

**PUBLIC ACCOUNTS COMMITTEE
(1977-78)**

(SIXTH LOK SABHA)

FIFTY SEVENTH REPORT

**RAILWAY OPERATIONS
AND EXPENDITURE**

**MINISTRY OF RAILWAYS
(Railway Board)**

**[Action taken by Government on the recommen-
dations of the Public Accounts Committee contained
in their 224th Report (Fifth Lok Sabha)]**

Presented in Lok Sabha on 20th December, 1977

Laid in Rajya Sabha on 20th December, 1977



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1977/Agrahayana, 1899 (S)

Price : Re 1.65 P.

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

| Sl. No. | Name of Agent | Agency No. | Sl. No. | Name of Agent | Agency No. |
|-----------------------|--|------------|----------------------|--|------------|
| ANDHRA PRADESH | | | | | |
| 1. | Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam) | 8 | 12. | Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay. | 30 |
| 2. | G.R. Lakshminpathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District. | 24 | 13. | The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1. | 60 |
| | | | 14. | Deccan Book Stall, Ferguson College Road, Poona-4. | 65 |
| ASSAM | | | | | |
| 3. | Western Book Depot, Pan Bazar, Gauhati. | 7 | 15. | M/s. Usha Book Depot, 585/A, Chira Bazar Khan House, Girgaum Road, Bombay-2 B.R. | 5 |
| BIHAR | | | | | |
| 4. | Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur. | 37 | MYSORE | | |
| | | | 16. | M/s. Peoples Book House, Opp. Jagannathan Palace, Mysore-1 | 16 |
| GUJARAT | | | | | |
| 5. | Vijay Stores, Station Road, Anand. | 35 | RAJASTHAN | | |
| 6. | The New Order Book Company Ellis Bridge, Ahmedabad-6. | 67 | 17. | Information Centre, Government of Rajasthan Tripolia, Jaipur City | 35 |
| HARYANA | | | | | |
| 7. | M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana). | 14 | UTTAR PRADESH | | |
| | | | 18. | Swastik Industrial Works, 59, Holi Street Meerut City | 2 |
| MADHYA PRADESH | | | | | |
| 8. | Modern Book House, Shiv Vilas Palace, Indore City | 13 | 19. | Law Book Company, Sardar Patel Marg, Allahabad-1 | 48 |
| MAHARASHTRA | | | | | |
| 9. | M/s. Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2. | 6 | WEST BENGAL | | |
| 10. | The International Book House (Private) Limited, 9 Ash Lane, Mahatma Gandhi Road, Bombay-1 | 22 | 20. | Granthaloka, 5/1, Ambica Mookherjee Road, Belgaria, 24 Parganas. | 10 |
| 11. | The International Book Service, Deccan Gymkhana Poona-4 | 26 | 21. | W Newman & Company Ltd, 3, Old Court House Street, Calcutta | 44 |
| | | | 22. | Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akrur Lane, Calcutta 12 | 82 |
| | | | 23. | M/s. Mukherji Book House, 8B, Duff Lane, Calcutta-6 | 4 |

CORRIGENDA TO 57TH REPORT OF THE PUBLIC ACCOUNTS
 COMMITTEE (SIXTH LOK SABHA) ON RAILWAY OPERATIONS
 AND EXPENDITURE PRESENTED TO LOK SABHA ON 20.12.1977.

| <u>Page</u> | <u>Para</u> | <u>Line</u> | <u>For</u> | <u>Read</u> |
|-------------|-------------|-------------|-------------|-------------|
| 1 | 1.6 | 32 | Consortium | Consortium |
| 2. | 1.7 | 20 | moters | motors |
| 7 | 1.45 | 13 | wihich | which |
| 12 | | 34 | questio | question |
| 17 | | 28 | :o | to |
| 19 | | 18 | Ol | on |
| 28 | | 14 | detentioned | detention |
| 28 | | 29 | wagsons | wagons |
| 34 | | 1 | Ministry o | Ministry of |

C O N T E N T S

| | PAGE |
|---|-------|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1977-78) | (iii) |
| INTRODUCTION | (v) |
| CHAPTER I . . . Report | 1 |
| CHAPTER II . . . Recommendations/Observations which have been accepted by Government. | 7 |
| CHAPTER III . . . Recommendations/Observations which the Committee do not desire to pursue in view of the replies from Government. | 20 |
| CHAPTER IV . . . Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration. | 24 |
| CHAPTER V . . . Recommendations/Observations in respect of which Government have furnished interim replies. | 29 |
| APPENDIX . . . Conclusions/Observations | 32 |

PARLIAMENT LIBRARY
 Library & Reference Service
 Central Govt Publications
 Acc. No. B. 49640(5)
 Date 23.3.78

PUBLIC ACCOUNTS COMMITTEE
(1977-78)

CHAIRMAN

Shri C. M. Stephen.

MEMBERS

Lok Sabha

- *2. Shri Halimuddin Ahmed
3. Shri Balak Ram
4. Shri Brij Raj Singh
5. Shri Tulsidas Dasappa
6. Shri Asoke Krishna Dutt
7. Shri Kanwar Lal Gupta
8. Shri P. K. Kodiyan
- *9. Shri Vijay Kumar Malhotra
10. Shri B. P. Mandal
11. Shri R. K. Mhalgi
12. Dr. Laxminarayan Pandeya
13. Shri Gauri Shankar Rai
14. Shri M. Satyanarayan Rao
15. Shri Vasant Sathe.

Rajya Sabha

16. Smt. Sushila Shanker Adivarekar
17. Shri Sardar Amjad Ali
18. Shri M. Kadershah
19. Shri Piare Lall Kureel *urf* Piare Lall Talib
20. Shri S. A. Khaja Mohideen
21. Shri Bezawada Papireddi
22. Shri Zawar Hussain.

SECRETARIAT

1. Shri B. K. Mukherjee—*Joint Secretary.*
2. Shri H. G. Paranjpe—*Chief Financial Committee Officer.*
3. Shri T. R. Ghai—*Senior Financial Committee Officer.*

*Elected with effect from 23 November 1977 ~~vice~~ Sarvashri Sheo Narain and Jagdambi Prasad Yadav ceased to be Members of the Committee on their appointment as Ministers of State.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Fifty Seventh Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their Two Hundred and Twenty Fourth Report (Fifth Lok Sabha) on 'Railway Operations and Expenditure' relating to Ministry of Railways.

2. On 10 August 1977, an 'Action Taken Sub-Committee (1977-78)', consisting of the following members, was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports :

- | | |
|---|------------------|
| 1. Shri C. M. Stephen— <i>Chairman</i> | |
| 2. Shri Asoke Krishna Dutt— <i>Convener</i> | |
| 3. Shri Gauri Shankar Rai | } <i>Members</i> |
| 4. Shri Tulsidas Dasappa | |
| 5. Shri Kanwar Lal Gupta | |
| 6. Shri Zawar Hussain | |
| 7. Shri Vasant Sathe | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1977-78) considered and adopted this Report at their sitting held on 9 December 1977. The Report was finally adopted by the Public Accounts Committee (1977-78) on 19 December, 1977.

4. For facility of reference the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions/recommendations of the Committee have also been appended to the Report in a consolidated form. (Appendix).

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

NEW DELHI;
December 9, 1977

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

Agrahayana 28, 1899 (S)

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations of the Committee contained in their 224th Report (Fifth Lok Sabha) on Railway Operations & Expenditure, which was presented to the Lok Sabha on 27 August, 1976.

1.2. Action Taken Notes on all the 56 recommendations contained in the Report have been received from Government.

1.3. The Action Taken Notes on the recommendations of the Committee have been categorised as follows :

- (i) *Recommendations/observations which have been accepted by Government :*
Sl. Nos. 1-3, 5-23, 25, 26, 28-30, 32, 33, 42-44, 46 and 52-56.
- (ii) *Recommendations/observations which the Committee do not desire to pursue in the light of the replies of Government :*
Sl. Nos. 4, 41, 50 and 51.
- (iii) *Recommendations/observations replies to which have not been accepted by the Government and which require reiteration :*
Sl. Nos. 24, 27 and 31.
- (iv) *Recommendations/observations in respect of which Government have furnished interim replies :*
Sl. Nos. 34-40, 45 and 47-49.

1.4. **The Committee expect that Final replies to those recommendations/observations in respect of which only interim replies have been furnished so far will be submitted expeditiously after getting them vetted by Audit.**

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

Investigation of the defects in and failure of ACFT and ACMT Electric Locomotives

(Paragraphs 1.45 to 1.47 and 1.49 to 1.52—Sl. Nos. 1-3 and 5-8).

1.6. Dealing with a case of large scale failure of AC freight type (ACFT) broad gauge electric locomotives produced by the Chittaranjan Locomotive Works in collaboration with a foreign consortium called "Group" as also the wholesale failure of traction motors and armatures of AC electric mixed type (ACMT) BG locomotives, the Committee had, in paragraphs 1.45 to 1.47 and 1.49 to 1.52 of their 224th Report analysed the various reasons responsible for these failures. The Committee

had then recommended that the Ministry of Railways should constitute a high level inquiry into these matters.

