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**RAILWAY CONVENTION
COMMITTEE
(1985)**

(EIGHTH LOK SABHA)

FIRST REPORT

ON

**Action Taken by Government on the Recommendations contained in the Ninth Report of the Railway Convention Committee, 1980 on Cost of Operation of Railways
(Staff and Fuel Cost)**



*Presented in Lok Sabha on 22-8-1985
Laid in Rajya Sabha on 22-8-1985*

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**LOK SABHA SECRETARIAT
NEW DELHI**

August, 1985/Sharavana, 1907 (Saka)

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~~AGENDA FOR THE FIRST REPORT OF RAILWAY CONVENTION~~
 COMMITTEE, 1985

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Analysis of the action taken by Government on the recommendations/observations contained in the Ninth Report of Railway Convention, Committee 1980.

PART-II

Minutes of the sitting of the Railway Convention Committee (1985) held on 13th August, 1985.

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RAILWAY CONVENTION COMMITTEE
(1985)

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3. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of Railway Convention Committee (1985) having been authorised by the Committee to submit the Report on their behalf present this First Report on Action Taken by Government on the recommendations contained in the Ninth Report of the Railway Convention Committee (1980) on "Cost of Operation of Railways (Staff and Fuel Cost)".

2. The Ninth Report of the Railway Convention Committee (1980) was presented to both the Houses of Parliament on 26th August, 1983. The replies of the Government to all the recommendations contained in the Report were received by 25 March, 1985.

3. The Committee considered the replies of the Government at their sitting held on 13th August, 1985 and adopted the Report on the same day.

4. An analysis of action taken by Government on the recommendations contained in the Ninth Report of Railway Convention Committee (1980) is given in Appendix. It would be observed therefrom that out of 20 recommendations made in the Report, 13 recommendations i.e. 65 per cent, have been accepted by the Government. The Committee have not desired to pursue the replies given in respect of 3 recommendations i.e. 15 per cent. The replies in respect of 4 recommendations i.e. 20 per cent, have not been accepted by the Committee.

NEW DELHI;

August 21, 1985

Shravana 30, 1907 (Saka)

SUBHASH YADAV,

Chairman.

Railway Convention Committee.

CHAPTER I

1.1 This Report of the Committee deals with the action taken by Government on the Committee's recommendations/conclusions contained in their Ninth Report (Seventh Lok Sabha) on "Cost of Operation of Railways (Staff and Fuel Cost)".

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

1.3 Replies to the recommendations and conclusions contained in the Report have been categorised under the following heads:—

(i) Recommendations and Conclusions which have been accepted by the Government:

S. Nos. 2, 4, 5, 7, 8, 9, 10, 11, 14, 16; 18; 19 and 20.

(ii) Recommendations and Conclusions in respect of which replies of the Government have been accepted:

S. Nos. 3, 6 and 12.

(iii) Recommendations and Conclusions in respect of which replies of the Government have not been accepted and which require reiteration:

S. Nos. 1, 13, 15 and 17.

(iv) Recommendations and Conclusions in respect of which final reply of the Government is still awaited:

NIL

1.4 The Committee will now deal with the action taken by Government on some of its recommendations.

A. Need for reducing operating ratio of Railways in order to economise in expenses (S. N. 1, Para 1.14)

1.5 The Railway Convention Committee in paragraph 1.14 of their Ninth Report had pointed out that the operating ratio of the Railways had been constantly going up from 74.85 per cent in 1963-64 to 94.39 in 1973-74. It further registered an all time high record of 96.07 in 1980-81 which was brought down to 88.5 in 1982-83 and was expected to be 87.5 in 1983-84. Besides non-materialisation of the desired degree of improvement in revenues, vast increase in working

expenses had contributed in higher operating ratio. The Committee therefore emphasised that a stage had arrived where there ought to be an acute awareness of the need for economy in expenses.

1.6 The Ministry of Railways (Railway Board) in their reply informed the Committee as follows:—

“The operating ratio of the Railways depends upon two factors, the working expenses and the earnings. Any increase in the former and decrease in the latter pushes up the operating ratio. It has been the constant effort of the Railways to step up the earnings and contain the working expenses. There are, however, certain factors which militate against an increase in the earnings of the Railways. Simultaneously the Railways have to operate under certain (extraneous) factors beyond their control which do not permit the working expenses being contained within the desired limits. The position in regard to both these factors is appended below in detail.

The earnings of the Railways depend upon the traffic offering particularly the traffic in the higher rated commodities. Owing to chronic scarcity of power in all the States in the country which in recent years has assumed acute proportions, the growth of the industrial output has fallen short of expectations. This has had a very adverse affect on the earnings of the railways.

