

**HUNDRED AND EIGHTY-SEVENTH
REPORT**

**PUBLIC ACCOUNTS COMMITTEE
(1983-84)**

(SEVENTH LOK SABHA)

(Replacement of Assets on the Railways, Rolling Stock,
Purchases and Stores, Works and Earnings)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken on 107th Report (Seventh Lok Sabha)]



Presented to Lok Sabha on

Laid in Rajya Sabha on.....

LOK SABHA SECRETARIAT
NEW DELHI

February, 1984/Phalguna, 1905 (Saka)

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C O N T E N T S		PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE		(iii)
INTRODUCTION	(v)
CHAPTER I	REPORT	1
CHAPTER II	Recommendations and observations that have been accepted by Govern- ment.	22
CHAPTER III	Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government. ...	47
CHAPTER IV	Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration. ...	57
CHAPTER V	Recommendations and observations in respect of which Government have furnished interim replies ...	58
APPENDIX	Statement of recommendations and observations.	59
 PART II 		
	Minutes of the sitting of the sixty first Public Accounts Committee held on 14 February, 1984.	64

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PUBLIC ACCOUNTS COMMITTEE
(1983-84)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Hundred and Eighty-Seventh Report on action taken by Government on the recommendations of the Public Accounts Committee contained in Hundred and Seventh Report (Seventh Lok Sabha) relating to Replacement of Assets on the Railways, Rolling Stock, Purchases and Stores, Works and Earnings.

2. In their earlier Report, the Committee had *inter-alia* observed that the contributions to the Depreciation Reserve Fund met out of the Railway Revenues till 1974 for the replacement of assets were not made in accordance with the spirit of the recommendations of the Railway Convention Committee. Even after adopting the recommendations of the Working Group constituted as a result of a recommendation of the Railway Convention Committee for reviewing the techniques of assessing the Depreciation Reserve Fund requirements of the Railways, inadequate contributions to the Depreciation Reserve Fund continued. The Committee had also found that even the contributions made available from the Depreciation Reserve Fund, inadequate as they were, had not been utilised fully during the years from 1974-75 to 1978-79. The result was heavy shortfalls in the programmed renewal of assets and accumulation of overaged assets under the heads 'Track', 'Plant and Machinery' and 'Rolling Stock'. The Government in their reply have stated that the Railway Reforms Committee had gone into various issues concerning contribution to and expenditure out of Depreciation Reserve Fund including the question of overtaking of arrears of replacement and making adequate provision for the future. In this Report, the Committee are disturbed to find that the position is growing from bad to worse. According to the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways), the arrears in track renewals which were 13,100 kms. at the beginning of the Sixth Five Year Plan in April 1980 had gone upto 16,840 kms. at the end of March 1982. The old steel girders in 2700 bridges erected prior to 1905 had become brittle and needed early replacement. The number of rail fractures had increased from 2293 in 1977-78 to 4900 in 1981-82. The Committee have emphasised the imperative need for urgent and effective action for the replacement/renewal of overaged Railway assets according to a time-bound programme lest the Railway system of the country should be damaged beyond redemption, besides endangering human life.

(vi)

3. The Committee considered and adopted this Report at their sitting held on 14.2.1984. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI ;
February 27, 1984
Phalguna 8, 1905 (S)

SUNIL MAITRA
Chairman,
Public Accounts Committee

CHAPTER I

This Report of the Committee deals with action taken by Government on the Committee's recommendations/observations contained in their Hundred and Seventh Report (7th Lok Sabha) on paragraphs 2, 7, 8, 10, 20, 22, 23, 24, 27 and 31 of the Advance Report of the Comptroller and Auditor General of India for the year 1979-80, Union Government (Railways) relating respectively to Replacement of assets on the Railways, Integral Coach Factory—Manufacture of longer sleeper coach, Western Railway—Non-utilisation of a bogie coach, Diesel Locomotive Works—Procurement of governors for diesel locomotives North Eastern Railway—Delay in shifting of a turntable, Southern Railway—Dues from an earth work contractor, Northern Railway—Delay in commissioning of a weighbridge, Eastern Railway—Non-recovery of establishment charges from a private siding holder, Central Railway—Adjustment of fraudulent claims paid by the Bombay Port Trust Railway, South Eastern Railway—Delay in revision of rate of recovery of electricity charges.

1.2 The Hundred and Seventh Report was presented to Lok Sabha on 29 April, 1982. The Action Taken Notes in respect of all the 48 recommendations/observations contained in the Report have been received from Government and have been categorised as follows :

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

Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and 48

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

S. Nos. 8, 9, 10, 11, 24, 25, 26, 27, 28, 29 and 30

- (iii) Recommendations/observations replies to which have not been accepted by the Committee :

Nil

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

Nil

1.3 The Committee will now deal with the action taken by Government on some of the recommendations and observations.

Replacement and renewal of Assets—Provision for (S. Nos. 1 and 2 paras No. 1.12 and 1.13).

1.4 The Public Accounts Committee in para 1.12 of their 107th Report had observed as follows :

“From the Audit paragraph and the note furnished by the Ministry of Railways in March 1982, the following points emerge :

- (a) The annual contribution to Depreciation Reserve fund met out of the Railway Revenues till 1974 for the replacement of assets were not made in accordance with the spirit of the recommendations of the Railway Convention Committee of Parliament.
- (b) Even after adopting the recommendations of the Working Group constituted as a result of a recommendation of the Railway Convention Committee for reviewing the techniques of assessing the depreciation reserve fund requirements of the Railways inadequate contributions to DRF continued ;
- (c) Even the contribution made to DRF had not been utilised fully. Against the total contributions of Rs. 722 crores during 1974-79, the amounts spent on renewal of assets were Rs. 616 crores only ;
- (d) Inadequate contributions and under-utilisation of funds led to heavy shortfalls in programmed renewal of assets and accumulation of overaged assets, under the heads “Track”, ‘Plant and Machinery’ and “Rolling Stock”. This had affected the financial results of recent years on account of large number of sick wagons and coaches, more expenditure on repairs and maintenance, speed restrictions, accidents due to rail breakages etc.”

1.5 In their action taken reply the Ministry of Railways have stated as follows :

“The observation of the Committee are noted. Board are seized of the problem of heavy arrears in replacement but the real issue is one of finding adequate resources for meeting the demand,

The Railway Reforms Committee have gone into the various issues concerning contribution to and expenditure out of Depreciation Reserve Fund including the question of overtaking of arrears of replacement and making adequate provision for the future. Their report has since been received and is under active consideration of the Government”.

1.6 The Committee further observed in para 1.13 of their 107th Report that :

“The Committee note that the normal commercial principle is to provide for replacement of assets with reference to their life, etc. A working Group set up at the instance of the Railway Convention Committee 1971, to suggest a refined method of assessing the depreciation requirements for the Railways had also this reiterated this principle and also called for a mid term review of the quantum of contribution to cover the rising cost of replacements due to inflationary elements, etc. The Committee are, however, unhappy to note that provisioning for replacement of assets on the Railways has continued on ad hoc basis even after acceptance of the recommendations of the Working Group for implementation from 1974-75. The Committee note that though the contribution to Depreciation Reserve Fund was increased from Rs. 110 crores to Rs. 145 crores (32 per cent) between 1974-75 and 1978-79, it was not adequate as the cost of Railway stores such as rails, etc. had escalated faster, their cost (e. g. rails and sleepers) having already gone up by 43 to 74 per cent by 1974-75 (base 100 in 1968) and further by 34 to 46 per cent by 1978-79. The Committee note that the surpluses of the years 1976-77 (Rs. 87.24 crores), 1977-78 and 1978-79 (Rs. 36.66 crores) (Rs. 126.23 crores) would have been different if adequate provision had been made for replacements, keeping in view the age and condition of the assets to be replaced during the years following. Depressed provisioning for depreciation had distorted the financial picture of the Railway and created an air of buoyancy. What is worse is that even the provisions made available from the Depreciation Reserve Fund had not been utilised fully during the years from 1974-75 to 1978-79 due to curtailment of fund for procurement of railway materials required for replacement of overaged assets, shortfall in supplies of critical materials, like rails, sleepers etc.”

1.7 The Ministry of Railways (Railway Board) in their action taken reply had stated as under :

“The observation of the Committee are noted. The Ministry of Railway would submit that provisioning for D.R.F on a rational basis is beset with difficulties because of rapid changes in technology and inflation. However, as already stated in reply to Committee’s observations contained in para 1.12 the report of the Railway Reforms Committee on Depreciation Reserve Fund, covering the subject of overtaking of arrears of replacement and making adequate provision for the future, has since been received and is under active consideration of the Government.”

1.8 In a further note, the Ministry of Railways have stated as under :

“The Railway Reforms Committee have recommended a minimum contribution of Rs. 1110.00 crores per year to Depreciation Reserve Fund (including Rs. 260 crores per year for 5 years to liquidate part arrears, to be adjusted for price variation and for new assets added to the system. The Railway Reforms Committee have further recommended that the amount of Rs. 260 crores for 5 years (included in the figure of Rs. 1110.00 crores) required to liquidate the backlog should not be considered for upward revision of fares and freight as it will be unfair to burden the current users of transport by including this element in the freight and fare structure. Instead, General Exchequer should provide an equivalent amount of subsidy till the backlog is liquidated. The remaining amount of Rs. 850.00 crores may be provided by the Railways. The question of providing appropriate subsidy by the General Exchequer is under consideration of the Government. However, keeping in view the above recommendation of the Railway Reforms Committee, the appropriation to Depreciation Reserve Fund was stepped up to Rs. 850.00 crores during 1983-84.”

1.9 In their earlier Report, the Committee had *inter-alia* observed that the contributions to the Depreciation Reserve Fund met out of the Railway Revenues till 1974 for the replacement of assets were not made in accordance with the spirit of recommendations of the Railway Convention Committee. Even after adopting the recommendations of Working Group constituted as a result of recommendation of the Railway Convention Committee for reviewing the techniques of assessing the depreciation reserve fund requirement of the Railways, inadequate contributions to the Depreciation Reserve Fund continued. The Committee had also found that even the contributions made

available from the Depreciation Reserve Fund, inadequate as they were, had not been utilised fully during the years from 1974-75 to 1978-79. As against the total contribution of Rs. 722 crores during 1974--79, the amounts spent on renewal of assets were Rs. 616 crores only. The result was heavy shortfalls in the programmed renewal of assets and accumulation of overaged assets under the heads 'Track', 'Plant and Machinery' and 'Rolling Stock.' The Government in their reply have stated that the Railway Reforms Committee had gone into various issues concerning contribution to and expenditure out of Depreciation Reserve Fund including the question of overtaking of arrears of replacement and making adequate provision for the future. The Report of the Railway Reforms Committee is under consideration of Government.

1.10 The Committee are, however, disturbed to find that the position is growing from bad to worse. According to the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways), the arrears in track renewals which were 13,100 kms. at the beginning of the Sixth Five Year Plan in April 1980 had gone upto 16,840 kms. at the end of March 1982. The old steel girders in 2700 bridges erected prior to 1905 had become brittle and needed early replacement. The number of rail fractures had increased from 2293 in 1977-78 to 4900 in 1981-82. All this indicates that the Ministry of Railways have not attended to the matter with the urgency it merited. The Committee would like to emphasise the imperative need for urgent and effective action for the replacement/renewal of overaged Railway assets according to a time-bound programme lest the Railway system of the country should be damaged beyond redemption besides endangering human life. The Committee would like to be informed of the precise steps taken in this regard.

Hassan-Mangalore Railway Project (S. No. 34, Para No. 16.10)

1.11 While commenting upon delay in execution of a contract for earthwork in reach VI of the Hassan-Mangalore Railway project, the Public Accounts Committee in para 6.10 of their 107th Report (7th Lok Sabha) had observed as follows :

"This is a typical case of delay causing not only financial losses to the Railways but hampering the execution of Hassan-Mangalore Railway Project. It is of common knowledge that delays in execution of one part of a Project particularly jobs like Earthworks, Civil works, etc. lead to, or at least are made excuses for delays in completion of other parts of a project. The investigations should, therefore, also be directed towards assessing the impact of the delayed execution of this contract

On the completion of the Hassan-Mangalore Railway Project and also whether delayed execution of the Earthwork was made an excuse for delays, if any, in the implementation of the other segments of the Railway Project. The Railway Board should also make an indepth study of the delays in the completion of other railway projects to ensure that such delays have not been instrumental to delayed completion of other projects and take effective remedial actions to avoid recurrence of such cases of delay.”

1.12 In their Action Taken Notes the Ministry of Railways have stated as follows :

“The factors which led to the delay in the execution of the entire line from Mangalore to Hassan are broadly the same as indicated in reply to para 6.6. Another and perhaps the most important factor was the paucity of funds year after year. The allotment (final) for the completion of this line during the peak construction period varied between Rs. 2.12 crores to Rs. 4.80 crores and was spread over a period of nearly 15 years from 1965-66 to 1979-80, excluding two initial years and the two final years when the allotment was meagre. The funds allotted were by and large utilised in full. This is a phenomenon, the repetition of which cannot be guarded against so long as the present situation in which the number of sanctioned works in hand is large and the resources available are small, continues. Perhaps, it is unavoidable in the present stage of development, when every region is clamouring for greater investment on infrastructure, but the available resources are limited. However, a review of a few other projects costing over Rs. 10 crores which have been recently completed is being made in consultation with the different Railways to study in depth the effect of various factors including constraint of funds on the time and cost over runs on such projects.