1.7. In their Action Taken Note dated 19 April 1977, the Ministry of Railways have stated :

“The observations of the Committee are noted. A Technical Committee has since been constituted by the Railway Board to inquire into defects in/failure of ACFT and ACMT Electric Locomotives, with the following terms of reference:

- (a) causes and responsibility for inadequacy in design of ACFT locos leading to excessive defects resulting in major repairs and modifications of these locos involving heavy expenditure and rendering large number of ACFT locos inoperative. (*vide* recommendations 1 and 2 of PAC) ;
- (b) factors leading to the failures of the imported traction motors fitted on a AG locos from December 1969 onwards due to breakage of shafts and pinions which rendered locos inoperative for long periods. (*vide* recommendation No. 3 of PAC);
- (c) manufacturing programme for ACMT electric locomotives with special reference to specifications for traction motors armatures, their import and indigenous manufacture within the country (*vide* recommendation No. 8 of PAC) ; and
- (d) the officers found responsible for the failure to discharge their responsibility in connection with items (a) to (c) and the specific action to be taken against them (*vide* recommendation No. 7 and 8 of PAC).

The result of the investigation and action taken on the report of the Technical Committee will be advised to the Committee in due course”.

1.8. The Committee note that a Technical Committee has since been constituted by the Railway Board to inquire into the defects in failure of ACFT and ACMT Electric Locomotives. The term of reference of this Committee *Inter alia* include a review of the manufacturing programme for ACMT electric locomotives with special reference to the specifications for traction motors/armatures, their import and indigenous manufacture within the country. The Committee desire that the Technical Committee may be advised to complete their work expeditiously.

Overcharging by the “Group” — a consortium of foreign companies on silicon insulating varnishes purchased by Railways.

(Paragraphs 1.78 to 1.83-SL. Nos. 10-15).

1.9. Commenting on a case of overcharging by a foreign collaborator called ‘Group’ on the supplies of silicon insulating varnishes etc. purchased

by the Railways through the collaborator, the Committee had, *inter alia*, observed :—

“1.82 The Committee were given to understand that the matter had been referred to arbitration and that the Railways had also appointed a committee to go into all aspects of these transactions. The Committee cannot see any reason why the Enquiry Committee have not been able to finalise their report on a matter of urgency which had been referred to them as early as in August, 1974. The Committee desire that the Railway Board should see to the completion of this work without further delay. They would like to be informed of the findings of the Committee as well as the action taken by Government to recover Rs. 70 lakhs which were over-charged by the Group and to fix responsibility on the Railway officials for failure to safeguard in time Government interests.

1.83 The Committee require that the shortcomings and lapses mentioned in the foregoing paragraphs should be specifically enquired into by a Departmental Committee of senior officers including a representative of the Railways Accounts. Responsibility for failure to safeguard the nation's interest must be so ascertained that important lessons can be learnt and such costly lapses do not recur.”

1.10. In their Action Taken Note dated 7 March 1977, the Ministry of Railways have stated :—

“A Committee of senior officers has already been appointed to go into the question of over-payments to M's. Group against orders placed on them by CLW in terms of the collaboration agreement for supply of non-group items. This Committee has been asked to enquire, in addition, into the various lapses pointed out by the committee in paragraphs 1.79 to 1.81. The Committee has been requested to expedite its report covering all the terms of reference. Further necessary action will be taken on receipt of the report of the Departmental Committee.

In regard to over-charging by M's. Group in respect of 41 items including silicon insulating varnishes, a claim has already been made by the CLW in its statement of claims filed before the joint arbitrators. Final decision of the arbitrators is awaited.”

1.11. The Committee are unhappy to note that the Enquiry Committee set up as early as in August 1974 to go into various aspects of the transactions entered into with the foreign collaborator called 'Group' has not yet completed their investigation. The Committee need hardly point out that undue delay in completing investigations into alleged irregularities tend to undermine the utility of such investigations. After all, the main idea behind setting up of Enquiry Committee is to ensure that the loopholes, procedural or otherwise, are pinpointed with a view to taking remedial steps so that such irregularities do not recur. The Committee would therefore, like that the matter should be expedited.

1.12. The Committee also note that in regard to over-charging by M/s. Group in respect of 41 items including silicon insulating varnishes, a claim has been made by the Chittaranjan Locomotive Works in its statement of claims filed before the joint arbitrators. The Committee would like that the arbitration proceedings may be completed expeditiously.

Review of the working of interchange Points on Railways (Paragraph 2.33-Sl. No. 24).

1.13. The Committee had, in paragraphs 2.25 to 2.33 of their 224th Report (Fifth Lok Sabha), commented upon the various reasons responsible for detention of goods trains for abnormally long periods at the interchange points of Balharshah and Ajni. In this context, the Committee had, in paragraph 2.33 made the following observation :—

“The Committee would like the Railway Board to review systematically, in conjunction with Zonal Railways, the targets, the requirements and the physical capacity available in important interchange points, and also to see that these are operated upto the required level and with the requisite efficiency. Concerted measures should be taken to effect improvement in efficiency of these interchange yards. The Committee would like to be informed of the concrete steps taken in this behalf and the improvements actually effected.”

1.14. In their Action Taken Note dated 31-3-77 the Ministry of Railways have stated :—

“As has already been explained, the targets of interchange between Zonal Railways are reviewed every year at the time of Operating Meetings. While doing so, a comprehensive view embracing the likely level of traffic, its pattern and quantum etc. is taken into account. The Targets are also reviewed even during the course of the year if the pattern of traffic demands such a review. Moreover, the interchange of traffic at Ajni has been going up as would be seen from the following :—

| Year | Actual performance, South Eastern Railway to Central Railway |
|----------------|--|
| 1973-74 | 395 |
| 1974-75 | 476 |
| 1975-76 | 501 |
| 1976-77 | 562 |
| (Upto January) | |

The interchange at Balharshah has also been going up and it averaged 414 wagons daily from Central to South Central Railway in September, 1976 and is presently also at the level of 420 wagons daily against a target range of 370—450 wagons.”

1.15. The Committee are not satisfied with the reply. What the Committee had intended was that keeping in view the unsatisfactory working of the interchange points of Balharshah and Ajni, as revealed during examination by the Committee the Ministry of Railways should systematically review the functioning of other interchange points on all the Zonal Railways with a view to effect improvement in the efficiency of these interchange points. Such an exercise does not appear to have been attempted. The Ministry of Railways have only intimated that the targets of interchange between Zonal Railways are reviewed every year at the time of operating meetings. While taking note of this review being carried out in the routine way, the Committee would like to reiterate that the Ministry of Railways should make a systematic review of the targets, the requirements and the physical capacity available in all the important interchange points in different Zonal Railways.

Refrigerated fish van service.

(Paragraph 2.53 & 2.57—S. Nos. 27 & 31).

1.16. While reviewing the utilisation of refrigerated fish vans acquired by the Government for development of fisheries, the Committee, had in paragraphs 2.53 and 2.57 of their Report made the following observations :

“2.53. The Committee learn further that out of the 12 vans, 4 MG vans have been stabled and one BG van is yet to be commissioned and that out of the others only 2 vans were running between Palasa and Howrah. These two vans, running between Palasa and Howrah have also been incurring loss, the operational costs during 1972-73 alone being Rs. 4.66 lakhs against the earning of Rs. 3.37 lakhs. According to the Audit Report, the Ministry of Agriculture is stated to have paid to the Railways Rs. 10.99 lakhs towards reimbursement of losses sustained by them till March 1965.

2.57. The Committee have been informed that though there was no difference between the operation costs of refrigerated and insulated vans, the cost of maintenance was more in the case of the former. The question whether it would be more expedient to run insulated vans instead of refrigerated vans which have proved neither popular nor economical, should be examined.”

1.17. In their Action Taken Note dated 22 June, 1977, the Ministry of Railways have stated :

“2.53. (i) The present fleet consists of 8 BG and 4 MG vans. One of the refrigerated BG vans has since been converted into an insulated van.

(ii) The BG vans are now mostly utilised on Palasa-Howrah circuit for movement of fish traffic. The number of vans deployed on this section has been increased from 2 to 7.

- (iii) One refrigerated van is being utilised for carriage of frozen meat traffic between Delhi and Bombay for export to Gulf countries.

The above measures have helped to improve the utilisation of the BG vans.

- (iv) The MG vans, however, are poorly utilised for want of traffic and the Ministry of Agriculture have been requested to work out the details of the scheme for better utilisation."

2.57

"The cost of operation as well as maintenance in case of the refrigerated van is higher than the insulated van. The insulated van cannot provide the required refrigeration for carriage of fish and other meat products during extreme summer months and over-long haulage. The utility of insulated vans instead of refrigerated vans can, however, be gone into by the Ministry of Agriculture with particular relation to the transport of fish."

1.18. Referring to the role of the Ministry of Agriculture in considering the question regarding comparative cost of running insulated vans instead of refrigerated vans, the Ministry of Railways have in a note dated 22-7-77 stated :—

"The Ministry of Agriculture have already advised the Ministry of Railways to deal with the recommendations of the Committee and obviously that Ministry would not be submitting a note to the PAC separately."

