help in keeping a check on the overhaul cost. The Committee note that a system based on the "allowed man-hours" for the periodical overhaul of each class of locomotives is being evolved for evaluating the cost in this regard. Apart from periodical overhauls, the locomotives also undergo intermediate overhauls and special repairs in the Workshops. An attempt should be made to standardise the various operations which should be further broken up into smaller elements and after proper studies standard time for completion of each element should be fixed.</p>
21	1.54	—Do—	<p>It should be the duty of the Assistant Engineer/Foreman in charge of workshop to lay down the time table, according to the prescribed standards, before taking up a job, and its completion within the time so prescribed. The Committee have no doubt if this suggestion is conscientiously implemented, the results would be rewarding in bringing down the workshop costs.</p>
22	1.57	—Do—	<p>The Committee hope that investigations into the causes for low ash realisations in the various Railways will be speedily completed and adequate steps to improve realisations and plug leakages would be taken.</p>

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