It has also been investigated that the particular Reach, completed in May’ 75, did not materially affect the opening of the Hassan-Sakleshpur Section of the Railway line, which was targetted to be opened first in May’ 76. It may be added here that the entire project was completed only in May’ 79, because of the difficult terrain conditions, escalation in prices and consequent failure of old contracts after 1973 and paucity of funds.”

1.13 In their earlier Report, the Committee, while commenting upon the delay in execution of a contract for earthwork in reach VI of the Hassan-

Mangalore Railway project, had desired the Ministry of Railways to investigate the impact of the delayed execution of the said earthwork on the delay in completion of the Hassan-Mangalore Railway line which was completed nearly 15 years after it was taken up. The Committee had also desired the Railway Board to make an indepth study of the delays in the completion of other Railway projects. In their reply, the Ministry have *inter-alia* stated that "perhaps" the most important factor responsible for the delay in the completion of Hassan-Mangalore line was the paucity of funds year after year. The allotment (final) for the completion of this line during the peak construction period varied between Rs 2.12 crores to Rs 4.80 crores and was spread over a period of nearly 15 years from 1965-66 to 1979-80 excluding two initial years and two final years when the allotment was meagre. According to the Ministry, this is a phenomenon, the repetition of which cannot be guarded against so long as the present situation in which the number of sanctioned works in hand is very large and the resources available are small, continues. The Ministry have also stated that this phenomenon is perhaps unavoidable in the present stage of development when every region is clamouring for greater investment on infrastructure, but the available resources are limited. In the opinion of the Committee, it is high time that the Ministry of Railways so allocated their limited resources on projects as to have optimal results. In this connection, the Committee would invite attention to para 60 of the Sevent-Third Report of the Public Accounts Committee (1981-82) wherein the Committee had failed to appreciate why work on a large number of projects was taken in hand when the Railways were well aware that it would not be possible to complete the same within the target date due to inadequacy of funds. The result was that not only the works remained incomplete but the delay in completion of works also led to escalation in costs. Moreover, this resulted in frustration among the public hoping to benefit from these projects. The Committee had desired the Ministry of Railways to take a policy decision to start only such projects as can be completed within the available funds so that at least the benefit of these projects could reach the public at the earliest. The Committee would only like to reiterate the above recommendation.

1.14 In their reply, the Ministry have also stated that a review of a few other projects costing over Rs. 10 crores which have been recently completed is being made in consultation with the different Railways to study in depth the effect of various factors including constraint of funds on the time and cost overruns of such projects. The Committee would like to be informed of the results of the above review.

Delay in Commissioning of a Weigh bridge (S. No. 35.37, Para Nos. 7.5.7.7)

1.15 Commenting on the inordinate delay in installing the weigh-bridge and defective site of its installation the Public Accounts Committee in Paras 35, 36 and 37 of 107th Report have observed as under :—

“The Committee are distressed to note that a 50 tonne weighbridge costing Rs. 0.63 lakh was procured by the Central Railway Administration in October, 1967 without a clear idea as to its site of location. The Administration took more than six years to decide the site and finally installed it in March, 1974 in Checki Marshalling Yard serving the Naini Station (Allahabad Division), at a cost of Rs. 1.38 lakhs. Even after the lapse of this long period of six years, the Administration did not take note of the insufficient capacity of the yard for sorting out wagons to be weighed and the lack of space in the yard for unloading excess material found on weighment. During the 3 years after it was installed (except for 15 days in November 1979) the weighbridge remained unutilised.

The Committee desire the Railway Board to enquire into the matter and fix responsibility for the various lapses brought out in the Audit Paragraph and also to take suitable action to ensure proper use of the weighbridge hereafter.

Naini (Allahabad) has, in recent years, developed into a new industrial complex where a number of private industrial units are also located. These industrial units generate considerable goods traffic to and from Naini. Despite paucity of weighbridges Northern Railway took over 6 years to select a site for installing comparatively a simple equipment like weighbridge, and another eight years to utilise the weighbridge. In the meantime over loading wagons and loss of revenue as apprehended by the audit cannot be ruled out. This indicates laxity in monitoring the use of machinery purchased. The Committee would like the Ministry of Railways (Railway Board) to get this aspect of the matter enquired and report the outcome thereof to the Committee. The remedial action taken by the Board to plug the leakage of Railway revenue not only at Naini but other places, similarly situated, should also be intimated to them.”

1.16 The Ministry of Railway in their Action Taken Note have replied as under :—

“The Northern Railway administration has been asked to enquire and fix responsibility for various lapses brought out in the report including the laxity in monitoring the use of machinery purchased. Final action taken will be advised to PAC in due course.

However, with a view to prevent the recurrence of such instances of idling of weight bridges after procurement in future, zonal Railways have been advised that before orders are placed for procurement of weighbridge, the location for installing the weighbridge should be decided having regard to the justification for the weighbridge at that site and the facilities available, such as space for unloading excess weight found on weighbrnt etc.

With a view to ensuring weighment at weighbridges without any undue detention to wagons it has been decided and Zonal Railways advised that where replacement of old weightbridge is required, such weigh-bridges should be replaced only by electronic weighbridges and not by mechanical weigh-bridges. Sivilarly for new major loading points involving bulk loading, the Zonal Railways have been advised that yard lay-out must provide for inmotion loading over an electronic weigh bridge to avoid possibility of any over-loading.”

1.17 In a further note, the Ministry of Railway have stated as under :

“The site for location of the weighbridge at Naini Goods shed had been decided much earlier than the procurement of the weighbridge. At the time when Naini Goods Shed was decided upon for locating the weighbridge the pattern of traffic was such that all inward and outward traffic was dealt with only in the goods shed as there were very few sidings. It was therefore considered, at that time, that it would be feasible to weigh all the wagons touching the goods shed. In addition, most of the wagons if not all, could be brought to goods shed by the pilot for weighment as and when required.

2. However by Oct. 67, the year of procurement of the weighbridge, the picture had started changing. Naini had already been brought on the industrial map of U. P. and many industrial complexes like Tata Steel Ltd, Hindustan Steel Ltd. were coming up and they were expected to offer substantial traffic to Railways. In effect, the goods shed traffic declined and it no more continued to be the sole point for all inward and outward activities. The location of the siding was also being planned at a distance of 2 to 3 kms. from the goods shed. It was considered that since the passage to goods shed was only via the main line, withdrawing all these wagons from respective

sidings and collecting them in goods shed for weighment was likely to cause serious operating problems besides resulting in considerable detention to wagons on this account. It was in the back ground of these changed circumstances that the decision to locate the weigh-bridge at Cheoki Marshalling Yard was taken.

3. Though the decision to instal the weighbridge at Cheoki Marshalling Yard was taken in January '69, about 15 months after procurement of the weighbridge, the actual commissioning was delayed due to administrative and technical difficulties. Before installation of the weighbridge, it was found that the weighbridge was damaged and needed replacement of some parts. This further delayed the installation of the weighbridge.

4. It was experienced that the additional line required to operate the weighbridge could not be provided early for want of funds. The proposal for additional line was included in the various works programmes in subsequent years but it could not find place in the final sanction due to other priorities and paucity of funds.

5. These decisions regarding the location of weighbridge in question were made when S/Sh. Ajit Rosha, A. Chaudhary and P.N. Jauhari worked as Divl. Optg. Supdts. If these officers were in service, they might have perhaps clarified as to why the proposal of additional line could not be sanctioned by the competent authority on 'out of turn' basis.

However since one of these officers has retired and the other two have passed away, it is not possible to pursue the question of fixing responsibility in this case."

1.18 In their earlier Report, the Public Accounts Committee have commented upon a case where a 50-tonne weighbridge costing Rs. 0.63 lakh, procured in October, 1967, had remained utilised for over 13 years, except for a period of 15 days, as in the first instance, the Railway administration took more than six years to decide the site for the installation of the weighbridge, and after it was installed at a cost of Rs. 1.32 lakhs in March 1974 in Cheoki marshalling yard serving the Naini station (Allahabad Division), the space for unloading excess material and the capacity of the yard for sorting wagons to be weighed were found to be insufficient. The Committee had desired the Railway Board to examine the matter and fix responsibility for the various lapses brought out in the Audit paragraph.

1.19 In February 1983, the Railway Board informed the Committee that the Northern Railway had been asked to enquire into the matter and

“final action will be advised to PAC in due course”. In a further note, the Ministry of Railways have now stated that the “decisions regarding the location of weighbridge in question were made when Sarvashri.....worked as Divisional Optg. Suptds. If these officers were in service, they might have perhaps clarified as to why the proposal of additional line could not be sanctioned by the competent authority on ‘out of turn’ basis.....Since one of these officers has retired and the other two have passed away, it is not now possible to pursue the question of fixing responsibility in this case”. While the Committee note the Ministry’s reply that in the extant circumstances it is now not possible for them to pursue the question of fixing responsibility, they feel that the present case underscores how necessary it is to act quickly in such matters for, an inordinate delay in holding an enquiry defeats its very purpose. The Committee need hardly stress that in cases of the present type resulting in undue delays/losses, the Ministries/Departments should, on their own, in the interest of efficient administration, investigate the delays/losses, without waiting for a directive from the Public Accounts Committee.

1.20 The Committee also feel that even though it may not be possible at this stage to take disciplinary action against the officers concerned—two of them have expired and third one has retired, the matter should be thoroughly investigated on the basis of the existing records with a view to pin-pointing the reasons which had led to the delays in the present case and taking necessary corrective action in the light thereof. The Committee would also like to be informed of the dates on which two of the three Divisional Optg. Suptds, had expired and the third one had retired.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

From the Audit paragraph and the written note furnished by the Ministry of Railways in March 1982, the following points emerge :

- (a) the annual contributions to Depreciation Reserve Fund met out of the Railway Revenues till 1974 for the replacement of assets were not made in accordance with the spirit of the recommendations of the Railway Convention Committee of Parliament.
- (b) Even after adopting the recommendations of the Working Group constituted as a result of a recommendation of the Railway Convention Committee for reviewing the techniques of assessing the depreciation reserve fund requirements of the Railways inadequate contributions to DRF continued ;
- (c) Even the contribution made to DRF had not been utilised fully. Against the total contributions of Rs. 722 crores during 1974-79, the amounts spent on renewal of assets were Rs. 616 crores only .
- (d) Inadequate contributions and under-utilisation of funds led to heavy shortfalls in programmed renewal of assets and accumulation of overaged assets, under the heads "Track, 'Plant and Machinery' and Rolling Stock". This has affected the financial results of recent years on account of large number of sick wagons and coaches, more expenditure on repairs and maintenance, speed restrictions, accidents due to rail breakages etc.

[Sl. No. 1, Para 1.12 of Appendix III to 107th Report of PAC 1981-82
(Seventh Lok Sabha.)

Action taken

The observations of the Committee are noted. Board are seized of the problem of heavy arrears in replacement but the real issue is one of finding adequate resources for meeting the demand.

The Railway Reforms Committee have gone in to the various issues concerning contribution to and expenditure out of Depreciation Reserve Fund including the question of overtaking of arrears of replacement and making adequate provision for the future. Their report has since been received and is under active consideration of the Government.

This has been seen by Audit.

[Ministry of Railways (Rly Board)'s O.M.No. 82-BC-PAC/VII/107 dated 28.2.1983.]

Recommendation

The Committee note that the normal commercial principle is to provide for replacement of assets with reference to their life, etc. A working Group set up at the instance of the Railway Convention Committee 1971, to suggest a refined method of assessing the depreciation requirements for the Railways had also reiterated this principle and also called for a mid term review of the quantum of contribution to cover the rising cost of replacements due to inflationary elements, etc. The Committee are, however, unhappy to note that the provisioning for replacement of assets on the Railways has continued on *ad hoc* basis even after acceptance of the recommendations of the Working Group for implementation from 1974-75. The Committee note that though the contribution to Depreciation Reserve Fund was increased from Rs. 110 crores to Rs. 145 crores (32 per cent) between 1974-75 and 1978-79, it was not adequate, as the cost of Railway stores such as rails, etc. had escalated faster, their cost (e.g. rails and sleepers) having already gone up by 43 to 74 per cent by 1974-75 (base 100 in 1968) and further by 34 to 46 per cent by 1978-79. The Committee note that the surpluses of the years 1976-77 (Rs. 87.24 crores), 1977-78 and 1978-79 (Rs. 36.66 crores) (Rs. 126.23 crores) would have been different if adequate provision had been made for replacements, keeping in view the age and condition of the assets to be replaced during the years following. Depressed provisioning for depreciation had distorted the financial picture of the Railway and created an air of buoyancy. What is worse is that even the provisions made available from the Depreciation Reserve Fund had not been utilised fully during the years from 1974-75 to 1978-79 due to curtailment of Funds for procurement of railway materials required for replacement of overaged assets, shortfall in supplies of critical materials, like rails, sleepers etc.

[Sl. No. 2, Para 1.13 of Appendix III to 107th Report of PAC 1981—
82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee are noted. The Ministry of Railways would submit that provisioning for D.R.F. on a rational basis is beset with difficulties because of rapid changes in technology and inflation. However, as already stated in reply to Committee's observations contained in para 1.12 the report of the Railway Reforms Committee on Depreciation Reserve Fund, covering the subject of overtaking of arrears of replacement and making adequate provision for the future, has since been received and is under active consideration of the Government.