1.19. The Committee note that some improvement in the utilisation of the BG refrigerated fish vans has been effected as a result of some measures taken by the Ministry of Railways. However, according to the Ministry of Railways, the MG vans continue to be poorly utilised for want of traffic. The Committee would like to be informed of the figures of utilisation of the BG and MG vans during 1976-77 and 1977-78 (upto end of December 1977).

1.20. The Ministry of Railways have also stated that the Ministry of agriculture was being requested to work out the details of the scheme for better utilisation. No action, however appears to have been taken on the Committee's suggestion made in paragraph 2.57 of the Report that the question whether it would be more expedient to run insulated vans instead of refrigerated vans which have proved neither popular nor economical, should be examined. The Committee would like the Ministry of Railways to go into the points raised in paragraphs 2.53 and 2.57 of their 224th Report and intimate to them the concrete action taken on the observations contained therein. This may be done urgently.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENTS

Recommendations

1.45 The Committee note that the Ministry of Railways decided in 1959 to go in for production of AC freight type (ACFT) broad gauge electric locomotives and entered into a collaboration agreement with a foreign consortium called (Group) in November, 1962, providing for grant of manufacturing rights and technical assistance by the 'Group' for indigenous production of such locomotives for a period of eight years. Production in the Chittaranjan Locomotive Works started from December, 1963. The Committee are concerned to note that 82 ACFT locomotives, costing each about Rs. 24 lakhs, which were delivered by the Chittaranjan Locomotive Works to the South-Eastern Railway between December, 1963 and October, 1967. Started developing a number of defects within a few months of their commissioning (from October, 1964 onwards) and had to be withdrawn from service. Apart from loss on account of stabling of the locomotives, an expenditure of Rs. 1.4 crores (about 10 per cent of the cost of manufacture) was incurred on major repairs and modifications of these locomotives.

1.46 The Committee have been given to understand that one of the principal reasons for the failure of AC freight-type locomotives was the severe gradients on the South-Eastern Railways which "required the locomotive to exert higher tractive effort than originally specified in the design for these locos." The representative of the Ministry of Railways has pleaded that there was no inadequacy of design on the part of the collaborators, as the locomotives were made as per specifications laid down by the Railway Board. This raises the basic question as to how the Railway Board settled the specifications of the freight-type locomotive for indigenous manufacture without making sure that it had the tractive capability of hauling the loads on the South-Eastern Railway where such locomotives were primarily to be used. Surely, the Railway Board cannot plead ignorance of the existence of higher gradients on the South-Eastern Railway or the tractive effort required therefor, as they had experience of years of running heavy goods trains on that Railways. If there were any grounds for doubt, prudence required that the Railways should have imported ACFT locomotives according to the specifications worked out by them, tried them out on the sections where these were likely to be used, come to a considered conclusion and thereafter, taken a firm decision about its indigenous manufacture within the country. The Committee should not be understood to imply that there should be needless dragging a feet in the matter of undertaking an imaginative and well-planned programme of manufacture within the country, in the interest of attaining self-reliance in crucial sectors; but obviously, these high-sounding principles cannot serve as *an alibi* for not acting with prudence and care, so as to make sure that what was

sought to be manufactured within the country was actually suited to the requirements. In fact, the net result of this hasty experimentation was the heavy loss sustained when a large number of these ACFT locomotives became ineffective and had to be withdrawn for effecting substantial modifications and repairs at a heavy cost of Rs. 1.4 crores.

1.47 The failure of the imported traction motors fitted on these locomotives from December, 1969 onwards due to breakage of shafts and pinions is indicative of the fact that the design and capability of the traction motor had not been selected with the requisite care and prudence. While the Committee note that these traction motors have since been replaced by the collaborators at their own expense at a cost of over Rs.1 crore, the fact remains that a very large number of ACFT locomotives were rendered inoperative thereby denying the Railways the use of these costly locomotives for hauling goods traffic on electric traction at competitive costs. The Committee would like the Ministry of Railways to constitute a high level inquiry into both the matters referred to above, namely inadequacy of the design for the ACFT locomotives and large scale failure of shafts and pinions of the traction motors which rendered the locomotives inoperative for long periods. They would like to be informed of the action taken against the defaulting officers as well as the lessons which have been learnt from these costly lapses so that these are at least avoided in the future.

1.49 The Committee are even more disturbed by the wholesale failure of traction motors and armatures of AC electric mixed type (ACMT) BG locomotives whose manufacture was taken up in 1967. The Committee are unable to appreciate how there could be such wholesale failure of armatures which resulted in rendering inoperative a large number of these locomotives particularly on the South Eastern Railway for periods ranging from 10 to 184 days, besides the stabling of 19 locomotives for want of traction motors. While the Committee can understand the Railway Board's inclination to procure the traction motors and armatures from one of the Group firms as they had an "on going" collaboration agreement with that firm of the Group for manufacture of electric traction motors for ACFT electric freight locomotives, it was the Bounden duty of the Railway Board to ensure that the specifications were properly laid down and the armature motors were put to realistic field tests to determine their suitability for the ACMT electric locomotives for Indian conditions. If the Railway Board had any doubt in the matter, it would have obviously been better either to import the equipment on trial basis, test its capability and suitability by field trials in India and then gone in for imports and indigenous manufacture or else to have floated a global tender in order to get the quotations for traction motors from all over the world, evaluated their suitability and capability for Indian conditions and then taken a decision on the large scale imports and indigenous manufacturing programme.

1.50 It is a moot point whether in evaluating the performance of traction motors/armatures for import/manufacturing programme, the Research Designs and Standards Organisation (who had already designed a traction motor on their own) and Bharat Heavy Electricals (a public sector undertaking, who were already manufacturing traction motors for BG electric locomotives) should have been closely associated. Had there been a meaningful dialogue between these agencies in the public sector and critical

evaluation of the traction motors and armatures which were available in the world market it should have been possible to lay down more suitable specifications and undertake the import/manufacture of the most suitable armature motors, for the ACMT locomotive programme from the very inception.

1.51 In this context it is pertinent to recall that when the Railway Board were faced with the spectre of wholesale failure of electric traction motors on the ACMT locomotives in 1973, they floated a global tender and imported as many as 400 traction motors from Hitachi, a Japanese firm. Had the Railway Board either selected in 1967 the traction motors of the Group design after proper tests and trials especially when the motors of this design were not in use in any country, or purchased traction motors of proved design against open tender as they did in 1973, the ACMT locomotives would not have been rendered inoperative for such long periods.

1.52 The Committee have already in paragraph 1.47 asked for an inquiry to be made to fix responsibility for the inadequacy of design of ACFT locomotives. They would like this inquiry to cover also the manufacturing programme for ACMT mixed type electric locomotives with special reference to the specifications for traction motors/armatures, their import and indigenous manufacture within the country. The Committee would like to be informed of the result of the investigation and the action taken against the officers found responsible for failure to discharge their responsibility. Lessons should be learnt from these costly lapses in order to ensure that these do not recur.

1.53 The Committee are concerned over the heavy percentage (about 20 per cent in 1972-73) of ineffective locos as compared to total holding of both ACFT and ACMT locos, due to repairs etc. The number of ineffective locos increased progressively from 68 (18 per cent) in 1968-69 to 104 (20 per cent) in 1972-73 against total holdings of 364 and 528 locos respectively. The position improved slightly, since according to information received from the Railway Board on 12th July, 1976 the number of inoperative ACFT/ACMT locos out of a total holding of 629 locos was 118 (18.7 per cent). Even so, it is a pity that such a large fleet of powerful locomotives built at great cost for hauling the heavy goods traffic should have remained inoperative for long periods. The Committee would like the Ministry of Railways to examine the matter in depth in consultation with the Railway authorities concerned and take concerted measures to see that the number of electric locomotives kept under repairs is reduced to the minimum and that as many of them as possible are put to effective service to haul goods and other traffic efficiently and at most economic costs.

[Sl. Nos. 1-3 & 5-9 of Appendix, Paras 1.45 to 1.47 and 1.49 to 1.53 of 224th Report of PAC (Fifth Lok Sabha)]

Action Taken

Paras 1.45 to 1.47 & 1.49 to 1.52

The observations of the Committee are noted. A Technical Committee has since been constituted by the Railway Board to inquire into defects

in/failure of ACFT and ACMT Electric Locomotives, with the following terms of reference :—

- (a) causes and responsibility for inadequacy in design of ACFT locos leading to excessive defects resulting in major repairs and modifications of these locos involving heavy expenditure and rendering large number of ACFT locos inoperative. (*vide* recommendations 1 and 2 of PAC);
- (b) factors leading to the failures of the imported traction motors fitted on ACFT locos from Dec. 69 onwards due to breakage of shafts and pinions which rendered locos inoperative for long periods. (*vide* recommendation No. 3 of PAC) ;
- (c) Manufacturing programme for ACMT electric locomotives with special reference to the specifications for traction motors /armatures, their import and indigenous manufacture within the country (*vide* recommendation No. 8 of PAC) ; and
- (d) the officers found responsible for the failure to discharge their responsibility in connection with items (a) to (c) above and the specification to be taken against them (*vide* recommendations Nos. 3 and 8 of PAC).