Besides the above reason, another factor responsible for the earnings not coming up to expectations is the unfavourable pattern of movement of traffic. Coal is a low-rated commodity which has, however, necessarily to be moved in increasing quantities due to establishment of newer thermal power stations in different parts of the country. Apart from being a low-rated commodity, coal movement has the added disadvantage that coal wagons have to be hauled back empty all the way over to the coal fields which are generally at a considerable distance from the thermal power stations. The average rate of earnings and the average lead of freight traffic has also shown a declining trend apparently as a result of lesser movement of the high rated traffic and a change in the pattern of consumption which has depressed the average rate and lead of freight traffic. There are limitations in increasing fares and

freight to offset increases in working expenses as a result of additional dearness allowance instalments, increase in prices of essential inputs etc.

Even though creation of new posts has been almost completely frozen as a measure of economy, there has been a very large increase in the wage bill of the railways as a result of payment of Bonus, sanction of additional instalments of Dearness Allowance, increase in the rates of Travelling Allowance etc. which have placed an enormous strain on the economy of the railways. There has been a steep increase in the price of fuel of all types, electricity, diesel oil and coal in the recent years which has added to the working expenses considerably. There has been a significant increase in the price of materials which has resulted in an increase in the expenditure on repairs and maintenance.

Over the years due to paucity of funds, replacements of assets have fallen in arrears until it is no longer possible to defer the replacement. To provide for the same the appropriation to the Depreciation Reserve Fund which forms part of the working expenses has had to be increased considerably.

There are large number of unremunerative branch lines, the expenditure on operation and maintenance of which is considerably higher than the earnings. This considerably adds to the operating ratio of the railways. Notwithstanding this such lines have to be worked to avoid hardship to the public of the region.

Notwithstanding the constraints referred to above, every effort is being made to improve the earnings and contain the working expenses with a view to improving the operating ratio of the railways. The recommendation of the Committee is noted."

1.7 The Committee are not convinced that the factors brought out by the Railways justify the steep rise in their operating ratio. One of the factors enumerated by them affecting the operating ratio is, the losses on unremunerative branch lines. According to the Report of the Comptroller & Auditor General of India for the year 1981-82, Union Government (Railways) the losses due to operation of unremunerative branch lines had increased from Rs. 20 crores in 1973-74 to Rs. 31.56 crores in 1980-81. Further, according to the

Indian Railway Year Book for the year 1983-84, such losses have been in the region of Rs. 60.80 crores in respect of 144 unremunerative branch lines. Looking to the fact that the working expenses of the Railways have been to the tune of Rs. 4,661.47 crores in 1983-84, operation of unremunerative branch lines has no substantial impact on the operating ratio.

1.8 The Committee also note that the Railway Convention Committee, 1977, had given exemption from the payment of dividend for the capital invested on unremunerative branch lines from the year 1971-72. Such exemption has been continued in the shape of subsidy from 1979-80 onwards.

1.9 The Committee note from the Report of the Comptroller & Auditor General of India (1982-83) that the metre gauge operations on all the railways have adverse operating ratio. This is due to the fact that major portion of the railway's operating cost are sunk cost, i.e. outlay on fixed assets and operating staff, which does not vary with the increase or decrease in the traffic hauled. The other portion, i.e. variable cost (fuel, etc.) is only 20 per cent. This, therefore, leads to the conclusion that the operating ratio could be contained not only by increasing the fares and freights but by maximising the utilisation of railway assets to the extent possible. The Committee also observe from the Report of the Comptroller & Auditor General of India (1982-83) that the Eastern Railway, which is a predominantly Broad Gauge Railway, had also adverse operating ratio. This, the Report mentions, was due to the factors mentioned below:—

- “(i) Higher administrative expenses: The route km. of track (BG) under Eastern Railway's control is only 4121 against 5354 km. under Central and 5726 km. under South Eastern Railway, yet the amount spent on Administration was Rs. 27.78 crores (5.5 per cent of its earnings) in 1982-83, as against Rs. 20.91 crores (2.7 per cent) by Central and Rs. 24.56 crores (3.43 per cent) by South Eastern Railway.
- (ii) Due to short lead, the goods traffic in terms of GTKM carried by Eastern Railway, is only 58 billions against 86 billions of Central Railway and 71 billions of South Eastern Railway, but the locomotives held for operation is 1401 against 1350 on Central and 1118 on South Eastern during 1982-83 resulting in higher maintenance and

operating expenses, namely Rs. 5.5 crores per billion GTKM against Rs. 3.8 crores and Rs. 3.5 crores per billion GTKM on the Central and South Eastern Railway.”