The reasons which led to the shortfall in the utilisation of provision made available from the Depreciation Reserve Fund in the Fifth Plan period are not evident in this Plan period. During the first two years of the current Plan the expenditure on replacement, and renewals has exceeded the budget allotment by Rs. 47.63 crores during 1980-81 and Rs. 15.04 crores during 1981-82. In fact, the problem now is one of containing expenditure within the provisions made available.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 82-BC-PAC/VII/107 dated 28.2.1983]

Recommendation

The Committee note that even the increased provision of Rs. 500 crores for 1982-83 is *ad-hoc*. The Committee would like to emphasise the need for evolution of a system of realistic assessment of provision for DRF. Violent fluctuations in the replacement programme as made in the last 2 years would affect the production and availability of scarce material resources and might lead to demands for imports which could be avoided by proper planning. Further, the codal provisions that replacements should precede the additions should be honoured in future.

[Sl. No. 6, Para 1.17 of Appendix III to 107th Report of PAC 1981-82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee are noted. A final view on the above issue will be taken while considering the report of the Railway Reforms Committee on Depreciation Reserve Fund.

This has been seen by Audit.

[Ministry of Railways (Rly Board)'s O.M. No. 82-BC-PAC-VII/107 dated 28.2.1983].

Recommendations Nos. 1, 2 & 6 (Paras 1.12, 1.13 & 1.17)

The Ministry of Railways have stated that the Report of the Railway Reforms Committee has since been received and is under consideration of the Government.

Please state whether any decision has since been taken by Government on the recommendation of the Railway Reforms Committee in regard to adequate contribution to the Depreciation Reserve Fund and clearing the arrears of replacement of over-aged assets.

Further reply of the Government

The Railway Reforms Committee have recommended a minimum contribution of Rs. 1110.00 crores per year to Depreciation Reserve Fund (including Rs. 260 crores per year for 5 years to liquidate past arrears) to be adjusted for price variation and for new assets added to the system. The Railway Reforms Committee have further recommended that the amount of Rs. 260 crores for 5 years (included in the figure of Rs. 1110.00 crores) required to liquidate the backlog should not be considered for upward revision of fares & freight as it will be unfair to burden the current users of transport by including this element in the freight and fare structure. Instead, General Exchequer should provide an equivalent amount of subsidy till the backlog is liquidated. The remaining amount of Rs. 850.00 crores may be provided by the Railways. The question of providing appropriate subsidy by the General Exchequer is under consideration of the Government. However, keeping in view the above recommendation of the Railway Reforms Committee, the appropriation to Depreciation Reserve Fund was stepped up to Rs. 850.00 crores during 1983-84.

Recommendation

According to the Ministry of Railways (Railway Board), the curtailment of funds, resulted in reduction of orders on steel plants for rails, sleepers, etc. The Committee, however, consider that it should not have affected the renewal programme of the Railways which should have got higher priority over construction, doubling and other works.

[Sl. No. 3, Para 1.14 of 107th of Appendix III to Report of PAC 1981-82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Rly Board)'s O.M. No. 82-BC-PAC/VII/107
dated 28.2.1983].

Recommendation

The Committee note that the contribution to the DRF was increased steeply from Rs. 220 crores in 1980-81 to Rs. 350 crores in 1981-82 and to Rs. 500 crores in 1982-83 to provide for more replacements showing no doubt belated realisation of the requirements of replacements.

[Sl. No. 4, Para 1.15 of Appendix III to 107th Report of PAC 1981-82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Rly Board)'s O.M. No. 82-DC-PAC/VII/107
dated 28.2.1983].

Recommendation

The Committee recommend that apart from providing funds for replacement of assets adequate care should be taken to arrange the priorities in such a manner as to ensure that the programmed renewals of assets like track, bridges, etc. are not affected or least affected due to curtailment of funds.

[Sl. No. 5, Para 1.16 of Appendix III to 107th Report of PAC 1981-82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Rly Board)'s O.M. No. 82-BC-PAC-VII/107
dated 28.2.1983.]

Recommendation

The Committee would like the Ministry of Railways (Railway Board) to draw up a perspective plan for renewal of assets by setting definite realistic targets during each year of the Sixth Plan and thereafter. Since one of the factors affecting the programme of renewals in the past was stated to be the shortage of stores like rails, sleepers and small track fittings and the Railways replacement programmes called for a high level of procurement of track materials, wagons and other Rolling stock items as rightly brought out by Audit, the Committee would like to know the concrete steps proposed to be taken by the Ministry of Railways (Railway Board) in this regard.

(Sl. No. 7, Para 1.18 of Appendix III to 107th Report of PAC 1981-82
(Seventh Lok Sabha)].

Action taken

Perspective Plans for renewal of assets are drawn up when the Railways' proposals are under formulation for each Plan period. These are combined with the requirements for incremental traffic to obtain the total requirement. This total requirement of rolling stock is evaluated against available production capacity, then matched with the availability of funds and the Plan finalised. For example, during the 6th Plan period, the figures for replacement of rolling stock were as under :

	Requirement	As limited by Production Capacity	Provision in Rolling Stock Programmes from 1980-81—1983-84
Locomotives	626	*441	393
Coaches	7,742	5,680	3,509
EMUs	302	302	100
Wagons	64,371	64,371	50,945.5

*The requirement of locomotives on replacement account was scaled down by postponing the N.G. requirements because the design of a suitable N. G. diesel locomotive to conform to the light axle loads sharp curvature requirements, for N.G. etc. is under finalisation.

It will be seen that the realistic targets for replacement requirements were formulated except for coaching stock. The problem in regard to coaching stock was inadequate manufacturing capacity in the country, to remedy which a proposal for a new coach building factory is under finalisation. It will also be seen from the above table that the real problem is constraints of funds. Efforts are being made to provide additional funds for replacement of assets in the remaining years of the plan.

Further, the 6th Plan envisages primary renewal of 10,000 km. of track and secondary renewal of 4,000 km. of track. This is based on the expected annual arisings of track renewals. The annual targets are fixed every year before the beginning of financial year after taking into consideration allotment of funds. Due to sharp increase in prices of permanent way materials during the 6th Plan, it has not been possible to achieve proportionate targets of track renewals in the first three years of the 6th Plan. Attempt is being made to increase the allocation of funds for track renewals in the remaining two years of the Plan.

2. As regards materials for manufacture of new rolling stock, there has been only transitory shortages of some of the items like wheelsets, special steel, etc. Any shortfall in supply from indigenous sources is being met through imports of wheelsets and special steel. The improved availability of steel in the country in the recent years has eased the problem of shortages. With adequate funds, it is expected to procure all the items of rolling stock including wagons as per the perspective plan.

In regard to track fittings, the position is proposed to be met as under :—

- (a) *Rails* : Ministry of Steel and SAIL, are being continuously pressed for increasing the supply of rails from Bhilai Steel Plant. In addition, imports are being resorted to for making up the shortfall from indigenous supply. Ministry of Finance have recently agreed to the Ministry of Railway's proposals to exempt import of rails from Customs duty to the extent of 70,000 stonnes of rails.
- (b) *Sleepers* : To make up the shortfall in steel as well as cast iron sleepers, production of concrete sleepers is being increased. Already 23 factories, including three in public sector have been sanctioned for the manufacture of concrete sleepers. Production in 1981-82 was of the order of 3.45 lakhs sleepers and it is expected that this will increase to 7 lakhs sleepers in 1982-83. Sanction for 5 more factories has recently been issued. When all these factories go into full production, Railways would expect to get about 15 lakhs of concrete sleepers per year. For M.G. also, the

question of manufacture of two-black concrete sleepers is being pursued. There is no major problem in procuring small fittings as steel billets are available without difficulty at present.

This has been seen by Audit.

[Ministry of Railways O.M. No. 82-BC-PAC/VII/107 dated 20.2.1983].

Recommendations

3.8 From the Audit Paragraph, it is noticed that a 64 berth military coach was placed on line in August, 1963 by the Western Railway at a cost of Rs. 1.43 lakhs after it was received from the manufacturers (Eastern Railway Workshop) against an order placed with them in November, 1961. The coach was meant to replace an overaged military ambulance car running on the Western Railway. As it was not manufactured according to the specifications, the Military Authorities refused to accept it. The coach remained un-utilised ever since it was placed on line for a period of 13 years.

3.9 In October, 1971, Military authorities offered to accept the car if it was modified as an ambulance car. The Railway Board did not consider it economical and technically feasible to modify the coach. Thereafter, a period of more than five years passed by and it was only in February, 1977 that the Railway Board decided that it should be used as a spare coach/reserved carriage for tourist parties.

3.10 The Western Railway took about three months to overhaul the coach. It was put on lines in June, 1977 and within a period of 3 months, the coach was involved in an accident and consequently returned to workshop in October, 1977 for repairs. It remained in workshop for more than one year and was turned out in November, 1980.

3.11 This peculiar case, detected in audit, is indicative of the absence of an effective supervision in the Eastern Railway Workshop on the one hand and the absence of effective monitoring system for the use and control over the movement of coaching vehicles on the Western Railway.

3.12 It is most unfortunate that a sixty-four berth eight wheeler second class coach put on line by the Western Railway at a cost of Rs. 1.43 lakhs as early as August 1963 continued to remain unutilised for more than 13 years. It is true that the military authorities refused to accept it for the reason that it was not manufactured in accordance with the specifications of an ambulance car but the Railway administration ought to have put the coach to an alternative use instead of keeping it idle for such a long time. It is surprising that it did not occur to those who were concerned with the

upkeep of the coach that it should be put to some use when all the while Railways have been complaining about the acute shortage of coaches.

3.13 The financial implications of the incident may not be of much consequence to the Western Railway, but it is certainly a manifestation of an extreme laxity of unique nature obtaining in the functioning of the Railways and for that matter it is a serious one. The Committee would like the Railway Board to bring this instance, with its telling details of laxity leading not only to a loss of Rs. 11.2 lakhs to Railway revenue but also aggravating pressure on ordinary passenger coaches causing inconvenience to the travelling public, to the notice of all the associations of Railway employees including officers of all ranks in the Zonal Railways through suitable publicity media advising them to avoid occurrence of such cases.

3.14 The Ministry of Railways (Railway Board) in their note to the Committee, have not clarified the Audit point as to what were the circumstances which led to the Eastern Railway Workshop to manufacture an ordinary bogie military car when a specific order was placed with them for manufacture of a military ambulance car. The Committee, however, desire that corrective measures should be taken by the Board to avoid recurrence of such a case in future.

3.15 The Committee would like the Railway Board to ascertain afresh whether there are similar other cases of non-utilisation of rolling stock in other railway zones and submit a report to the Committee.

3.16 The coach in question has been reported to have been put to use as a tourist coach. The Committee are not happy at this, as demands for tourist coaches are sporadic and not as extensive as that for other second class coaches. The Committee would like the Railway Board to re-examine the possibilities of its use as general passenger service coach.

3.17 The Committee would also like the Railway Board to obtain and verify a report from the Western Railway on utilisation and earnings of the coach in question through tourist traffic and inform the same to the Committee.

[Recommendation. 12-21 Paras 3.8.3.17 of Appendix III of PAC's 107th
Report 1981-82]

Action taken

3.8 & 3.9 The observations of the Committee have been noted.

3.10 The observations of the Committee have been noted. However, the accident to the coach was incidental and had nothing to do with the utilisation of the coach or its design.

3.11 The observations to the Committee have been noted, However, instructions have now been issued *vide* letter No. 81/M (C)/202/15, dated 20.3.82 that in future no coach should be manufactured, without obtaining Board's prior approval of the layout to be adopted, to avoid a recurrence of such case.

Instructions have also been issued *vide* letter No. 80/M (C)/142/5 dated 18.6.82 to all the zonal Railways to ascertain afresh that no coach is remaining unutilised.

3.12 The observations of the Committee have been noted. As mentioned above, Railways have been asked to ensure that no coach on line remains unutilised.

3.13 The case has been brought to the notice of all Zonal Railways exhorting them to give this case wide publicity by publication of the case in their gazettes.

3.14 The coach was manufactured by Liluah Shops as per RBGO's layout drawing for an ordinary Military coach instead of an Military Ambulance Car. The failure has been noted and strict instructions have now been issued that no coach be manufactured without Board's specific approval to its layout, to eliminate all possibility of recurrence of such a case in future.

3.15 The Railways were addressed to ascertain afresh, whether there was any similar case of non-utilisation of a coach. Replies received from the Railways indicate that there is no such case existing now. However, these instructions have now been again reiterated lately (Letter No. 80/M (C)/142/5 dt. 22.2.83) and fresh confirmation is being obtained once again, to be doubly sure of this contention.

3.16 The observations of the Committee have been noted. In view of this recommendation, a meeting was held with the Western Railways to ascertain the feasibility of using this coach, as an ordinary day-coach instead of it being earmarked as a tourist coach or a departmental coach. Western Railway has agreed to use this coach as a day coach. The coach is now being put to use as a general service day coach (unreserved) on Hapa-Viramgam section.

3.17 This coach could not be utilised as a tourist coach since it met with an accident (soon after the decision in 1977). On being turned out of shops in 1980, after extensive repairs, the coach has been deployed as an auxilliary medical van stationed at Hapa. Under the circumstances in vick of the coach being put to departmental use, no revenue was earned from this coach.

This has been seen by Audit who have stated that the facts stated in paras 3.15, 3.16 and 3.17 are under verification with Director of Audit and further remarks, if any, will follow.