The result of the investigation and action taken on the report of the Technical Committee will be advised to the Committee in due course.

This Ministry has given Top Priority to reduction of ineffectives on electric locomotives. A large number of modifications on equipments and revision of maintenance and repair practices have been worked out and are under implementation. These steps have already fructified to some extent as is evident from the fact that ineffective percentage on ACFT & ACMT electric locomotives has come down from 22% in 1970 to 16% to 17% in the first six months of 1976-77. Railways have taken further steps to bring this down to the targetted level.

This has been seen by audit who have no remarks to offer on recommendations Nos. 1-8.

As regards recommendation No. 9 Audit have stated that the facts are under verification by Chief Auditors and further communication will follow if any changes are required.

*Director Accounts
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224
(1-9) dated 19-4-77/29 Chaitra, 1899.]

Recommendations

1-78 The Committee note that the Chittaranjan Locomotive Works had purchased through the 'Group' a Consortium of foreign companies 11574 Kgs. of special grade silicon insulating varnishes at c.i.f. value of Rs. 26.41 lakhs

during the period September, 1968 to November 1971 to cover the production requirements of traction motors, the manufacture of which was taken up in collaboration with the Group. The Group had assured the Railways that the prices charged for items procured from others would not exceed the suppliers' prices by more than 5 per cent. The Committee, however, find that in fact, the firm of the Group which supplied the silicon insulating varnishes had charged an unconscionably high price; the additional expenditure incurred due to the higher prices being Rs. 18.90 lakhs (excluding Customs Duty) out of which Rs. 15.50 lakhs was in foreign exchange.

1:79 The Committee are concerned to note the following glaring lapses on the part of the Railway authorities who were responsible for indenting and making arrangements for procurement of the silicon insulating varnishes :—

1. The quantities indented were far in excess of the requirements. The Committee are not able to appreciate how as against the actual monthly consumption of 198 Kgs. of SI 40C Varnish during 1970, indent for as large a quantity as 2300 Kgs. was placed on 2nd November, 1970. Further indents for 2954 Kgs. of SI 40C, 1850 Kgs. of SI 40F and 865 Kgs. of SI 996 varnish were placed on 2nd November, 1971 against an average monthly consumption of 166 Kgs., 13 Kgs. and 31 Kgs. respectively during that year. Apart from the fact that there were standing directions that the quantities to be indented should take specifically into account the actual consumption in the preceding period, there was the additional need for observing every care as the insulating varnishes were known to deteriorate if kept in storage for more than six months and there were large quantities already in stock.
2. Care had not been taken to contact the firm from whom the supply had been obtained by the Group and whose initials were inscribed on the containers nor to ascertain the price in the market abroad or in India so as to make sure that the Group firm did not charge prices exceeding 5 per cent of the suppliers' prices.
3. Care had not been taken to see that the date of manufacture and the date of expiry of the life of the insulating materials was indicated on each container in spite of a specific provision in the warranty clause to that effect. 2855 Kgs. of insulating varnish costing Rs. 5.03 lakhs (excluding customs duty) had to be thrown away as it lost its property after the specified period.

1:80 The Committee also find that as against the norm of 13 Kgs. of SI 40C Varnish per motor, the actual consumption was 16 to 17 Kg. in case of SI 40F varnish it was 5.6 to 6 Kgs. as against 4.5 Kgs. per motor recommended by the Collaborator and in case of SI 926 varnish it was as high as 8 Kgs. against 4 Kgs. recommended by them. The Committee have a feeling that this high rate of consumption is not so much due to the variation in conditions in India as compared to those obtaining in the Collaborator's manufacturing unit but due to the anxiety of the Railway authorities to cover up the losses on account of the varnish losing its properties because of efflux of time by showing it as issued for work, but in fact discarding it. The Committee would like to be informed of the up-to-date position of the utilisation of the insulating varnish as they fear that a large quantity of this stock might well have been discarded as having lost its property. The quantity and value of the imported insulating varnish

which were discarded as being unfit for use should be specifically indicated in the reply to be furnished to the Committee. The committee should also be informed of the action taken or proposed to be taken to obviate recurrence of such lapses.

1.81 The Committee are perturbed to note that this is not the only instance where the Group had overcharged. In fact there were as many as 41 other items where the Group has overcharged Rs. 70 lakhs from the Railways. The Committee are not prepared to accept the plea, stated to have been put forward by the Group, that while they had overcharged in certain items, they had undercharged in certain other items.

1.82 The Committee were given to understand that the matter had been referred to arbitration and that the Railways had also appointed a Committee to go into all aspects of these transactions. The Committee cannot see any reason why the Enquiry Committee have not been able to finalise their report on a matter of urgency which had been referred to them as early as in August, 1974. The Committee desire that the Railway Board should see to the completion of its work without further delay. They would like to be informed of the findings of the Committee as well as the action taken by the Government to recover Rs. 70 lakhs which were overcharged by the Group and to fix responsibility on the Railway officers for failure to safeguard in time Government interests.

1.83 The Committee require that the shortcomings and lapses mentioned in the foregoing paragraphs should be specifically enquired into by a Departmental Committee of senior officers including a representative of the Railway Accounts Responsibility for failure to safeguard the nation's interest must be so ascertained that important lessons can be learnt and such costly lapses do not recur.

[S. N. 10 to 15 of Appendix, Paras 1.78 to 1.83 of the 224th Report of the P.A.C. (Fifth Lok Sabha)]

Action Taken

1.78 The observations of the Committee are noted. It is however submitted that the question whether M/s. Group had overcharged and if so the quantum thereof has been referred to a joint arbitration.

1.79 to 1.83 A Committee of senior officers has already been appointed to go into the question of over-payments to M/s. Group against orders placed on them by C.L.W. in terms of the collaboration agreement for supply of non-group items. This Committee has been asked to enquire, in addition, into the various lapses pointed out by the Committee in paragraphs 1.79 to 1.81. The Committee has been requested to expedite its report covering all the terms of reference. Further necessary action will be taken on receipt of the report of the Departmental Committee.

In regard to over-charging by M/s. Group in respect of 41 items including silicon insulating varnishes, a claim has already been made by the

C.L.W. in its statement of claims filed before the joint arbitrators. Final decision of the arbitrators is awaited.

This has been seen by Audit.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Rly. Board) O.M. No. 76-BC-PAC/V/224 (10-15)
dated 7-3-1977/16 Phalguna. 1898]

Recommendations

2.25 The interchange of wagons at important yards between railway systems constitutes an important operation. The Committee find that at Balharshah and Ajni, which constitute two important interchange points between south Central-Central Railways and Central-South Eastern Railway the targets were fixed in 1969, but the performance had fallen far short. In the case of Balharshah yard the inter-change target of 370 wagons per day was fixed in 1969-70 (temporarily revised to 375 in 1970-71) on the basis of anticipated materialisation of traffic. The actual figures were, however, 300-305 wagons only, during the three-year period, 1970-71 to 1972-73. Like-wise, in the case of Ajni yard, the target was raised in April 1969 and 550 wagons to 600 wagons per day, whereas the actual number of wagons interchanged daily in the preceding six months (from November 1978 to April 1969) was 513 only. The target was raised in anticipation of more traffic which did not eventually materialise. The average number of wagons interchanged at Ajni from South Eastern to Central Railway and *vice-versa* fell far short of even the earlier target of 550 wagons in the three-year period under review.

2.26 The Committee are constrained to observe that the manner in which unrealistic targets were fixed at these interchanged points without strictly taking into account either the requirements or the physical conditions prevailing, give an impression that such important matters do not receive detailed consideration of either the Zonal Railway or the Railway Board.

2.27 Another disturbing feature is that no review of the targets for these interchange yards appears to have been carried out systematically every year in the light of the performance, requirements and the physical conditions obtaining. The targets for Balharshah and Ajni have remained unaltered since 1969; even though the performance has been less than the interchange quota by 18 per cent to 26 per cent for Balharshah and 25 per cent to 27 per cent for Ajni for three successive years from 1970-71 to 1972-73.

2.28 The Committee also find that goods trains were detained short of both these yards. During 1971-72, out of 3972 trains meant for Balharshah as many as 537 (about 13.5 per cent goods trains suffered detention on an average for two hours each the broad reasons for such detention being meagre facilities in Balharshah-Kazipet Section on account of doubling works, bunching of trains, accidents etc.

2.29. Similarly, in the case of Ajni out of 3048 trains during the period of 6 months (February-July, 1972) 1049 (34 per cent) goods trains were detained short of Ajni and suffered detention of over one hour—the main reasons for it being the limitations of Ajni yard, constraints of passage across Nagpur yard, accidents etc.

2.30. The Committee also note that in certain cases, trains had to be stabled for periods ranging from 2 days to 4.62 days short of these yards. They find that in the case of Balharshah 52 trains had to be stabled short of that Station during 1971-72, the average period of stabling being 2 days. Similarly, in the case of Ajni 37 trains were stabled during the year 1971-72 for a period ranging from 3.69 days to 4.62 days.