The Committee, therefore, feel that the Ministry of Railways have not critically examined the reasons for the variations in the operating ratio as well as its being adverse on certain railways due to factors within their control and beyond their control. The Committee would, in the circumstances urge the Ministry of Railways to look into the problem critically, analytically and devise suitable measures to improve the working conditions and movement of traffic on these railways particularly Eastern Railway to ensure better results.

B. Losses suffered by Railways due to underloading and pilferage of coal in transit and supply of better quality of coal (S. No. 15 & 17, Para 3.34 and 3.35)

1.10 The Railway Convention Committee in paragraph 3.34 of their Ninth Report had noted that the percentage of loss of coal due to underloading by collieries and pilferage in transit had been on the increase. In 1981-82 these were 5.7 per cent as against 2.9 per cent in 1979-80 and 3.80 per cent in 1980-81, the permissible limit being only 2 per cent. The Ministry had advanced two main reasons therefor, viz. the underloading by collieries and theft and pilferage *en route*. The Committee had recommended that inspection at the loading points should be intensified and effective steps taken to eliminate losses in transit.

1.11. In their reply the Ministry of Railways (Railway Board) have stated as follows:—

“The losses of loco coal due to transit and handling in sheds during 1981-82 were 4.9% and not 5.7% as stated in the report. The sharp increase in coal losses has been mainly in the Eastern Sector and on the Railways who are receiving their supplies from the collieries of Western Coalfields Ltd. (CIC fields). The increase in losses in the Eastern Sector is due to deterioration in the law and order whereas the increase in losses on Central and Western Railways, which are receiving their supplies from CIC fields, is due to large scale under-loading/over-invoicing.

The question of intensive checks to prevent theft of coal from the moving wagons in loco sheds is being constantly taken up with the concerned Railways. As far as practicable

loco coal rakes moving through vulnerable areas are also being escorted by R.P.F. personnel. Incognito watch is also being maintained to apprehend the culprits.

Matter regarding under-loading/over-invoicing is being regularly brought to the notice of the Coal India Limited and the Ministry of Energy for taking effective remedial measures. Surprise checks are being conducted by the officers of Operating Mechanical and Vigilance Departments on the coal wagons already weighed to determine the actual quantity loaded and the reports submitted by these teams are being sent to Coal India Limited and Ministry of Energy.

In order to intensify inspections for the quality of coal, Loco Coal Inspection Organisation at Dhanbad has been strengthened to cover more supplies by sample checks. As a result of this step, Railways imposed deductions due to inferior supplies, to the extent of Rs. 4.04 crores in 1982-83 as against Rs. 1.46 crores in 1979-80. Checks for collecting quality samples are also being further intensified by deputing some inspectors from the Railways on the loading points."

1.12 The Committee had expressed their concern at the deterioration of the quality of coal supplied to the Railways which had contributed to the increase cost of operation, as the moisture and ash contents in the coal were as high as 30 to 36 per cent. The Committee had desired that the Railway Ministry should take up the matter with Coal India Ltd., and sort out this problem so as to ensure supply of better quality of coal to the Railways.

1.13 To this recommendation the Ministry of Railways (Railway Board) have replied as follows:

"There has been some general deterioration in the quality of coal produced from the open cast mining. Not only that, at times Railways are forced to accept coal from collieries not on the loco coal programme due to inadequate production of steam coal by the programmed collieries. This is contributing substantially towards receipt of inferior supplies and consequent increased consumption. Railways Coal Inspection Organisation with Headquarters at Dhanbad is carrying out intensive quality checks and at present about 50% of the supplies are covered by drawal of joint samples at the loading points and about 70% of the sup-

plies are covered by visual inspection. Inspectors and Officers of this Organisation visit the colliery sidings and draw samples for grade checks. Penalties are also imposed for supplies found inferior to the specified grades.

The matter is also being regularly taken up with the Coal India Limited and the Ministry of Energy (Deptt. of Coal). based on the analysis results, these departments have been requested to down-grade some of the collieries consistently supplying coal below the specified grade. The Coal Controller has also been requested to persuade the Coal India Limited for down-grading a certain number of collieries on this basis."

1.14 The replies from the Ministry of Railways bring out the arrangements made at the collieries in the East, but they do not bring out the position in respect of other coal supply centres. The position in respect of C.I.C. Singareni Collieries, where test-checks were non-existent, have not been brought out by the Railway Board. The Committee are unhappy to note the casual approach of the Railway Board in the matter of furnishing replies to the Committee.