[Ministry of Railways (Railway Board's) O.M. No. 82-BC/PAC/VII/107 dated 26.2.1983.]

Recommendation

4.11 The Committee noted that the Ministry of Railways (Railway Board) took a decision in September, 1977 in favour of fitment of boodward governors on WDM-2 locomotives on the basis of the experience gained by the Railway earlier about the performance of these governors on WDM-4 locomotives. In their directive of September 1977 to the DLW Administra-tion, the Railway Board, therefore, did not contemplate any further trials of Woodward governors to be conducted or WDM-2 locomotives. In fact, the Railway Board had urged the Administration to establish the cut off point for switch over as early as possible.

[Sl. No. 22, Para 4.11 of Appendix III to 107th Report of PAC-1981-82-Seventh Lok Sabha].

Action taken

The recommendation of the Committee has been accepted,

This has been seen by Audit.

[Ministry of Railways O.M. No, 82-BC-PAC/VII/107 dated 26-2-1983.]

Recommendation

4.12 It is distressing to find that, despite the un-equivocal directive of the Railway Board, the DLW Administration decided in March 1978 to go in for the purchase of the costlier GE governors holding that Woodward governors ordered in January 1978 had to be first tried out on WDM-2 locomotives. Before taking such a decision, the DLW Administration should have consulted the Railway Board about the need for conducting such

trials, duly taking into account the financial implications of the consequent delay in the switch over to Woodward governors, particularly when no such trials had been contemplated in the Railway Board's directive.

[Sl. No. 23, Para 4.12 Appendix III to 107th Report of PAC-1981 Seventh Lok Sabha].

Action taken

The recommendation of the Committee has been accepted.

This has been seen by Audit.

[Ministry of Railways O.M. No. 82-BC-PAC/VII/107 dated 26.2.1983]

Recommendation

6.7 Although, the Earthwork contracts were terminated in May 1974 the detailed measurements of the work done were taken in October, 1975 after a delay of over one year, when an over payment of Rs. 2.38 lakhs was noticed. Again, while the left over portion of the work was got completed in May, 1975, through another contractor, the "Risk Cost" was assessed at Rs. 1.47 lakhs in April, 1978 after a delay of three years. Further, the other outstanding dues were assessed in February, 1979 after a further delay of about one year. The winding up proceedings against the firm were initiated in May 1979 after a delay of 5 years, since termination of the contracts in May 1974 on the ground that Firm was not in a state of solvency.

6.8 The Committee are not satisfied with the explanation furnished by the Ministry of Railways (Railway Board) for the delays which occurred at various stages. The detailed measurements should have been recorded before May, 1974 when the contract was terminated but the measurements were taken only in October, 1975 after a delay of over one year when an over payment of Rs. 2.38 lakhs could be detected. "The Risk Cost" should have been assessed immediately on completion of the left over portion of the work in May 1975; but this was done only after a delay of three years in April, 1978. The Committee do not find any valid justification for these delays and also for abnormal delay in assessing the other outstanding dues against the firm.

[Sl. Nos. 31 & 32, paras 6.7 and 6.8 of Appendix III to 107th Report of PAC-1981-82-Seventh Lok Sabha].

Action taken

The Committee's observation regarding undue delay in determining the extent of overpayment and the 'risk cost' have been noted. As stated in the

Action Taken Note submitted earlier to the Committee in January 1982 instruction had been issued to all the Railway vide letter No. 75/WI/CT/3 dated 2.7.1981 to take prompt action in future in such cases.

This has been seen by Audit.

[Ministry of Railways O.M. No. 82-BC-PAC-VII/107 dated 12.3.1983.]

Recommendations

6.9 The episode indicates that either the designing and planning of the project or assessment of the period of execution of the contract was not done properly and if it was there was no ostensible valid reason for spreading the period of execution of the contract from one and half years, as originally planned to nine years in favour of the contractor Firm and at the same time making over payments to the Firm to the tune of Rs. 2.38 lakhs. This could not have happened unless the concerned officers at higher level entrusted with the work of over-seeing the progress of execution of the contract were negligent towards their assigned duties. The Committee would like the Railway Board to get the matter thoroughly investigated in order to ascertain the factors responsible for inordinate delays having taken place at various stages of the execution of this contract including delays in assessing dues against the firm and also for making of over payments. The Committee would also like the Railway Board to fix responsibility and take drastic action against all those officers who might be found wanting so far as the execution of the Earthwork contract in question is concerned.

6.10 This is a typical case of delay causing not only financial losses to the Railways but hampering the execution of Hassan-Mangalore Railway Project. It is of common knowledge that delays in execution of one part of a Project particularly jobs like Earthworks, Civil works, etc. lead to, or at least are made excuses for, delays in completion of other parts of a project. The investigations should, therefore, also be directed towards assessing the impact of the delayed execution of this contract on the completion of the Hassan-Mangalore Railway Project and also whether delayed execution of the Earthwork was made an excuse for delays, if any, in the implementation of the other segments of the Railway project. The Railway Board should also make an indepth study of the delays in, the completion of other Railway projects to ensure that such delays have not been instrumental to delayed completion of other projects and take effective remedial actions to avoid recurrence of such cases of delay.

[Recomm. Sl. Nos. 33-34, Paras 6.9-6.10 of Appendix III to PAC's 107th Report, 1981-82].

Action taken

The question of over-payment to the contractor was investigated by the Vigilance Department of the Railways and by the Chief Engineer (Construction). After a personal inspection of the Reach, Chief Engineer (Construction) observed that several slips and subsidences had taken place in the cuttings, banks as a result of which the quantity of earthwork done by the contractor 'A' got depressed in the final measurements due to slipped earth lying in the cuttings. This had also resulted in payment due to the contractor being computed at lower classification of the slipped earth and not for the actual work done for higher classification. Similarly, in respect of banks, the final toe levels were lower than the original ground level indicating subsidence of the original ground. His conclusion was that over-payment was notional. The views of General Manager (Construction) on the Report of the Chief Engineer (Construction) and on the investigation done by the Vigilance Department were as under :

“It would be difficult to fix the quantum of responsibility in each of the AENs as regards the overpayment and they can at the utmost be held responsible for other irregularities mentioned in the report and in the absence of any proof of causing any pecuniary advantage to the contractor and moral turpitude, it is felt that the ends of justice is met with by administering “recorded warnings.” There were six Assistant Engineers incharge of the work at various periods. Finally, the matter was considered by the Railway Board in consultation with Chief Vigilance Commission and “recorded warnings” were given to three of the four officers who were still in service and one officer who has since retired, was censured ; the other two officers who are involved in this case, had retired from service and had also expired, therefore, no action could be taken against them.”

6.10 The factors which led to the execution of the entire line from Mangalore to Hassan are broadly the same as indicated in reply to para 6.6. Another and perhaps the most important factor was the paucity of funds year after year. The allotment (final) for the completion of this line during the peak construction period varied between Rs. 2-12 crores to Rs. 4.80 crores and was spread over a period of nearly 15 years from 1965-66 to 1979-80, excluding two initial years and the two final years when the allotment was meagre. The funds allotted were by and large utilised in full. This is a phenomenon, the repetition of which cannot be guarded against so long as the present situation in which the number of sanctioned works in hand is large and the resources

available are small, continues. Perhaps, it is unavoidable in the present stage of development, when every region is clamouring for greater investment on infrastructure, but the available resources are limited. However, a review of a few other projects costing over Rs. 10 crores which have been recently completed is being made in consultation with the different Railways to study in depth the effect of various factors including constraint of funds on the time and cost overruns on such projects.

It has also been investigated that the particular Reach, completed in May' 75, did not materially affect the opening of the Hassan-Sakleshpur section of the Railway line, which was targetted to be opened first in May' 76. It may be added here that the entire project was completed only in May' 79, because of the difficult terrain conditions, escalation in prices and consequent failure of old contracts after 1973 and paucity of funds.

This has been seen by Audit who have made the following observations :

“The facts and figures mentioned in the action taken notes also require local varification by Director of Audit, Southern Railway. Further communication in this regard will follow.”

[Ministry of Railways O.M. No. 82-BC-PAC/VII/107 dated 12.3.1983]

Recommendations

7.5 The Committee are distressed to note that a 50 tonne weighbridge costing Rs. 0.63 lakh was procured by the Central Railway Administration in October, 1967 without a clear idea as to its site of location. The Administration took more than six years to decide the site and finally installed it in March, 1974 in Cheoki Marshalling Yard serving the Naini Station (Allahabad Division), at a cost of Rs. 1.38 lakhs. Even after the lapse of this long period of six years, the Administration did not take note of the insufficient capacity of the yard for sorting out wagons to be weighed and the lack of space in the yard for unloading excess material found on weighment. During the 3 years after it was installed (except for 15 days in November 1979) the weighbridge remained unutilised.

7.6 The Committee desire the Railway Board to enquire into the matter and fix responsibility for the various lapses brought out in the Audit Paragraph and also to take suitable action to ensure proper use of the weighbridge hereafter.

7.7 Naini (Allahabad) has, in recent years, developed into a new industrial complex where a number of private industrial units are also

located. These industrial units generate considerable goods traffic to and from Naini. Despite paucity of weighbridges Northern Railway took over 6 years to select a site for installing comparatively a simple equipment like weighbridge, and another eight years to utilise the weighbridge. In the mean time, over loading wagons and loss of revenue as apprehended by the Audit cannot be ruled out. This indicates laxity in monitoring the use of machinery purchased. The Committee would like the Ministry of Railways (Railway Board) to get this aspect of the matter enquired and report the outcome thereof to the Committee. The remedial action taken by the Board to plug the leakage of railway revenue not only at Naini but other places, similarly situated, should also be intimated to them.

[Recommendation No. 35-37 Paras 7.5–7.7 of Appendix III to P.A.C's 107th Report 1981-82].

Action taken

The Northern Railway administration has been asked to enquire and fix responsibility for various lapses brought out in the report including the laxity in monitoring the use of machinery purchased. Final action will be advised to PAC in due course.

However, with a view to prevent the recurrence of such instances of idling of weigh bridges after procurement in future, zonal Railways have been advised that before orders are placed for procurement of weighbridge, the location for installing the weighbridge should be decided having regard to the justification for the weighbridge at that site and the facilities available, such as space for unloading excess weight found on weighment etc. A copy of the letter issued to the Railways is enclosed. (Annexure I).

With a view to ensuring weighment at weighbridges without any undue detention to wagons it has been decided and Zonal Railways advised that where replacement of old weighbridges is required, such weigh bridges should be replaced only by electronic weigh-bridges and not by mechanical weigh-bridges. Similarly for new major loading points involving bulk loading, the Zonal Railways have been advised that yard lay-out must provide for in motion loading over an electronic weigh-bridge to avoid possibility of any over-loading. A copy of the instructions issued is enclosed. (Annexure II)

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 82-BC-PAC/VII/107 Dated 26.2.1983].

ANNEXURE I**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

No. TCI/81/108/3.
General Managers,
All Indian Railways.

New Delhi, dated 3.10.1981

SUB : INSTALLATION OF WEIGHBRIDGES

The Comptroller and Auditor General of India in his Report on Railways for the year 1979-80 has pointed out a case of undue delay in commissioning of a weighbridge. It has been stated that after procurement of the 50 tonne weighbridge, at a cost of Rs. 0.63 lakhs in October 1967, the site for location remained under consideration for over six years and the weighbridge was finally installed in March 1974 at an installation cost of Rs. 1.38 lakhs. The weighbridge could not be utilised ever since its installation for want of space for unloading excess material as a result of weighment and insufficient capacity of the marshalling yard for sorting out the wagons to be weighed. Lack of advance planning and proper co-ordination on the part of the Railway had resulted in heavy delay in the commissioning of the weighbridge.

Board desire that before orders are placed for procurement of a weighbridge, the location for installing the weighbridge should be decided having regard to the justification for the weighbridge at that site and the facilities available such as space for unloading excess weight found on weighment etc. so that there is no delay in installing and commissioning the weighbridge after procurement.

Please acknowledge receipt.

(Hindi version will follow).

Sd/-
(C.P. Chandrasekaran)
Dy. Director Traffic Commercial (Rates)
Railway Board.

ANNEXURE II**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

NO. TCI/80/108/7.
General Managers,
All Indian Railways.

New Delhi, dated 5.10.82.

SUB : INSTALLATION OF WEIGHBRIDGES POLICY

In partial modification of the instructions contained in Board's letter No. TCI/80/108/7 dated 22.7.1982, the Board have decided as under in regard to provision of weighbridges on Railways :

(1) where any replacement of old weighbridge is required to be done by the Railways, it should be replaced by electronic weighbridge and not by mechanical weigh-bridge.

(II) As a principle, whenever new major loading points involving bulk loading are developed, the yard layout must provide for inmotion loading over an electronic weighbridge which will cut off electronically the possibility of overloading.

(2) In this connection, reference is also invited to Board's letter No. 80/PL/26/(2)-TP dated 16.9.82 to all India Railways.

(3) The receipt of this letter may please be acknowledged.

Sd/-
(C.P. Chandrasekaran)
Dy. Director Traffic Commercial (Rates)
Rnilway Board.

Recommendations Nos. 35-37 (Paras 7.5 to 7.7)

Text of the information called for (L.S.S.O.M. 27/7/2/83/PAC dated December 17, 1983).