2.31. The Committee are not convinced by the reasons advanced by the Railways for the heavy detention to goods trains at Balharshah and Ajni, and are particularly disturbed by the heavy losses caused by the stabling of a large number of trains for periods ranging from 2 days to 4.62 days. The Committee would like to point out that detentions/stablings for hours and days of goods traffic in these yards represent very heavy loss in respect of engine and wagon days which could otherwise have been available for moving goods traffic. The Committee are distressed that instead of achieving improvement in the daily average time and distance covered by wagons as a result of heavy investment in modernisation and acquisition of diesel and electric locomotives, the average time and distance covered by a broadgauge wagon has come down to 4.07 hours and 74 kms. in 1971-72 as compared to 4.7 hours and 76.9 kms. in 1960-61.

2.32. The Railway Board have given a very elaborate explanation in extension of their performance. They have emphasised that diesel and electric locomotives were utilised largely to carry heavier loads and that for various reasons it was not found possible to effect appreciable improvement in the speed of goods trains. The Committee cannot help concluding that one of the important reasons for the decline in operational efficiency as reflected in the statistics given in the earlier paragraphs may well be due to unwarranted detention which the goods trains have been suffering in important yards, particularly inter-change yards. The Railways have to realise at all levels that any detention or idling of the rolling stock means a national loss of valuable remunerative assets.

[Sl. Nos. 16-23 of Appendix, Paras 2.25-2.32 of 224th Report of PAC
(Fifth Lok Sabha)]

Action Taken

Para 2.25 & 2.28-2.31

The observations of the Committee have been noted.

Para 2.26 & 2.27

The procedure followed for fixing quotas for interchange of traffic between different railways has been explained in detail in paragraphs 2.8, 2.9, 2.10, 2.11 and 2.12 of PAC's Report. However, the observations made by the Committee are noted.

2.32. The subject matter contained in the above recommendation has been elaborately explained in the written replies given to point No. 25 arising out of Audit Para and point No. 54 arising out of evidence tendered before the PAC. As already explained detention to some goods trains is un-

avoidable as it is a feature which is inherent in train operation but notwithstanding this, cases of detentions are always analysed and taken up.

Recommendations

2.51. The Committee note that for the development of fisheries, the Ministry of Agriculture had, between 1960-61 and January 1969, acquired 9 refrigerated fish vans and placed orders for 3 more in November, 1969. It appears to have been agreed that the Ministry of Food and Agriculture would bear the annual maintenance and service charges of those vans and the Railways would have the responsibility for their maintenance and operation with effect from April 1965. Their ownership, however, continued to vest in the former Ministry.

2.52. The Committee further note that the service of 5 vans with the South Eastern Railway was better than those in the Southern and Western Railways which had 2 vans each. The earnings of the vans with Western Railway were Rs. 3.49 lakhs as against an expenditure of Rs. 5.99 lakhs during the period 1969-70 to 1972-73 (upto December 1972) which meant a loss of Rs. 2.50 lakhs. The Southern Railway earned on this account Rs. 1.27 lakhs against an expenditure of Rs. 5.24 lakhs during the period from April 1969 to March 1973, thus involving a loss of about Rs. 4 lakhs.

2.54. The Ministry of Railways explained (January 1974) that the losses were due to lack of support from the trade on account of the irregular running of the vans. The absence of a daily service also contributed to their inadequate utilisation. Besides, there were many mechanical and electrical break-downs initially and the vans were detained in the shops for long period owing to difficulty in getting spare parts etc.

2.55. The Committee deplore the lack of adequate attention to the task of running the service regularly and efficiently. It is a pity that the fleet of refrigerated vans built at a cost of Rs. 34.91 lakhs (9 vans only) has largely remained unutilised. The Railways have had to bear a heavy burden of expenditure on account of this default.

2.56. At present only two vans are working. It seems strange that 4 vans (including 2 newly constructed) have been stabled for want of traffic, while one more is yet to be commissioned.

2.58. The Committee would like to know why it was not found possible to run regular and daily service on certain routes as required by trade. The precise reasons for retention of the vehicles under repair for long periods, and the general lack of urgency in this matter has to be explained.

2.59. The Committee would ask Government to set up a competent committee to closely into the working of the 'Refrigerated Fish Van Service' identify the reasons for its failure and suggest measures for improvement. It is essential to demarcate and specify the responsibilities of both the Ministries in regard to the scheme, and also to find out how the present fleet of vans could be put to optimum use. The entire position in regard to the feasibility of such a service and the conditions in which it can operate should also be carefully examined.

[S. No. 25, 26, 28-30, 32, & 33 of Appendix, Paras 2.51, 2.52, 2.54-2.56
2.59—2.59 of the 224th Report of PAC (Fifth Lok Sabha)]

Action taken

Paras 2.51 and 2.52

The observations of the Committee are noted.

Paras 2.54, 2.55 and 2.56

- (i) With the development of 7 refrigerated/insulated vans on Palasa-Howrah Section of South-Eastern Rly., almost daily service is now available.
- (ii) The maintenance of these vans is being improved and their idle lie-over period in the shops will also be reduced.

Para 2.58

With the limited number of refrigerated vans, it was not possible to provide a daily service on the routes, which were indentified by the Ministry of Food and Agriculture.

Initially, the specialised maintenance and repair facilities had to be developed and centralised and that too for a limited number of vans. The lack of demand also contributed to the delay in repairs. The position has since improved.

Para 2.59

Accepted. A committee consisting of representatives of the Ministry of Agriculture and the Ministry of Railways is being constituted.

*Director Finance,
Railway Board.*

[Ministry of Railways, (Railway Board) O.M. No. 76-BC-PAC/V/224 (25-33) dated Asadha 2, 1899/June 22, 1977].

Recommendations

Para 3.14

The Committee note that the security partolling of the railway track on North-east Frontier Railway was started from 1962 and subsequently at the suggestion of the State Governments concerned, the track patrolling was intensified. The patrolling continued right upto April, 1972 and thereafter it continued in two Sections. Upto 31st March, 1973 the Railway Administration had incurred on it an expenditure of Rs. 3.60 crores.

Para 3.15

The Committee further note that although the security partolling was done at the suggestion of the State Governments, claims for the expenditure were not preferred on them till May, 1965 when the Railway Board instructed the Railway Administration to present the bills to the State Governments. According to the information furnished to the Committee by the Railway Board, "The State Governments have declined to accept any of the debits intimating that their resources were limited and that the Railways in their own interests are expected to give assistance for maintaining safety of railway traffic."

Para 3.16

The Committee have been informed in June, 1976 by the Railway Board that the question of recovery of cost of partolling of Railway Track from the State Governments was discussed at a meeting held with the Ministry of Home Affairs in which it was decided that the matter should be put up to the Committee of Secretaries on Internal Affairs for a decision. This long lapse of time over a decision that still remains to be made appears to

the Committee to be an instance of an entirely avoidable dilatoriness in Government functioning which should be shed purposefully and effectively forthwith.

[S.Nos. 42—44 of Appendix, Paras 3.14—3.16 of the 224th Report of P.A.C. (Fifth Lok Sabha)].

Action taken

Paras 3.14 to 3.16

The observations of the Committee are noted.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224 (42-45) dated 20-4-1977/30 Chaitra, 1899].

Recommendations

Para 3.29

The Committee note that for handling of goods, parcels and luggage etc. at Muzaffarpur Station, a contract was awarded for 3 years from 1st April, 1971 to tenderer 'A' whose tender was found to be the lowest on the basis of evaluation of anticipated quantum of all items of work except one, which related to handling of emergency tools and electrical flood light boxes and which was being done by the previous contractor free of charge, from 1969. It has been stated in the Audit Report that had the tenders been evaluated taking into account also the work under the left out item during the year before, the tender of 'B' would have been lowest. The Committee are further given to understand that had the tender of 'B' been accepted from April 1971, the Administration would have saved Rs. 1.41 lakhs on the basis of traffic handled at Muzaffarpur during 1971-72 and 1972-73 alone. The contention of the Railway Board that the excluding item being free of charge, there was no record to judge the quantum of traffic, is not convincing. In fact, the Board have admitted that "the assessment of the traffic could have been made from other station records and there has been an omission in this regard."

[S. No. 46 of Appendix, Para 3.29 of the 224th Report of P.A.C. (Fifth Lok Sabha)].

Action Taken

Para 3.29

The observations of the Committee are noted.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224 (46-51) dated 11-3-1977/20 Phalguna, 1898].

Recommendations

3.55. The Committee note that the average annual supplies of Creosote for the four Railway Sleeper treatment plants from the three steel plants in the Public Sector showed a marked declining trend during the period 1965-66 to 1973-74. As against the estimated requirement of about 8400 tonnes (assessed in 1964-65), the supply was 7118 tonnes in 1965-66 and this gradually declined to as low a figure as 2470 tonnes in 1973-74. In view of the inability of the Steel Plants to meet the Railways' requirements, the latter were compelled to import 4400 tonnes of Creosote in August, 1971 at an average cost of Rs. 908 per tonne (exclusive of customs duty), which substantially higher than the price of Rs. 595 per tonne paid to the Steel Plants.