The Ministry have stated that the Northern Railway administration has been asked to enquire and fix responsibility for various lapses brought out in the report including the laxity in monitoring the use of machinery purchased. Final action taken will be advised to PAC in due course.

Please state if this enquiry has since been completed and if so the action taken thereon.

Further reply of the Government

The site for location of the weighbridge at Naini Goods Shed had been decided much earlier than the procurement of the weighbridge. At the time when Naini Goods Shed was decided upon for locating the weighbridge, the pattern of traffic was such that all inward and outward traffic was dealt with only in the goods shed as there were very few sidings. It was therefore considered, at that time, that it would be feasible to weigh all the wagons touching the goods shed. In addition, most of the wagons if not all, could be brought to goods shed by the pilot for weighment as and when required.

2. However by Oct.' 67, the year of procurement of the weighbridge, the picture had started changing. Naini had already been brought on the industrial map of U.P. and many industrial complexes like Tata Steel Ltd. Hindustan Steel Ltd. were coming up and they were expected to offer substantial traffic to Railways. In effect, the goods shed traffic declined and it no more continued to be the scale point for all inward and outward activities. The location of the sidings was also being planned at the distance of 2 to 3 kms. from the goods shed. It was considered that since the passage to goods shed was only via the main line, withdrawing all these wagons from respective and collecting them in goods shed for weighment was likely to cause serious operating problems, besides resulting in considerable detention to wagons on this account. It was in the background of these changed circumstances that the decision to locate the weigh-bridge at Cheoki Marshalling Yard was taken.

3. Though the decision to instal the weighbridge at Cheokl Marshalling Yard was taken in January' 69, about 15 months after procurement of the weighbridge, the actual commissioning was delayed due to administrative and technical difficulties. Before installation of the weighbridge,

it was found that the weighbridge was damaged and needed replacement of some parts. This further delayed the installation of the weighbridge.

4. It was experienced that the additional line required to operate the weighbridge could not be provided early for want of funds. The proposal for additional line was included in the various works programmes in subsequent years but it could not find place in the final sanction due to other priorities and paucity of funds.

5. These decisions regarding the location of weighbridge in question were made when S/Sh, Ajit Rosha, A. Chaudhary and P.N. Jauhari worked as Divl. Optg. Supdts. If these officers were in service, they might have perhaps clarified as to why the proposal of additional line could not be sanctioned by the competent authority on 'out of turn' basis.

However since one of these officers has retired and the other two have passed away, it is not now possible to pursue the question of fixing responsibility in this case.

Recommendations

8.10 The Committee find that in the present case, the absence of provision in a private siding agreement for recovery of the cost of Railway staff posted on the siding was detected and brought to the notice of the Eastern Railway by the Audit in 1961. This led the Railway to make claims amounting to Rs. 4.54 lakhs for the period 1963-74. The company (Bata Shoe Company) which owned the siding first contested the matter in the High Court and failed and then it filed a special leave petition in the Supreme Court. While the special leave petition was pending in the Supreme Court, the Company sought out of court settlement. The Railway Administration entered into negotiations and arrived at settlement involving 50 per cent waiver of the Railways claims. The Railway's claims for the subsequent period up to 1979 are yet to be recovered in full while the siding agreement has not been amended to provide for recovery of the cost of staff. The Committee have a feeling that in the noted case, the private party got away with what it want by dictating its own terms. The company gave an assurance to the Railways to increase the rail traffic from the siding and in consideration of that assurance, it got a waiver of a portion of the claims. The Company, however, failed to keep up this assurance, rather the number of wagons moved over this siding actually came down from 1261 in 1976 to 287 in 1980 and the Railway, in the nature of things, seemed to be helpless in the matter. The company even delayed the payment of agreed amount and the administration seemed to be unconcerned and continues to operate the private siding.

The settlement was negotiated in 1977 but the siding agreement still continues to be without a provision for recovery of the cost of staff.

8.11 The Committee agree with the Audit view that the waiver of the claim virtually amounted to providing staff on the private siding partly at Railway's cost in contravention of the extant rules for which approval of the competent authority viz., Ministry of Railways (Railways Board) was not obtained by the Eastern Railway Administration. The Committee cannot but view this state of affairs as an indication of the indifference shown by the officers of the Zonal Railway Administration in the matter.

8.12 The Committee observe that necessary instructions for incorporating provision for recovery of the costs of staff and allied terms and conditions in the siding agreement had not been issued to the Zonal Railways by the Railway Board earlier. The Committee desire that implementation of the instructions now issued be suitably monitored at the Railway Board's level so as to avoid recurrence of such dismal situations in future, and also accumulation of arrears of Railways dues in the hands of private parties, which could lead to ad hoc settlement later, generally having adverse effect on the Railway revenue.

8.13 The Committee would also like the Railway Board to get all the cases of private siding reviewed quickly, and ensure that private siding agreements do incorporate all the relevant terms and conditions to safeguard the interests of the Railway revenue, and that effective and prompt steps are taken by Zonal Railways to realise the outstanding dues from private parties. The outcome of the action taken in this regard should be reported to the Committee within a period of six months from the date of presentation of this report.

[Sl. Nos. 38-41 Para 8.10 to 8.13 to Appendix XII of 107th Report of PAC 1981-82-7th Lok Sabha]

Action taken

8.10 Out of the amount of Rs. 4.54 lakhs billed for on account of staff cost assessed as due for the period 1963-74, the siding holder paid Rs. 2.50 lakhs on the basis of 'Out of Court' settlement. The percentage of amount foregone works out to 45% and not to 50%.

The bills on account of staff cost had subsequently been preferred for the period from January/75 to Dec/79 to the siding holder for payment, details of which are indicated below :—

January/75 to March/77	Rs. 1,45,796.54
April/77 to December/79	Rs. 1,83,447.09
Total	Rs. 3,29,243.63

All dues upto 1981 for the staff cost has been fully recovered. For the year 1982, bills have been preferred upto November 1982 and only Rs. 72,400 is outstanding. Efforts are being made to recover this amount within the current financial year.

The issue regarding amendment to the siding agreement with the firm to provide for the recovery of the cost of staff is expected to be finalised soon after sorting out the question of actual requirement of staff. However, recovery of the cost of staff is not held up on this account, as the right of railway to charge the cost of the siding staff to the Company has already been accepted in principle and upheld by the Hon'ble High Court.

The traffic during the years 1976 to 1980 has been analysed and it is seen that the total traffic dealt with at this siding in 1981 was 428 wagons as against 287 wagons during 1980. Incidentally it may be mentioned that the firm had been availing of the facility of QTS for outward booking at the concentrated points at Howrah and Shalimar and the QTS traffic of this firm which was 59 wagons during 1976, increased to 74 during 1980 and to 125 wagons during 1981.

8.11 For proper appreciation of the matter, a clear distinction between the following has to be established.

- (i) the right of the railway in principle to change the cost of the siding staff to the Company, and
- (ii) the exact amount to be recovered or payable to the railway in exercise of the above right.

While the right of the railway to charge the cost of the siding staff to the Company with prospective effect has been accepted in principle from the time such right was brought to the notice of the Company which has been upheld by the Hon'ble High Court, the quantum of payment accruing to railway in the legitimate exercise of this right was required to be determined. For the period from January 1963 to December 1965, the bills could not initially be preferred due to non-availability of old records containing the actual cost incurred by the Railway and consequently the bills were preferred

on the basis of mean average cost of staff. The firm, however, disputed the bills prepared on the basis of mean average cost which necessitated out of court settlement as per the advice of the Senior Railway Counsel. The bills for the period 1966 onwards have been preferred on actual cost basis.

Once the question of quantum of traffic handled by the siding and the number of staff required to deal with such traffic is sorted out, no difficulty is anticipated in enforcing recovery of the cost of staff on the basis of number of staff actually required for the siding.

The Railways have been asked to tighten up the system of billing and recovery of cost of staff from the Siding owners to ensure that the cost of staff is recovered from the siding owners promptly.

The follow up action in regard to requirement of staff for handling traffic at the siding and the amendment of agreement to provide for recovery of staff cost will be advised to the Committee in due course.

8.12 & 8.13 The observations of the Committee have been noted. The Zonal Railways have been instructed to conduct a review as desired and the position will be watched periodically. A copy of the instructions is enclosed.

This has been seen by Audit.

Encl :

Sd/-
Director Accounts
Railway Board.

[Ministry of Railways (Railway Board's) O.M. No. 82-BG-PAG/VII/
107 Dated 26-2-1983.]

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

NO. TCI/81/214/6/Audit.

New Delhi, dated 16.6.1982

The General Managers,
All Indian Railways.

Sub : Non recovery of establishment charges from a private siding holder.

Extracts of paras 8.12 and 8.13 of the observation made by the Audit on the action taken note on para 24 of Advance C & AG's report Railways

1979-80 dealing with the recovery of establishment charges from a private siding holder are reproduced below :

8.12 The Committee observe that necessary instructions for incorporating provision for recovery of the costs of staff and allied terms and conditions in the siding agreement had not been issued to the Zonal Railways by the Railway Board earlier. The Committee desire that implementation of the instructions issued be suitably monitored at the Railway Board's level so as to avoid recurrence of such dismal situations in future, and also accumulation of arrears of Railways dues in the hands of private parties, which would lead to *ad hoc* settlement later, generally having adverse effect on the Railway revenue.

8.13 The Committee would also like the Railway Board to get all the cases of private siding reviewed quickly, and ensure that private siding agreements to incorporated all the relevant terms and conditions to safeguard the interests of the Railway revenue, and that effective and prompt steps are taken by Zonal Railways to realise the outstanding dues from private parties. The outcome of the action taken in this regard should be reported to the Committee within a period of six months from the date of presentation of this report.

In this connection your attention is invited to Board's letter No. 80/BC-E/4 dated 29.9.1981 wherein the Railways have been told that if in the existing agreement with any of the siding owners, the provision relating to the recovery of cost of staff is not included immediate action should be taken for incorporating this provision in the Agreement.

Board desire that all the existing siding agreements should be reviewed quickly to ensure that the agreement incorporates all the relevant terms and conditions which should safeguard the interest of the Railway revenue and that there is no legal impediment for taking prompt steps to realise the outstanding dues from siding owners. The result of the review undertaken may please be furnished to Board by 31st August, 1982 indicating *inter-alia* the number of siding agreements which modifications have been made to incorporate terms and conditions for sefeguarding the interest of the Railway revenue, the nature of modification made etc.

The receipt of this letter may please be acknowledged in the meanwhile.
(Hindi version will follow).

(C.P. Chandrasekaran)
*Dy. Director, Traffic Comml. (Rates),
Railway Board.*

Recommendation

9.9 Under the rules of the Indian Railway Conference Association (IRCA), the liability for the loss/deficiency/damage relating to a consignment moved over the Railways is divisible among the Railways concerned in the ratio of the distance travelled over those Railways, subject to investigation and acceptance of the liability by those Railways. As brought out in the audit paragraph, under the existing procedure, *vide* Board's letter No. TC III/3149/66/BPT dated 18.4.68 authority has been delegated to the Bombay Port Trust Railway, despite its small length (4 km) to settle compensation claims without any financial limit.

9.10 Further, under the rules, the claim settled by the destination Railway is to be paid out of its own earnings and the portion to be borne by the other Railways is debited to them by book adjustments. The payment of claim is, however, arranged to the party only after the compensation claim has been referred to all the concerned Railways and the liability therefor on kilometrage basis has been duly verified and accepted by them within a reasonable period. In the case of the BPT Railway, however, exception has been made since 1968, as authorised by the Railway Board permitting payment out of the earning of the Central Railway/other Railways initially received by the BPT Railway, without settling the question of inter-Railway liability and effecting adjustments as due irrespective of any limit.

9.11 The Committee note that the Railway Board have observed that the work in claims office of the Bombay Port Trust should be properly streamlined and the powers of officers at different levels in the matter of settlement of compensation claims should be clearly defined. They have also been directed that each compensation claim should be examined carefully having due regard to the 'railways' liability under the provision of Indian Railways Act and in case of any doubt the concerned trunk Railway should be consulted before the claim is settled by payment. In case of high valuation compensation claim, concurrence of the associate finance of the Port Trust should be obtained. The Committee, however, note that the Central Railway would exercise only Post checks. However meticulous these checks may be, the extant procedure does not leave any scope for a probe in the adequacy of investigations conducted by BPT Railway prior to settlement of claims by the Railways.

9.12 The Committee would, therefore, like the Railway Board to make an expeditious review of the existing procedure of settlement of claims in vogue from 1968 in the Port Trust Railway. The Committee would suggest the desirability of fixing a monetary limit upto which the Port Trust Railway could settle claims on its own and those above that limit to be got concurred in by the Central Railway before settling them should be examined so that such cases might not recur.

[Sl. Nos 42-45 of Rec. Nos. 9.9—9.12 to Appendix III of 107th Report of PAC (1981-82) 7th Lok Sabha.]

Action taken

As desired by the Committee, the existing procedure has since been revised and specific delegation of powers to the officers of the Bombay Port Trust Railway in the matter of settlement of compensation claims in respect of rail borne traffic terminating on the Bombay Port Trust Railway has been prescribed by the Ministry of Railways. A copy of the instructions issued on the subject with further modification made thereon is enclosed. (Annexures I & II)

This has been seen by Audit.

[Ministry of Railway (Railways Board) O.M. 80-BC-PAC/VII/107
dt. 28.2.1983.]

ANNEXURE I

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

No. 80-TC III/13
The Railway Manager,
Bombay Port Trust,
Ramjibhai Kamani Marg,
Ballard Estate,
Bombay-400038.

New Delhi dated 21 Dec. 1982.

Sub : Settlement of compensation claims by BPT Railway.

Ref : Your D. O. letter No. RM/CY/61/6/Pt. II dated 24th
September 1982.

On the basis of the recommendation made by the Public Accounts Committee the question of prescribing specific delegation of powers to the Officers of the Bombay Port Trust Railway in the matter of settlement of

compensation claims from the earnings of the Central Railway in respect of rail borne traffic terminating on the Bombay Port Trust Railway has been carefully considered by the Ministry of Railways. It has been decided that in the matter of settlement of compensation claims referred to above, the officers on the Bombay Port Trust Railway should have the following delegation of powers :—

<i>Designation</i>	<i>Monetary powers in each case</i>
1. Railway Manager	upto Rs. 40,000/-
2. Assistant Manager (Sr)	upto Rs. 15,000/-
3. Assistant Manager (Jr)	upto Rs. 4,000/-

2. In case of compensation claims involving payment of Rs. 8,000/- and above in each case, prior concurrence of the FA & CAO, Central Railway should be obtained through the Chief Claims officer, Central Railway.

In respect of compensation claims involving payment of Rs. 40,001/- and above, the claims should be processed in consultation with the Central Railway and settled with prior concurrence and sanction of Central Railway Administration.

3. Necessary instructions should be issued to the concerned staff and officers.

4. This issues with the concurrence of the associate finance of the Ministry of Railways.

5. Please acknowledge receipt.

Sd/-

(D. R. SHARMA)

DA/Nil.

*Jt. Director, Traffic Commercial (Claims)
Railway Board.*

No. 80-TCIII/13

New Delhi dated

21 Dec. 1982.

Copy forwarded to the General Manager, Central Railway, Bombay V.T. for information and guidance with reference to their letter No. 194, C/12/8/2 Pt. IV dated 13th October, 1982.

Sd/-

(D. R. SHARMA)

DA/Nil.

*Jt. Director, Traffic Commercial (Claims)
Railway Board.*

Copy to ADAI (Rlys) with 45 spares.

Copy to B (C) Branch for file.

ANNEXURE II**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
RAILWAY BOARD.**

No. 80-TCIII/13

Dated New Delhi, the 24 Feb'83.

To

**The Railway Manager,
Bombay Port Trust,
Ramjibhai Kaman Marg,
Ballard Estate,
Bombay**

Sub : Settlement of compensation claims by B.P.T. Railway.

Ref : Board's letter No. 80-TCIII/13 dated 21st December, 1982.

The question of settlement of compensation claims by officers of the B.P.T. Railway from the earnings of the Central Railway in respect of rail borne traffic terminating on the B.P.T. Railway has been reconsidered by the Ministry of Railways and it has been decided to replace para 2 of Railway Board's letter of even number dated 21st December, 1982, by the following :

"In case of compensation claims involving payment of Rs. 8,000 and above in each case, the claim should be processed in consultation with the Central Railway and settled with the prior concurrence and sanction of Central Railway Administration".

2. Necessary instructions should be issued to the concerned staff and officers.

3. This issues with the concurrence of the associate finance of the Ministry of Railways.

4. Please acknowledge receipt.

5. Hindi version will follow.

Sd/-

(D. R. SHARMA)

*Joint Director, Traffic Comml. (Claims)
Railway Board.*

No. 80-TCIII/13.

Dated New Delhi, the 24th Feb'83

Copy forwarded to the General Manager, Central Railway Bombay, V.T., for information and guidance.

Sd/-

(D. R. SHARMA)

*Joint. Director, Traffic Commercial (CI)
Railway Board.*

Copy to A.D.A.I (Railways) with 45 spares.

Copy to B (C) Branch for file.

Recommendations

10.7 The Committee are unhappy to note that on the South Eastern Railway, the pooled rate, for recovery of electricity charges from the Railway employees, required to be fixed on 'no profit no loss' basis every alternate year, had remained unrevised for about ten years resulting in short recovery of Rs. 1.72 crores for the period March, 1968—June, 1978. As a consequence of non-revision of rates for such a long time the Railway Administration had to make steep increase in the rates in December, 1978 and therefore, it was not possible to give effect in full to the belatedly revised rate.

10.8 The Committee are also unhappy to note that the procedural complications involving collection of data from different divisions pleaded for the delay in rate revision had not been reported by the Railway Administration till 1980 to the Railway Board for either simplifying the procedure or for relaxing the prescribed periodicity of rate revision.

10.9 The Committee would like the Ministry of Railways to review the position on other Railways as well to see whether there had been similar delays in rate revision due to procedural problems or lack of timely and appropriate action by the Railways. The result of the review including the action taken for streamlining the procedure to ensure timely rate revision and or the responsibility fixed for avoidable delays, if any, should be reported to the Committee.

[Sl. Nos. 46-48, Paras 10.7 to 10.9 to Appendix XIII of 107th Report of PAC—1981-82 (Seventh Lok Sabha)].

Action taken

An analysis made of the chronological account of the reasons/action taken by the South Eastern Railway from 1.1.1969 bears testimony to the fact that the collection of various particulars from the Divisions, references and back references between various departments and divisions and the compli-

cated precedures involved have, by and large, contributed to the delay in process of review made with regard to the revision of the pooled flatrate. Besides, the Railway had experienced difficulty even in implementing their decision for an upward revision of the pooled flat rates, since the rate revised by the Railway in 1978 viz. 44 paise per unit to be made effective from 1.7. 1978 could not, in fact, be brought into force and the Railway had to scale down the rate to 36 paise per unit by deleting certain overhead charges which were previously used to be taken into account in consultation with labour union due to wide spread staff agitation.

2. While the South Eastern Railway, no doubt, did not bring the procedural complications involving collection of data from different divisions to the notice of the Railway Board till 1980, it is seen that the Railway were continuously pursuing the question of review and revision of pooled flat rate and the delay has been inadvertant.

3. The South Eastern Railway have, however, made arrangements to take remedial action to make good the past loss by recovering the loss in a spread-over period of 10 years effective from 1.4.1980. The rate of 36 paise per unit implemented from 1.4.80 has since been revised w.e.f. 1.4.81 to 43 paise per unit and escalation in tariff rates for 1979-80 and 1980-81.

4. In the context of avoiding complicated and time-consuming procedures involved in the periodical revisions of the pooled flat rates for supply of electric energy to employees residing in Railway quarters, and in order to ensure a uniform procedure to be adopted by the Zonal Railways and Production Units, the Ministry of Railways have since simplified the procedure and also decentralised the work at the local Divisional level without having the need to refer the matter to Head Quarters. The simplified procedure is being brought into force on the Railways with effect from 1st April, 1983. This procedure envisages review and revision of the rates annually instead of once in two years as hitherto so that chances of any default would be minimised. Copies of the revised instructions and further clarificatory instructions are attached as Annexure I & II.

5. The position with regard to other Railways has been checked to see whether there has been similar delays in undertaking the review of the pooled flat rates and revision thereof where necessary. It is seen that the Railways have generally undertaken the reviews of these rates from time to time and there have been no abnormal delays as happened on the South Eastern Railway. Currently all other Railways are up-to-date. With the introduction of revised procedure, it is expected that serious delays would be avoided.

This has been seen by Audit.

[Ministry of Railways (Railway Board)'s O.M. No. 82-BC-PAC/VII/107 dated 26-2-1983.]

ANNEXURE I

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
RAILWAY BOARD

No. 79 Elec. I/150/2

New Delhi, dated 15/18.12.1982.

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

Sub : Rate of supply of electricity to Railway employees.

A uniform pooled flat rate is at present applicable on each Zonal Railway for both electric energy consumption for lights/fans as well as that consumed for domestic appliances by Railway Employees in Railway quarters, and is governed by the instructions issued in the Railway Board's letter No. 54/W/40/15 dated 05.10.1955 and No. 54/Elec./40/15 dated 27.8.1960.

2. As the procedures adopted by the individual railways etc. in the computation of this pooled flat rate have been different on different railways, the question whether a simplified uniform procedure could be brought into effect has been engaging the attention of the Railway Board for some time.

3. Taking all factors as well as the views of the Railways into consideration, the Board have decided as follows :

- (i) The pooled flat rate applicable for both electric energy consumption for lights/fans as well as consumed for domestic appliances by staff residing in Railway quarters should be fixed for each Division separately as an average of the purchase rates of electricity purchased from the State Electricity Board/Boards and other supply agency/agencies covered by the Railway Division concerned.
- (ii) Each Division should compute the details of such purchase rates referred to in item (i) above, including such taxes and duties including electricity duty as may be levied by the Electricity Boards, work out the average of these rates and add 10% over such average rate so as to arrive at the pooled flat rate applicable for the Division concerned. The maximum demand charges levied

by the Electri-city Boards/Agencies and cost of generation by stand by D.G. sets need not, however, be taken into consideration for the purpose of calculation of the average purchase rate.

- (iii) The tariffs as applicable on 1st January of every year may be taken as the basis for such computation of the average purchase rate for the pooled flat rate to be made applicable with effect from 1st April of that Year.
- (iv) The pooled flat rate so calculated should be for a period of one year from 1st April. This exercise should be undertaken every year so that the pooled flat rates are revised once a year.

4. The system as decided in Para 3 of this letter should be brought into force by each Division with effect from 1st April, 1983. The system has been simplified and is to be adopted Division-wise in the interest of expeditious fixation revision of the pooled flat rate for supply of electricity, Nevertheless, the Headquarters of the Zonal Railways should have a strict check and ensure that the Divisions fix and revise the pooled flat rates in time.

5. Necessary action may please be taken accordingly, issuing suitable instructions to the Divisions. Meanwhile, the receipt of this letter may please be acknowledged early.

Sd-

(R.K. SAREEN)

Jt. Director. Elec. Engg. (g)
Railway Board

Copy to the CEES, All Indian Railways, ICF, CLW & DLW for information and necessary action.

Copy to FA & CAOs, All Indian Railways for information and necessary guidance.

Sd-

(R.K. SAREEN)

Jt. Director. Elec. Engg. (g)
Railway Board.

Copy together (with 46 spares) forwarded to ADAI (Railways).
DA : As Stated.

Sd-
For Financial Commissioner
(Railways)

Copy to EX (I)/B(C) Branch, Railway Board.

ANNEXURE II

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

NO. 79 Elec. I/150/2.

New Delhi, dated 10-2-83.

The General Managers,
All Indian Railways,
CLW, DLW & ICF, W & AP.
CAO, DCE.
DG, RDSO.
Chief Project Manager,
Railway Electrification

Nagpur, Vadodara, Mathura, Vijayawada, Kota and Ranchi.
Metropolitan Transport Project,
Calcutta, Madras & New Delhi.

Sub : Rate of supply of electricity to Railway employees.

In continuation of Board's letter of even number dated 15/18.12.1982 on the above subject the Board desire that the following guidelines should be borne in mind in fixing the rates for recovery :

“All taxes and duties etc. and increase in charges, if any, which do not get reflected in the previous years' rate, even though these were paid by the Railways during that year, should be taken into account in calculating the pooled flat rate for the subsequent year. as per example enclosed.”

Please acknowledge receipt of this letter.

(Hindi version will follow)

Sd-
(R.K.SAREEN
Joint Director, Elec. Engg. (g)
Railway Board.

Copy forwarded for information and similar action in continuation of the Railway Board's letter of even number dated 15/18.12.82 to :

Chief Electrical Engineers, All Indian Railways, ICF, CLW and DLW.
Dy. CEEs, W & AP, Bangalore and DCW, Patiala.

FA & CAOs, All Indian Railways, ICF, CLW, DLW, W & AP, DCW.

Chief Electrical Engineer, Railway Electrification Southern Railway,
Madras.

Chief Electrical Engineer (Construction), South Eastern Railway,
Calcutta.

Chief Electrical Engineer, Railway Electrification, Nagpur.

The receipt of this letter may please be acknowledged.

Sd-

(R.K. SAREEN)

*Joint Director, Elec. Engg. (g)
Railway Board.*

No. 79/Elec. I/150/2.

New Delhi, dated 10-2-83.

Copy together with 46 spares, forwarded to ADAI (Railways) in continuation of Railway Board's letter of even number dated 15/18-12-1982.

Sd/-

DA : As stated.

for Financial Commissioner, Railways

Copy to F (X) I/B(C)/E(LR) Branches, Railway Board.

No. 79/Elec. I/150/2.

New Delhi, dated 10-2-83

Copy, alongwith a copy of Ministry of Railways letter No. 79/Elec. I/150/2 dated 15/18-12-1982, forwarded to :

- (i) The General Secretary, All India Railwaymen's Federation, 4 State Entry Road, New Delhi.*
- (ii) The General Secretary, National Federation of Indian Railwayman, 3, Chelmsford Road, New Delhi.*

* with 25 spare copies.

- (iii) All the members of the National Council Departmental Council and Secretary, Staff Side, National Council, 13-C, Ferozeshah Road, New Delhi.

DA : As stated

Sd/-

for Secretary, Railway Board.

Illustrative case to show how short recoveries of previous year to be reflected in subsequent year.