3.66. It is no doubt true that the Railway Ministry wanted as far as possible the supplies to come from the steel plants but the matter dragged on for a number of years (from November 1967 to January 1970) through periodical meetings and other correspondence with Hindustan Steel Limited. The Committee feel that initiative should have been taken at a high enough level to clinch the issue as soon as it was apparent that routine efforts were not proving effective. As far as the Ministry of Steel are concerned it is distressing that it went on shifting from one assurance to another without making a correct assessment of the quantity of creosote which could be made available to Railways. In fact, the various promises made by the Ministry never came up to the level of actual supplies. All this gave rise to ambiguity and confusion with the result that the requirements of creosote oil were never met fully and ultimately these had to be imported at higher costs which the country could ill afford.

3.67. The Committee further note that on account of problems in the coke oven batteries, the Steel Plants had to resort to use pitch creosote mixture as fuel with the result that production of creosote had to be severely curtailed. The alternative suggestion to use furnace oil (then costing only Rs. 363 (c.i.f.) per tonne) was not found feasible as it would have required the addition of certain facilities which would have taken considerable time to provide.

3.68. The Committee trust that with the improvement in the working of the steel plants the Ministry of Steel are now in a position to ensure an adequate and sustained supply of creosote oil to the Railways treatment plants and so to obviate costly imports.

[Sl. Nos. 52 to 55 of Appendix Paras 3.65 to 3.68 of 224th Report of P.A.C. (Fifth Lok Sabha).]

Action Taken

The observations made by the Committee mainly concern the Department of Steel who will no doubt furnish a reply to the Committee. The Ministry of Railways would, however, like to inform the Committee that the present

position of supply of creosote to the Railways by the Steel Plants is generally satisfactory.

This has been seen by Audit.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224 (52-55) dated 31-3-77/ 10 Chaitra, 1899].

Recommendation

3.69. For lack of time the Committee have not been able to look thoroughly as they had originally intended, into some of the paragraphs included in the report of the Comptroller and Auditor General of India for the year 1972-73 Union Government (Railways). The Committee expect, however, that the Ministry of Railways (Railway Board) will take necessary action in these cases, in consultation with Audit.

[Sl. No. 56 of Appendix, para 3.69 of 224th Report of P.A.C. (Fifth Lok Sabha).]

Action Taken

The observations of the Committee are noted. Necessary action on such paras of C & AG's Report on Railways for 1972-73 on which the Committee have not made any observations is being taken by the Railway in consultation with Audit.

This has been seen by Audit.

*Director Accounts,
Railway Board.*

(Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224 (56) dated 7-3-77/ 16 Phalguna, 1898).

CHAPTER III

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

Recommendation

1.48. The Committee note that two of the other reasons given for the unsatisfactory performance of the indigenously manufactured ACFT locomotives were use of indigenous materials as well as inadequacy of inspection and poor workmanship. The Committee feel that it should have been possible for the Railways to overcome the first deficiency by adopting strict standards, from the very inception, in the matter of indigenisation of materials and by exercising strict quality control by thorough inspection at all stages of manufacture. As regards poor workmanship attributed to the time required for development of skills the Committee feel that it should have been possible to overcome this deficiency by initiating the training programme on priority basis, as soon as the collaboration agreement was entered into. The training facilities available under the collaboration agreement should have been made full use of and meaningful help of the collaborators taken to train our workers in the Chittaranjan Locomotive Works so that these deficiencies of workmanship were not allowed to come in the way of satisfactory manufacture of locomotives.

[Sl. No. 4 of Appendix, Para 1 48 of 224th Report of PAC (Fifth Lok Sabha)]

Action Taken

The Railway Board would submit that all parts of the locomotive including the bogie were manufactured according to approved drawings. Components manufactured to the fits and tolerances shown in the drawings were checked by an independent. Inspecting Organisation with approved gauges and measurement devices.

A training programme was also initiated for developing the skills of the workmen. A number of officers and Supervisors were deputed to France and Belgium for undergoing training in the manufacture of ACFT locomotives and these Officers and Supervisors were employed in the manufacture of the locomotives on their return to India.

Strict standards in the matter of indigenisation of materials and strict quality control by thorough inspection at all stages were in fact adopted. In fact, the work was carried out in the initial stages under direct supervision of the Group's Engineers.

Director Accounts

Railway Board

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224 (1-9) dated 19-4-77/29 Chaitra, 1899].]

Recommendation

2.87. The Committee note that with a view to rationalising the movement of stores from Salt Cotaurs to the Stores Depot at Perambur, the goods are being unloaded and carried by road instead of wagons. The Committee would like the Railways to make sure that these operations by road are economical and less costly than movement by wagons. The Committee also find that heavy wharfage to the extent of Rs. 4.17 lakhs was incurred between October, 1972 and August 1974 on account of departmental consignments lying at Salt Cotaurs for excessive periods. The Committee are unable to appreciate why the Railways were not able to organize the transport of these stores more efficiently and obviate recurrence of such heavy wharfage. The Committee would like that responsibility for this to be fixed and positive measures taken to ensure that departmental stores and consignments which are unloaded at Salt Cotaurs for the Stores Depot at Perambur are moved away within the permissible and prescribed period so as not to attract any wharfage charges. The Committee would like to be informed of the concrete steps taken in this behalf.

[Sl. No. 41 of Appendix, Paragraph 2.87 of the 224th Report of the P.A.C. (Fifth Lok Sabha).]

Action Taken

Following the decision to close down the Perambur Works, Goods shed for the purpose of delivery of 'Smalls' to the Workshop and Stores at Perambur, arrangements were made initially to transport the consignments through departmental lorries. Efforts were also made to get more lorries from the 'Lorry Pool' of the railway but these efforts were not successful. The railway, therefore, had to finalize a contract for the transport of 'Smalls' from Salt Cotaurs through a reputed firm so that there is no risk to railway articles entrusted to them for transport. The contracts has been finalized w.e.f. 11-4-1975. The decision to transport these 'Smalls' from Salt Cotaurs Goods shed has been taken mainly on operating considerations as otherwise the wagons which were not even loaded fully had suffered considerable detentions in the Workshop and Store premises resulting in wastage of wagon space apart from delay to wagons in transit in Madras area and in placement.

The higher incidence of wharfage of Rs. 4.17 lakhs between the period October, 1972 to August, 1974 was on account of the difficulty in making suitable arrangements for collection and transport of the 'Smalls' from Salt Cotaurs to Perambur Workshop and Stores Depot. Due to initial difficulties in finalizing the arrangement, the wharfage incurred had been heavy. This cannot however be attributed to the failure of any one person or persons and no individual responsibility can be fixed on this account. However, as a result of fixing a suitable transport contractor and establishing necessary rapport with the Goods Shed staff, at Salt Cotaurs, the amount of wharfage has come down to Rs. 87,028 and Rs. 49,200 during 1975 and 1976 respectively. Further efforts are being made to reduce the wharfage incurred to the absolute minimum.

[Ministry of Railways (Railway Board) O. M. No. 76-BC-PAC
(V)/224 (34.41) dated 19-4-77]

Recommendations

3.33. The Committee note that a report for initiating termination proceedings against the contractor was given by the Deputy Financial Adviser of the North Eastern Railway as early as October, 1971. Had the matter been attended to with the seriousness that it deserved, it should have been possible to take conclusive action against the contractor in order to safeguard public interest. The Committee would like the Railway Board to go into this aspect conclusively and inform the Committee of the action taken.

3.34. The Committee would also like the Railway Board to review their general orders on the subject in the light of the shortcomings which have come to notice in the present case, so as to ensure that such lapses do not recur on other Railways. In particular, the Committee stress that strict instructions should be issued to regulate payments to the contractor within the limits of the estimated quantities, unless these are not enhanced in time, for special reasons to be recorded by the competent authority. This would ensure that the premises on the basis of which quotations of a tenderer are accepted would be specifically kept in view, while making the payment to the contractor, so as to obviate chances of any unintended benefits accruing to him. The Committee would like to be informed of the precise action taken in this behalf by the Railway Board.

[S. Nos. 50 & 51 of Appendix, Paras 3.33 & 3.34 of the 224th Report of PAC (Fifth Lok Sabha)]

Action Taken

The Joint Enquiry Committee consisting of Addl. CCS(G) and Dy. F.A. were asked to enquire into this aspect also. The findings of the Committee are reproduced below :—

“The conclusions drawn in the Dy. F. A.’s letter was not free from certain disputed aspects which necessitated rounds of correspondence between the Divisional Supdt.’s office and the head office. Changes in the incumbency of the Divisional Supdt. in that year also contributed to the continuance of the residual term of the contract especially when no alternative arrangements could be thought of.”

As the railway could not make any alternative arrangements, the contract could not be terminated.

General instructions exist in regard to the scrutiny by the Tender Committee of rates for individual items to ensure that the rates are reasonable and have not been so manipulated as to give an unintended advantage to the tenderer in the event of the pattern of traffic envisaged at the time of the tender undergoing any change thus upsetting the overall calculations. As in the present case there was failure to follow the prescribed instructions, the explanation of the Tender Committee members is being obtained. In regard to the observation of the Committee that the payments to the contractor should be regulated within the limits of estimated quantities, it is submitted that in the day-to-day movement of traffic, it is not possible to adopt a rigid attitude as the

fluctuation of traffic is beyond the control of the railways and the contractor has to clear the specified items of work as expeditiously as possible otherwise this will result in heavy congestion and effect further movement of traffic. It is, therefore, not desirable to restrict payment to the estimated quantities as suggested by the Committee.

This has been seen by Audit.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O. M. No. 76-IC-FAC.V/
224 (46-51) dated 11-3-1977/20 Phalguna, 1898].

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE GOVERNMENT AND WHICH REQUIRE REITERATION

Recommendation

2·33. The Committee would like the Railway Board to review systematically, in conjunction with the Zonal Railways, the targets, the requirements and the physical capacity available in important interchange points, and also to see that these are operated upto the required level and with the requisite efficiency. Concerted measures should be taken to effect improvement in efficiency of these interchange yards. The Committee would like to be informed of the concrete steps taken in this behalf and the improvements actually effected.

[Sl. No. 24, Para 2·33 of 224th Report of PAC (Fifth Lok Sabha)]

Action Taken

2·33. As has already been explained, the targets of interchange between Zonal Railways are reviewed every year at the time of Operating Meetings. While doing so, a comprehensive view embracing the likely level of traffic, its pattern and quantum etc. is taken into account. The targets are also reviewed even during the course of the year if the pattern of traffic demands such a review. Moreover, the interchange of traffic at Ajni has been going up as would be seen from the following :—

Target for traffic from
South Eastern Railway to
Central Railway

Range : 500-600

| Year | Actual performance South Eastern Rail- way to Central Railway. |
|-------------------|---|
| 1973-74 | 395 |
| 1974-75 | 476 |
| 1975-76 | 501 |
| 1976-77 | 562 |
| (upto Jan.) | |

The interchange at Balharshah has also been going up and it averaged 414 wagons daily from Central to South Central Railway in Sep-

tember 1976 and is presently also at the level of 420 wagons daily against a target range of 370-450 wagons.

[Ministry of Railways (Railway Board) O. M. No. 76-BC-PAC/V
224 (16.24) dated 22nd June, 1977].

Recommendations

2.53. The Committee learn further that out of the 12 vans, 4 M.G. vans have been stabled and one B.G. Van is yet to be commissioned and that out of the others only 2 vans were running between Palasa and Howrah. These two vans, running between Palasa and Howrah have also been incurring loss, the operational costs during 1972-73 alone being Rs. 4.66 lakhs against the earning of Rs. 3.37 lakhs. According to the Audit Report, the Ministry of Agriculture is stated have paid to the Railways Rs. 10.99 lakhs towards re-imburement of losses sustained by them till March 1965.

2.57 The Committee have been informed that though there was no difference between the operation costs of refrigerated and insulated vans, the cost of maintenance was more in the case of the former. The question whether it would be more expedient to run insulated vans instead of refrigerated vans which have proved neither popular nor economical, should be examined.

(S.Nos. 27 & 31 of Appendix, Paras 2.53 and 2.57 of the 224th Report of PAC (Fifth Lok Sabha)

Para 2.53

Action Taken

- (i) The present fleet consists of 8 B.G. and 4 M.G. vans. One of the refrigerated B.G. vans has since been converted into an insulated van.
- (ii) The B.G. vans are now mostly utilised on Palasa-Howrah circuit for movement of fish traffic. The number of vans deployed on this section has been increased from 2 to 7.
- (iii) One refrigerated van is being utilised for carriage of frozen meat traffic between Delhi and Bombay for export to Gulf countries. The above measures have helped to improve the utilisation of the B.G. vans.
- (iv) The M.G. vans, however, are poorly utilised for want of traffic and the Ministry of Agriculture have been requested to work out the details of the scheme for better utilisation.

Para 2.57

The cost of operation as well as maintenance in case of the refrigerated van is higher than the insulated van. The insulated van cannot provide the required refrigeration for carriage of fish and other meat products during extreme summer months and over long haulage. The utility of insulated vans instead of refrigerated vans can, however, be gone into by the Ministry of Agriculture with particular relation to the transport of fish.

The action taken note has been seen by Audit who have made the following observations.

2. Paragraph 2.53

(a) The position is under verification by Chief Auditors and further communication will follow, if any changes are found necessary.

(b) Railway Board may like to furnish figures of utilisation of the B.G. vans in order to support the statement that the measures taken by it have helped to improve the utilisation of B.G. vans.

3. Paragraph 2.57

The Railway Board may kindly clarify to P.A.C. whether the Ministry of Agriculture would be submitting a note on the subject to P.A.C. separately.

4. The Railway Board have the following further remarks to offer on the Audit observations :—

Para 2 (b) :—The figures of utilisation of B.G. vans have been called for from the Railways and the same will be furnished to the Public Accounts Committee.

Para 3 :—The Ministry of Agriculture have already advised the Ministry of Railways to deal with the recommendations of the committee and obviously that Ministry would not be submitting a note to the P.A.C. separately.

Director Finance (Budget)

Railway Board.

[Ministry of Railways, (Railway Board) O.M.No.76-BC-PAC.V.224]
(25-33) dated Asadha 2, 1899, June 22, 1977.

CHAPTER V

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

Recommendations

Para 2.80. The Committee are distressed that there have been serious delays in the placement and the unloading of wagons in Perambur Works Area. The detention of wagons on an average during the 3 years (1970-71 to 1972-73) was of the order of 28 days. Some wagons containing sundry consignment suffered heavy detention of even 100 days. The Railways have admitted that the main factors contributing to the detention of wagons were non-availability of cranes and shunting engines, non-placement of wagons at the appropriate places for unloading, improper layout of the yards, poor maintenance of the tracks inside the stores, depots, etc.

Para 2.81. The Committee note that the position has shown some improvement after certain remedial measures were taken in pursuance of the findings of Audit. Such detention have come down from the average of 28 days (inclusive of free period) to about 9.5 days (September 1974).

Para 2.82. The Committee regret the complacent attitude of the Railway authorities. For years they did not appear to have realised the wasteful nature of the operation. This casual attitude seems to be due to two factors ; first that the Railways had not fixed any specific time limit (free time) for unloading of wagons in the departmental yards, and secondly, the demurrage charges do not appear to have been levied/collected. No effort even seems to have been made to enforce accountability on the field officers. The Committee feel that this perfunctory approach in the matter of use of wagons for departmental purposes was responsible for the default which persisted over the years. The Committee desire that the Railways should, without delay, fix norms for loading and unloading of wagons not only at Perambur yard but at all major departmental sidings, and ensure that the wharfage/demurrages are charged from the departmental authorities who are found exceeding the prescribed 'free time'. The Committee further desire that the 'free time' to be prescribed should be laid down strictly so as to act as a self-regulatory discipline for efficient operation.

Para 2.83. In this context, the Committee would point out that in the Diesel Locomotive Works, Varanasi, the time taken for handling of wagons for departmental stores etc. is only one day. There is no reason why it should not be possible with modernization schemes under way on the Railways to bring down the time in other departmental yards to this level.

Para 2.84. It is significant that the Railways have now found it possible to reduce the detention time of wagons from an average of 28 days in Perambur to 9.5 days without having to physically alter the layout of the

yard etc. The Committee would, therefore, emphasise that the constraints of the layout of departmental yards should not be over-emphasised, and concerted efforts should be made to see that minimum time is prescribed for the loading and unloading of goods in the departmental yards.

Para 2.85. There should also be a well regulated system and procedure by which excessive detention time and demurrage charges are promptly checked by supervisory officials and adequate action taken against those found responsible for avoidable and costly detentions.

Para 2.86. The Committee would reiterate that wagons have been acquired with the nation's money and should be treated as a national asset to be put to the best economical use. The Railways in fact have to set an example by releasing the wagons loaded with departmental goods quickly so as to act as model to other users. The Committee need hardly point out that reduction in detention of wagons would enhance their availability for greater public use and thus subserve the larger public objective.

[Sl. Nos. 34 to 40 of Appendix, Paragraphs 2.80 to 2.86 of the 224th Report of the P.A.C. (Fifth Lok Sabha)]

Action Taken

Paras 2.80 to 2.86

The observations of the Committee have been brought to the notice of the Railways. The Board have also issued instructions to railways in October 1974 to ensure that wharfage/demurrage charges are recovered on railway materials and stores as in the case of public traffic and that the charges accrued should be paid by the Departments concerned by credit notes. The railways have been asked to review the free time in respect of every Workshop and after making a proper time study to fix free time for all traffic dealt with inside the Workshop sidings as in the private or assisted sidings. Demurrage for detention of wagons in excess of free time should also be recovered from the concerned departments.