1. Pooled rate on 1.4.83 (In terms of Para 3 (iii) of Board's circular letter No. 79/Elec. 1/150/2 Df 15/18-12-82)	30 Paise
2. Increase in unit rate due to increase in charges/taxes/ duties etc. as on 1.3.83.	2 Paise
3. Increase in unit rate due to increase in charges/taxes/ duties etc. on 1.6.83.	3 Paise
4. Increase in unit rate due to increase in charges/taxes/ duties etc. on 1 9.83	1 Paise

On 1.1.84 the pooled rate would include 6 paise i.e. the increases cited at 2, 3 and 4 above.

However, there would be short recoveries during 1983-84 (calendar year) as below :

10 months at 2 paise	—	20 paise
7 months at 3 paise	—	21 paise
4 months at 1 paise	—	4 paise
		<hr/>
	Total	45 paise
		<hr/>

While fixing rate on 1.1.84, 45/12 i.e. 3.75 paise or 4 paise should be added.

Note : (i) Units consumed every month have been assumed as constant.

(ii) Rounding-off may be done as per standard practice/extant instructions.

CHAPTER III

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

Recommendations

2.18 The Committee note that despite Integral Coach Factory pointing out in August 1974 that drawback inherent in the introduction of 76 feet long coach far outweigh the benefits, if any that might accrue, the Ministry of Railways decided (June 1977) on the manufacture of a proto-type of such coach based on an economic appraisal without taking into account the major modifications and additional facilities required for production and maintenance of such coaches.

2.19 Further, the assumption made in the economic appraisal that a 76 feet long coach with 80 berths capacity would cost 5 per cent more than a 70 feet long coach with 75 berths turned out to be unrealistic as the actual manufacturing cost (Rs. 9.24 lakhs) of the longer coach was nearly double the cost (Rs. 472 lakh) of a conventional coach.

2.20 The Committee also note that though the prototype coach was built and tried in service by April, 1980, whether such longer coaches would be manufactured for regular service still remains undecided, pending a *de nove* examination of their advantages and disadvantages in all respects.

2.21 The Committee cannot but deprecate the decision of the Ministry of Railways to go in for the manufacture of a prototype of 76 feet long coach, without either establishing the economic viability of longer coaches based on a comprehensive appraisal of all related aspects or considering the feasibility of providing better passenger amenities within the basic parameters of the conventional coach, especially when one prototype could hardly suffice for assessing the technical feasibility of running longer coach rakes. Had a prier view been taken on the economic viability, the investment of Rs. 9.24 lakhs on the manufacture of the longer prototype coach without commensurate extra advantage in terms of passenger capacity and or other amenities, could have been avoided. The Committee desire that the Ministry of Railways, besides advising its final decision in regard to further manufacture of longer coaches, should lay down suitable procedures to ensure that manufacture of prototype rolling stock of new

type/design is taken up only after establishing the techno-economic viability of introducing the new stock in service.

[S. Nos. 8 to 11 Paras 2.18 to 2.21 of Appendix III to 107th Report of PAC (1981-82)—Seventh Lok Sabha].

Action taken

The better passenger amenity services include provision of two more bath rooms and if this is done in the existing coaches, their capacity will come down from 72 to 66, which will not at all be desirable. In the context of improving the passenger transport capacity within the present constraints the objective of the railways has all along been to increase the number of passengers per coach. The solution for better passenger amenities can, therefore, be only by building longer coaches and not by sacrificing the capacity of the existing coaches.

2. No serious difficulty is anticipated in running trains with longer coaches upto 76' length and the technical feasibility of trains with 76' long coaches has never been in doubt. Many of the foreign railways are having coaches of 80' to 85' length.

3. A prototype 76' long coach was manufactured to assess the implications of manufacturing such longer coaches with the existing production facilities and for this purpose, it was not necessary to order a full rake.

4. One of the constraints coming in the way of going in for large scale manufacture of 76' coaches, is however, the capacity of the traverser in the workshop. The traversers are used in workshops only during periodic overhaul to traverse coaches. At present 60% of the BG shops have traverser fit to take 76' coach.

5. As far as investment on these coaches it is again brought out that the cost of 9.24 lakhs for manufacture of one coach is in the absence of economical mass production facilities. A recent assessment by the ICF has indicated that the capital cost of 76' long coach manufactured on the rake basis, will be only about 15% higher than that of the 70' long coach now in operation. 76' coach thus provides extra amenities, as the number of passengers per lavatory gets reduced from 10 to 13. In addition, the weight held per passenger is also less, resulting in proportional lower operating costs for the revenue earned.

6. The Committee's observations regarding laying down a suitable procedure for manufacture of prototype has been noted and suitable

procedures/guidelines will be drawn up in this regard for taking decisions on manufacture of prototype of new rolling stock.

7. Regarding manufacture of 76' long coaches on a regular measure, detailed technical examination will take considerable time and a decision will be taken thereafter.

This has been seen by Audit who have made the following observations which will be kept in view while taking a final decision in the matter.

“Seen, thanks. Incidentally, it is suggested that the cost of additional inputs necessary for maintenance and operation of 76' long coaches may be taken into account in deciding on manufacture of such coaches as a regular measure”.

[Ministry of Railways (Railway Board)'s OM. No. 82-BC-PAC/VII/107 dated 26.2.1983].

Recommendation

4.13 The Committee feel that the DLW Administration's order of 63 GE governors in March, 1978 on the ground that the Woodward governors had still to be tried out was not justified and resulted in avoidable expenditure of Rs. 24.49 lakhs (including foreign exchange of Rs. 16.55 lakhs). The directive of the Railway Board was meant for strict compliance and without prior approval of the Board, was not to be deviated from. The Committee are surprised that in their note of 30.1.82, to the PAC, instead of condemning the action on the part of DLW Administration, the Railway Board has complemented the DLW Administration by saying that the DLW Administration acted with foresight to avoid gap in the supply of governors by not cancelling the order placed on GE in March '78 after the audit had pointed out the violation of Railway Board's directives. Surely the Railway Board could not have given their decision in September '77 without due consideration of the results of trial of 'Woodward' governors. The Committee desire that the Ministry of Railways (Railway Board) should examine this case afresh and ascertain the circumstances in which the DLW Administration, inspite of the Railway Board's clear direction to establish a cut off point for switch over from GE to Woodward governors as early as possible introduced an element of putting the Woodward governors on trial and ordered for GE governors resulting in the aforesaid avoidable expenditure of Rs. 24.49 lakhs. The Ministry should also ensure that such lapses do not occur in future. The outcome of the action taken in the matter should be reported to the Committee.

[Sl. No. 24, Para 4.13 of Appendix III to 107th Report of PAC-
1981-82 Seventh Lok Sabha].

Action taken

The circumstances which necessitated DLW to place order for 63 GE governors in March, 1978, before going in for Woodward governors for WDM 2 locomotives on a regular basis, have been explained in details submitted to the Committee earlier. Regarding cancellation of order of GE governors, it has been brought out at para 4.6 of PAC's report that against the order of March, 1978 for GE governors, the delivery of which was to commence by March, 1979, 64 numbers were supplied by the firm during July, 1979-September 1980. It has been stated that despite the failure on the part of GE to adhere to the contract schedule, the cancellation of the order by invoking the relevant clauses of the contract was again not considered. In this connection, it is submitted that as on 31.3.1979, DLW did not have any physical stock of governors for work in progress. In fact, in order to maintain the continuity of loco production, some governors had to be taken on loan from the Railways. At that stage, when GE governors were expected to be made available early, cancellation of a contract for supply of 75 GE governors and then initiating action for procurement of Woodward governors would have taken at least a year for supplies to commence. This would have resulted in a gap in the supply of governors and, in turn, caused a considerable dislocation in the loco production. This undesirable predicament was avoided by maintaining the order of GE governors. This can be further appreciated from the fact that against another indent for 133 Woodward governors placed by DLW in March, 1979, a part supply was received in 1980-81.

With a view to avoid any similiar doubts in further purchases, ensuring at the same time that the service performance of locomotives is not hampered, the Railway Board have already instructed the D.L.U. Administration (Copy enclosed at Annexure I) to obtain prior clearance from RDSO in case of major trial purchases, or, while approving major changes in design. DLU and RDSO have also started holding periodic meetings on trial items where such design changes and performance reports are discussed ensuring quick action on any change in design. It is hoped that with this revised procedure, such instances of doubts on product suitability will not take place in future.

This has been seen by Audit.

[Ministry of Railways O.M. No. 82-BC-PAC/VII/107 dated
26-2-1983.]

ANNEXURE I

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 82-M (L) 466/36.

New Delhi. dated 15/16 Feb. 1982.

The General Manager,
Diesel Loco Works,
Varanasi.

The General Manager,
Chittaranjan Loco Works,
Chittaranjan.

The General Managers,
All Indian Railways.

Sub :- Trials and Modification fitment on diesel locos.

During the Import Indent meeting held at DLW the issue of trial and modification fitment was discussed. At present, there are cases when adequate feed back is not available at DLW/CLW/RDSO from the zonal railways with the result that a decision to enforce the trial and modification fitment as a permanent measure, is not being taken. In the meeting RDSO advised that they were not being associated with trials and quite often trials were carried out without their knowledge it was only at a later stage that RDSO was associated with such trials. On the other hand, DLW indicated that every trial and modification fitment is indicated in the records sent to the railways, a copy of which is also endorsed to RDSO. After discussions it was decided that the Design Office of DLW/CLW should indicate the trials to be introduced in advance to the RDSO. Where trial is of sufficient importance, RDSO will frame the procedure for Bench Tests/Field Trials in consultation with Production Units.

2. DLW produced a list of 18 important trials, a copy of which was circulated to the zonal railways. Each zonal railway should open a systematic record at their headquarters in which status of trial can be indicated. Likewise, similar trial records should be available with DLW/CLW and RDSO.

3. CLW is also requested to make similar list of important trials which will be discussed in the Import Indent meeting to be held at Chittaranjan on the 25th and 26th Feb. 1982.

4. A periodic review of important trials will be made between Board, RDSO and DLW/CLW to enable a final decision being taken on the subject of modified fitments.

Sd/-

(A.S. MATHURA)
*Addl. Director Traction
 Railway Board.*

Recommendation

5.9 The Committee note that two trains were introduced on the Kasganj-Mathura Section with effect from January, 1973. From Mathura the two engines of the trains had to run light to Vrindaban and back (26 Km.) for being turned at the triangle line available there. The Committee are unhappy to note that it was only in February, 1977, four years after introduction of the trains, that the Railway Administration decided to shift the turn-table from Kasganj to Mathura. The turn-table was actually shifted to Mathura and installed there in February 1979 and was commissioned in August 1979 after a further delay of over two years. In the meantime, an extra expenditure of Rs. 2.62 lakhs was incurred on the light run of the engines.

5.10 Again, the Railway Administration took a decision, contrary to the re-modelling plan of Kasganj yard, to shift the turn-table to Mathura and sanctioned Rs. 0.50 lakh for that purpose, only after, "the design of the triangle line had been sufficiently improved", yet it did not possess any material to show that triangle line had been so improved.

5.11 The Audit has pointed out that no evidence was produced by the Railway Administration (even the written note furnished to the Committee by the Railway Board in December, 1981 and purported to be an action taken note on the Audit Paragraph does not indicate any), in support of the improvements stated to have been effected in the triangle line at Kasganj, the period during which these improvements were made and the expenditure incurred there on. The Administration, however, maintained that improvements were effected as part of "normal routine work" and as such no separate sanction for carrying out these improvements had been obtained.

5.12 Under the extant rules even in the case of works chargeable to revenue, estimate is required to be prepared and a specific sanctioned issued for every work estimated to cost more than Rs. 20000. The very fact that no separate sanction was issued in this case, would indicate that the work involved in improvement of the triangle line was not of such magnitude that the Administration need have taken more than 6 years to carry it out.

5.13 The Committee are not satisfied with the explanation given by the Ministry of Railways (Railway Board) that shifting of the turntable earlier before six years was not possible, as the existing triangle line at Kasganj had to be improved in the meantime. The Committee do not feel convinced by the justification advanced by the Railway Administration for the delay in shifting the turn-table to Mathura. The Committee take a very serious note of the lapses on the part of the Railway Administration. The Committee would like the Ministry of Railways (Railway Board) to investigate the delay in shifting the turn-table which cost the exchequer Rs. 2.62 lakhs with a view to fixing responsibility for the delay.

[Sl. No. 25-29, Paras 5.9 to 5.13 of Appendix III to 107th Report of PAC 1981-82) Seventh Lok Sabha].

Action taken

The delay in shifting in the turn-table has been investigated as desired by the Committee. On the introduction of two trains between Kasganj and Mathura with YP/YG locos, in 1973, there was no turning facilities for YP/YG locomotives available at Mathura. A triangle line could not be provided because of space limitations. No spare turn-table was available and it was not possible to shift the turn table from Kasganj at that time because a large number of steam locos were using it. The triangle at Kasganj had also to be kept as a stand—by since the turn-table was frequently giving trouble. With the reduction of steam holding at Kasganj in 1976 and consequent decrease in turning requirement there, it was decided to shift the turn-table to Mathura in Nov. 76.