On receipt of the recommendations of the Committee, the railways have been asked to review the position again and ensure that the time limit to release of booked Wagons is enforced strictly and to charge demurrage/wharfage charges in excess of the prescribed time limit. The replies received from the Railways indicate that free time has been fixed for unloading of wagons in all the workshops of the Railways except the Liluah Workshop on the Eastern Railway and Golden Rock Workshop of the Southern Railway. The position in respect of Liluah Workshop and Stores sidings which has certain peculiar features is under examination by a Departmental Committee for fixing suitable norms. The position in respect of Golden Rock Workshop of the Southern Railway is under examination. In regard to the request from the Railway to give special consideration to Perambur Workshop and Stores, the Southern Railway is being asked to re-examine the matter and fix a suitable free time limit after a proper time study and to charge demurrage for any detention in excess of the time limit so fixed.

[Ministry of Railways (Railway Board) O.M.No. 76-BC—PAC(V)/224 (34-41) dated 19-4-77]

Recommendation

Para 3.17. The Railway Administration should have, in its own interest, entered into a meaningful dialogue with the State Governments much earlier and not relied on the assumption that as the responsibility for patrolling devolved on the State Governments they would bear the cost involved on such patrolling. The Committee fail to understand how the whole matter came to be dealt with in such a very casual and perfunctory manner. Keeping in view the very large amount involved, the Railway Administration should have resolved the matter in time with the State Central authorities concerned.

[Sl.No. 45, Para 3.17 of 224th Report of PAC (Fifth Lok Sabha)]

Action Taken

Para 3.17. It is submitted that the N. F. Railway Administration raised debits against the State Governments concerned, in accordance with the Board's directive, for reimbursement of the cost of patrolling. However, all the AGs concerned reversed the debits, sooner or later, on the ground that the State Governments did not consider security track patrolling to be their responsibility. The Ministry of Railways took up the matter with the Ministry of Home Affairs as early as February 1969 requesting them to issue a directive to the State Governments so that amounts which were correctly debited by the Railways to the State Governments towards the cost of security patrolling of track arranged as an anti-sabotage measure on the advice of the State Governments, and which have been re-debited by them to the Railways, may be finally adjusted. No directive in the matter has, however, been issued by them so far.

2. In January 1975, the Ministry of Finance referred to a complaint made by the Government of Assam that large amounts were being debited by the Railways unilaterally against the State Government for security track patrolling on the N.F. Railway. In reply it was explained that security track patrolling on the N.F. Railway having been introduced at the specific request of the State Governments, the debit, therefore, would have to be borne by them. It was further suggested that in case the Government of Assam were unable to bear the burden, they could perhaps approach the Central Government for necessary financial support in the matter, it being clearly understood that this expenditure did not in any case pertain to the Railways. A similar reference was made by the Home Ministry in May-75 and the matter was explained to them on similar lines. The stand taken in the matter with the Ministry of Finance was also explained to them in detail.

3. The matter was further examined at a meeting in December, 75 between the representatives of the Ministry of Railways and the Ministry of Home Affairs. It was decided in that meeting that a paper should be prepared for the Committee of Secretaries for a decision regarding the agency which should finally bear the expenditure incurred by the Railways on security track patrolling undertaken at the specific requests of State Governments, and the policy to be followed by the Railways in future in respect of such requests. A memorandum has accordingly been prepared and forwarded to the Ministry of Home Affairs to be placed before the Committee of Secretaries.

4. It will be noticed from the foregoing that, occasional delays apart, the matter has been under correspondence with the State Governments or with the Ministry of Finance or with the Ministry of Home Affairs almost continuously since 1969. The issue appears to be some what involved, now that the matter is being placed before the Committee of Secretaries, it is hoped that a satisfactory solution to the vexed question would emerge shortly.

This has been seen by Audit.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No.76-BC-PAC/V/224 (42-45) dated 20-4-1977/30 Chaitra, 1899.]

Recommendations

Para 3.30. An intriguing aspect of the case is that the tenderer 'A' had quoted a very high rate for repacking transit packages of parcels/ luggage and very low rates for certain other items. The actual quantum of work of the former items during the first and the second years of the contract turned out to be nearly three times and two times respectively of what had been anticipated by the Railway Administration. This resulted in unintended gain to 'A'.

Para 3.31. According to information furnished to the Committee, a Joint Enquiry Committee appointed by Railway Board has gone thoroughly into various aspects of the award of handling contract and on the basis of the findings of that Committee, "Government have come to the conclusion that the Tender Committee erred in evaluating the tender correctly. The officers who constituted the Tender Committee are being asked explain".

Para 3.32. The Committee are constrained to observe the unconscionable delay in reaching conclusions on the report of the Joint Enquiry Committee, both by the Railway Administration and the Railway Board. Where the conclusions of an enquiry committee are not found acceptable and further probe is called for, it should be done on a priority basis, so as to clinch the issue and take conclusive action without delay. The Committee urge that the Railway Board and the Railway Administration should take conclusive action in the present case against the defaulting officers without further delay, under intimation to them.

[Recommendation Sl.No.46-51—Para 3.29-3.34 of 224th Report of PAC (1976-77)]

Action Taken

Paras 3.30 to 3.32. The observations of the Committee are noted. Out of the three members of the Tender Committee, one has retired from service on 23-1-1973. Therefore, no action can be taken against him. Out of the other two officers, explanation has been given by one officer.

The reply from the other officer is still awaited. The final action taken against the two members of the Tender Committee would be advised as soon as the same is finalised.

*Director Accounts,
Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 76-BC-PAC/V/224
(46-51) dated 11-3-1977/20 Phalguna, 1898].

NEW DELHI ;

December 19, 1977

Agrahayana 28, 1899 (s)

C. M. STEPHEN,
*Chairman,
Public Accounts Committee.*

APPENDIX

CONCLUSIONS RECOMMENDATIONS

| Sl. No. | Para No. | Ministry concerned | Recommendation |
|---------|----------|--------------------|---|
| 1 | 2 | 3 | 4 |
| 1. | I.4 | Railways | The Committee expect that final replies to those recommendations/ observations in respect of which only interim replies have been furnished so far will be submitted expeditiously after getting them vetted by Audit. |
| 2. | I.8 | —do— | The Committee note that a Technical Committee has since been constituted by the Railway Board to inquire into the defects in failure of ACFT and ACMT Electric Locomotives. The terms of reference of this Committee <i>inter alia</i> include a review of the manufacturing programme for ACMT electric locomotives with special reference to the specifications for traction motors/armatures, their import and indigenous manufacture within the country. The Committee desire that the Technical Committee may be advised to complete their work expeditiously. |
| 3. | I.11 | —do— | The Committee are unhappy to note that the Enquiry Committee set up as early as in August, 1974 to go into various aspects of the transactions entered into with the foreign collaborator called 'Group' has not yet completed their investigation. The Committee need hardly point out that undue delay in completing investigations into alleged irregularities tend to undermine the utility of such investigations. After all, the main idea behind setting up of Enquiry Committee is to ensure that the loopholes, procedural or otherwise, are pinpointed with a view to taking remedial steps so that such irregularities do not recur. The Committee would, therefore, like that the matter should be expedited. |

4. I 12 —do—

The Committee also note that in regard to over-charging by M/s. Group in respect of 41 items including silicon insulating varnishes, a claim has been made by the Chittaranjan Locomotive Works in its statement of claims filed before the joint arbitrators. The Committee would like that the arbitration proceedings may be completed expeditiously.

5. I 15 —do—

The Committee are not satisfied with the reply. What the Committee had intended was that keeping in view the unsatisfactory working of the interchange points of Balharshah and Ajni, as revealed during examination by the Committee, the Ministry of Railways should systematically review the functioning of other interchange points on all the Zonal Railways with a view to affect improvement in the efficiency of these interchange points. Such an exercise does not appear to have been attempted. The Ministry of Railways have only intimated that the targets of interchange between Zonal Railways are reviewed every year at the time of operating meetings. While taking note of the review being carried out in the routine way, the Committee would like to reiterate that the Ministry of Railways should make a systematic review of the targets, the requirements and the physical capacity available in all the important interchange points in different Zonal Railways.

6. I 19 —do—

The Committee note that some improvement in the utilisation of the BG refrigerated fish vans has been effected as a result of some measures taken by the Ministry of Railways. However, according to the Ministry of Railways, the MG vans continue to be poorly utilised for want of traffic. The Committee would like to be informed of the figures of utilisation of the BG and MG vans during 1976-77 and 1977-78 (upto end of December 1977).

1

2

3

4

7.

1 20

Railways

The Ministry of Railways have also stated that the Ministry of Agriculture was being requested to work out the details of the scheme for better utilisation. No action, however, appears to have been taken on the Committee's suggestion made in paragraph 2.57 of the Report that the question whether it would be more expedient to run insulated vans instead of refrigerated vans which have proved neither popular nor economical, should be examined. The Committee would like the Ministry of Railway to go into the points raised in paragraphs 2.56 and 2.57 of their 224th Report and intimate to them the concrete action taken on the observations contained therein. This may be done urgently.