2. The work of removing the turn-table from Kasganj and re-installing it at Mathura involved excavation of a foundation for the turn table at Mathura. This work started immediately, namely in March 1977. While it was about to be completed, the monsoon arrived and water accumulated in the foundation to a depth of about 13 ft. After the monsoon there was a delay in getting reasonably good bricks and it was possible to complete the work only in June 1978. The turn-table girders, which are 65 ft. in

length had to be taken out of the pit at Kasganj by the Bridge Department staff and loaded on to BFEs. Because of their length, the girders are over dimensioned consignments which requires special movement conditions. During this period of shifting of girders, there were heavy and unprecedented flood in the Kasganj-Mathura Section and hence all the Bridge and Engineering Deptt. staff had to be diverted to attend to the repairs required. Thus it was only possible to shift the turn table from Kasganj in December 1978. On receipt at Mathura, the physical erection was completed by Bridge Deptt. staff in Feb. 1979. There were teething troubles after the turn-table had been installed and these were finally resolved in August 1979.

3. Delays after 1976 could have been reduced although not completely avoided. Instructions have been issued to all Railways vide the Board's letter No. 81-M(L) 467/15 dated 19.9. 1981 to avoid such delays in future.

This has been seen by Audit.

[Ministry of Railways (Railway Board's) O.M. No. 82-BC-PAC/VII/107 dated 28.2.1983.]

Recommendation

A contract for a value of Rs. 21.32 lakhs for Earthwork in Reach VI of the Hassan-Mangalore Railway Project was awarded to firm 'A' M/s. Madras Housing Construction and Properties Ltd. Madras in July, 1965 with the stipulation that the work would be completed by January 1967. However, this date was extended to December, 1972. It dawned upon the Railway authorities, only after watching the pace of work done by the firm for more than eight years, that the firm had made unsatisfactory progress. Consequently, the contract was terminated in May 1974 at the "risk and cost" of the Firm 'A'. During the subsistence of the contract, over payments to the tune of Rs. 2.38 lakhs were made to the contract on the basis of certificates given by the concerned Assistant Engineer for the approximate work done. Not only that, the Firm 'A' had been awarded another contract valued at Rs. 5.05 lakhs in May 1972 after watching its work for about seven years.

[Sl. No. 30, Para 6. 6 of 107th Report of Appendix PAC-1981-82 (Seventh Lok Sabha)].

Action taken

The observations of the Committee have been noted. However, in regard to the slow progress of works and cancellation of contract, it is submitted that several extensions in the period of completion, stipulated in the

contract, were given to the contractor for good and valid reasons. In a nutshell, these reasons were :

- (i) Reach VI (in fact the entire line) was subject to heavy rainfalls and was marshy at places resulting in repeated heavy slips in cuttings and erosion in banks ;
- (ii) Delay in handing over of the acquired buildings by the revenue authorities, which were coming in the way of the alignment.
- (iii) Non-availability of path across the river Hemavathi due to periodical wash-out of the temporary bridge laid for conveying the bulk of the cut spoils from Hasanpur end of the bank to Sakleshpur side.
- (iv) Change in alignment and regrading affected after the inspection of the Additional Member (Works).
- (v) Scarcity of drill rods, explosives, diesel oil during the period of contract.

The above factors were verified and accepted by the Administration before agreeing to the extension of time.

The quantities of various items stipulated in the contract are subject to a plus/minus limit of 25%. For quantities in excess of this limit, the accepted rates are subject to negotiations. The supplementary agreement, referred to as "another contract" in the Committee's observations was signed with the contractor for quantities in excess of 25% of the agreement quantities in respect of some items of the contract. Since the progress of work by the contractor had not been considered to be unsatisfactory at that stage and the various factors leading to extension of time mentioned above were considered genuine, a supplementary agreement was signed with the contractor for the excess quantities. Any other course of action would have been detrimental to the progress of work. This is an accepted practice for all contracts.

The contractor A had executed nearly 95% of the earth work done in this Reach. The work had been done in the course of the extended period of the contract. However, the contractor abandoned the work after the oil crisis in 1973 which was followed by the steep escalation in the prices of

various inputs. It is at this stage that the contract was eventually terminated in May 1974. A fresh contract was fixed up in October 1974 at the risk and costs of Contractor 'A'.

The question of over-payment to the tune of Rs. 238 lakhs and the responsibility therefore have been dealt with in reply to Committee's Recommendation made in para 6.9.

This has been seen by Aduit.

[Ministry of Railways O.M. No. 82-BC-PAC-VII/107 dated 12.3. 1983].

CHAPTER IV

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

—NIL—

CHAPTER V

**RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF WHICH
GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

—NIL—

NEW DELHI;

February, 27, 1984
Phalguna 8, 1905 (Saka)

SUNIL MAITRA,
Chairman

Public Account Committee.

APPENDIX

CONCLUSIONS AND RECOMMENDATIONS

S. No.	Para No.	Min/Deptt.	Recommendations/Conclusion
1	2	3	4
1	1.9	Railway's (Railway Board)	In their earlier Report, the Committee had <i>inter-alia</i> observed that the contributions to the Depreciation Reserve Fund met out the Railway Revenues till 1974 for the replacement of assets were not made in accordance with the spirit of the recommendations of the Railway Convention Committee. Even after adopting the recommendations of the Working Group constituted as a result of a recommendation of the Railway Convention Committee for reviewing the techniques of assessing the depreciation reserve fund requirements of the Railways inadequate contributions to the Depreciation Reserve Fund continued. The Committee had also found that even the contributions made available from the Depreciation Reserve Fund, inadequate as they were, had not been utilised fully during the years from 1974-75 to 1978-79. As against the total contribution of Rs. 722 crores during 1974-79, the amounts spent on renewal of assets were Rs. 616 crores only. The result was heavy shortfalls in the programmed renewal of assets and accumulation of overaged assets under the heads 'Track', 'Plant and Machinery' and 'Rolling Stock'. The Government in their reply have stated that the Railway Reforms Committee had gone into various issues concerning contribution to and expenditure out of Depreciation Reserve Fund including the question of overtaking of arrears of replacement and making adequate provision for the future. The Report of the Railway Reforms Committee is under consideration of Government.

1	2	3	4
2	1.1	M/O Rail-	<p>The Committee are, however, disturbed to find ways (Rail-that the position is growing from bad to worse. way Board) According to the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways), the arrears in track renewals which were 13,100 Kms. at the beginning of the Sixth Five Year Plan in April 1980 had gone upto 16,840 kms. at the end of March 1982. The old steel girders in 2700 bridges erected prior to 1905 had become brittle and needed early replacement. The number of rail fractures had increased from 2293 in 1977-78 to 4900 in 1981-82. All this indicates that the Ministry of Railways have not attended to the matter with the urgency it merited. The Committee would like to emphasise the imperative need for urgent and effective action for the replacement/renewal of overaged Railway assets according to a time-bound programme lest the Railway system of the country should be damaged beyond redemption besides endangering human life. The Committee would like to be informed of the precise steps taken in this regard including the action taken on the recommendations of the Railway Reforms Committee.</p>
3	1.13	M/O Rail-	<p>In their earlier Report, the Committee, while way (Rail- commenting upon the delay in execution of a way Board) contract for earthwork in reach of the Hassan-Mangalore Railway project, had desired the Ministry of Railways to investigate the impact of the delayed execution of the said earthwork on the delay in completion of the Hassan-Mangalore Railway line which was completed nearly 15 years after it was taken up. The Committee had also desired the Railway Board to make an indepth study of the delays in the completion of other Railway projects. In their</p>

reply, the Ministry have *inter-alia* stated that “perhaps” the most important factor responsible for the delay in the completion of Hassan-Mangalore line was the paucity of funds year after year. The allotment (final) for the completion of this line during the peak construction period varied between Rs. 2.12 crores to Rs. 4.80 crores and was spread over a period of nearly 15 years from 1965-66 to 1979-80 excluding two initial years and two final years when the allotment was meagre. According to the Ministry, this is a phenomenon, the repetition of which cannot be guarded against so long as the present situation in which the number of sanctioned works in hand is very large and the resources available are small, continues. The Ministry have also stated that this phenomenon is perhaps unavoidable in the present stage of development when every region is clamouring for greater investment on infrastructure, but the available resources are limited. In the opinion of the Committee, it is high time that the Ministry of Railways so allocated their limited resources on projects as to have optimal results. In this connection, the Committee would invite attention to para 60 of the Seventy-Third Report of the Public Accounts Committee (1981-82) where in the Committee had failed to appreciate why work on a large number of projects was taken in hand when the Railways were well aware that it would not be possible to complete the same within the target date due to inadequacy of funds. The result was that not only the works remained incomplete but the delay in completion of works also led to escalation in costs. Moreover, this resulted in frustration among the public hoping to benefit from these projects. The Committee had desired the Ministry of Railways to take a policy decision to start only such

1	2	3	4
			<p>projects as can be completed within the available funds so that at least the benefit of these projects could reach the public at the earliest. The Committee would only like to reiterate the above recommendation.</p>
4	1.14	M/O Railways (Railway Board)	<p>In their reply, the Ministry have also stated that a review of a few other projects costing over Rs. 10 crores which have been recently completed is being made in consultation with the different Railways to study in depth the effect of various factors including constraint of funds on the time and cost overruns of such projects. The Committee would like to be informed of the results of the above review.</p>
5	1.17	M/O Railways (Railway Board)	<p>In their earlier Report, the Public Accounts Committee have commented upon a cost where a 50-tonne weighbridge costing Rs. 0.63 lakh, procured in October, 1967, had remained unutilised for over 13 years, except for a period of 15 days as in the first instance, the Railway administration took more than six years to decide the site for the installation of the weighbridge, and after it was installed at a cost of Rs. 1.38 lakhs in March 1974 in Cheoki marshalling yard serving the Naini station (Allahabad Division), the space for unloading excess material and the capacity of the yard for sorting wagons to be weighted were found to be insufficient. The Committee had desired the Railway Board to examine the matter and fix responsibility for the various lapses brought out in the Audit para graph.</p>
6	1.19	M/O Railways (Railway Board)	<p>In February 1983, the Railway Board informed the Committee that the Northern Railway had been asked to enquire into the matter and "final action will be advised to PAC in due course". In a further note, the Ministry</p>

of Railways have now stated that the "decisions regarding the location of weighbridge in question were made when Sarvashri.....worked as Divisional Optg. Suptds. If these officers were in service, they might have perhaps clarified as to why the proposal of additional line could not be sanctioned by the competent authority on 'out of turn' basis.....Since one of these officers has retired and the other two have passed away, it is not now possible to pursue the question of fixing responsibility in this case". While the Committee note the Ministry's reply that in the extant circumstances it is now not possible for them to pursue the question of fixing responsibility, they feel that the present case underscores how necessary it is to act quickly in such matters for, an inordinate delay in holding an enquiry defeats its very purpose. The Committee need hardly stress that in cases of the present type resulting in undue delays/losses, the Ministries/ Departments should, on their own, in the interest of efficient administration, investigate the delays/losses, without waiting for a directive from the Public Accounts Committee.

1.20. The Committee feel also that even though it may not be possible at this stage to take disciplinary action against the officers concerned-two of them have expired and third one has retired, the matter should be thoroughly investigated on the basis of the existing records with a view to pin-pointing the reasons which had led to the present case and taking necessary corrective action in the light thereof. The Committee would also like to be informed of the dates on which two of the three Divisional Optg. Suptds. had expired and the third one had retired.

PART II

MINUTES OF THE SIXTY—FIRST SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 14 FEBRUARY 1984

The Public Accounts Committee sat from 1100 hours to 1310 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

1. Shri Bhaiku Ram Jain—*in the Chair*
2. Shri Chitta Basu
3. Smt. Vidyavati Chaturvedi
4. Shri G.L. Dogra
5. Shri Mahavir Prasad
6. Shri Jamilur Rahman
7. Shri Nirmal Chatterjee
8. Dr. Sankata Prasad

SECRETARIAT

Shri H.S. Kohli—*Chief Financial Committee Officer*
Shri K.K. Sharma—*Senior Financial Committee Officer*
Shri R.C. Anand—*Senior Financial Committee Officer*

REPRESENTATIVES OF AUDIT

1. Shri R.K. Chandrasekharan—*Addl. Dy. C & A G of India*
2. Shri S.P. Joshi—*Director of Audit, Commerce, Works and Misc.*
3. Shri R.S. Gupta—*Jt. Director, Defence Services*
4. Shri A.N. Mukhopadhyay—*Jt. Director (Reports Central)*
5. Shri N.H. Chhaya—*Jt. Director (Railways)*
6. Shri N.R.R. — *Jt. Director (Defence)*

In the absence of the Chairman, Shri Bhiku Ram Jain was chosen to act as Chairman of the sitting under Rule 258 (2) of the Rules of Procedure and Conduct of Business in Lok Sabha.

The Committee considered and adopted the following Draft Report subject to the amendments/modifications as indicated in Annexure I.

* * * * *

- (ii) Action Taken Report on the recommendations of PAC contained in their 107th Report (7th LS) relating to Replacement of assets on Railways Rolling Stock Purchases and Stores, Works and Earnings.

* * * * *

The Committee also approved some minor modifications/amendments arising out of factual verification of draft Reports by Audit.

The Committee also authorised the Chairman to finalise the Report and present the same to the House.

The Committee then adjourned.

ANNEXURE I

Modifications/Amendments made by the Public Accounts Committee in the draft Action Taken Report on 107th Report (7th Lok Sabha) at their sitting held on 14.2.1984.

Page	Para	Line (s)	Modifications/Amendments
9	1.13	3	For 'a reach' Read 'reach VI'
9	1.13	11	For 'project' Read 'projects'
9	1.13	25	For the word 'much' Read 'very'