1.15 The Committee note from para 16 of the Advance Report of the Comptroller and Auditor General of India for the year 1982-83— Union Government (Railways), that due to inferior quality of coal supplied by the Singareni Collieries during the period from February 1980 to October 1981, Railways were unable to levy penalty amounting to Rs. 2.47 crores for the supply of coal not conforming to the specifications contracted. The Committee would urge the Railway Board to look into such lacunae in the system and devise suitable measures. The Committee also expect the Ministry of Railways (Railway Board) to keep in view the totality of the issues while furnishing replies to the Committee .

C. Need to phase out steam engines in order to reduce cost of operations by Railways (S. No. 13. Para 3.32)

1.16 In paragraph 3.32 of their Ninth Report, the Committee had stressed the need of phasing out steam engines from operations substituting them by diesel and electric engines in order to reduce cost of operation of Railways.

1.17 The Ministry of Railways (Railway Board) in their reply have stated as follows:

"The Committee have given the percentage of decrease in traffic under steam traction and coal consumption for the

period 1969—81. The latest available figures for the year 1982-83 indicate that the corresponding percentages during 1968-69 to 1982-83 work out to 60 per cent and 38 per cent respectively.

The amount spent on coal during the year 1980-81 was Rs. 197.33 crores and the total fuel expenditure was Rs. 482.53 crores. The corresponding figures for the year 1982-83 are Rs. 241.37 crores and Rs. 734.14 crores respectively.

The costs in respect of fuel consumed per 1000 GTKMS for goods traffic during the year 1979-80 were as under:

Coal	: Rs.	12.04
Diesel	: Rs.	5.28
Electric	: Rs.	4.10

The corresponding figures for the year 1982-83 are as under:

Coal	: Rs.	23.01
Diesel	: Rs.	10.92
Electric	: Rs.	6.95

The number of steam locomotives on the Indian Railways as on 1-4-83 was as under:

Broad Gauge	..	3,523
Metre Gauge		2,433
Narrow Gauge		334

The programme is to replace progressively steam locomotives by diesel or electric locomotives. Diesel and Electric locomotives are, however, required not only for replacing steam locomotives but also to cater to the requirements of additional traffic. The manufacture of diesel and electric locomotives depends on the funds available for the purpose and the production capacity of Diesel Locomotive Works and Chittaranjan Locomotive Works. The existing installed capacity at these production units is approximately 250 locomotives per annum. Therefore, the pace of phasing out of steam locos would depend on the availability of diesel and electric locos. Based on this, the

phasing out of steam locomotives has been as under during the last four years:

1980-81	:	440
1981-82	:	224
1982-83	:	936
1983-84		about 120 (exact figure will be given if available in time)

As regards financing, diesel locomotives are offset as replacements against the steam locomotives which have been phased out and hence are mainly financed from the Railway Depreciation Reserve Fund which has to be financed from the Railway's internal resources. As far as electric locomotives are concerned these are being financed from the Railways' Capital account which is met by a contribution from the general exchequer and on which a dividend liability is incurred. There will, of course, be a few isolated cases of diesel locomotives being obtained on Capital account and electric locomotives being obtained against the Depreciation Reserve Fund."

1.18 The Ministry of Railways have given reason for slow change over from steam to diesel due to want of diesel locos. The Committee have, however, observed from the Advance Report of the Comptroller and Auditor General of India for the year 1980-81 Union Government (Railways) that the extent of utilisation of locomotives, as measured by their availability for traffic, number of hours worked, net tonne kilometres per engine hour, speed, engine kilometres per engine day etc., showed that the performance levels of both diesel and electric locomotives in 1979-80 and 1980-81 were lower than in 1977-78 or even 1969-70. The deterioration was mainly on account of excessive en route and terminal detentions, waiting for traffic, idling in sheds, etc. The Committee also understand that in the Seventh Plan it would be necessary to manufacture 484 locomotives, whereas 293 diesel locomotives will be surplus even if no more such locomotives are manufactured after 1984-85. The Committee, therefore, feel that the programme of phasing out the steam locomotives should be accelerated by pragmatic planning and re-structuring the power linkages of the diesel and electric locomotives. Early phasing out of steam locomotives is the sine qua non for reduction in working expenses.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 2, Para No. 1.15)

From the figures furnished by the Railways, the Committee observe that the working expenses during the last 12 years have increased nearly 4 times (from Rs. 862.22 crores in 1970-71 to Rs. 3224.70 crores in 1981-82). The rise has been particularly steep during the last 5 years (from Rs. 1781.04 crores in 1977-78 to Rs. 3224.70 crores in 1981-82). The vast increase has been attributed to escalation of the cost of inputs. During the period 1970-82 the average annual cost per employee increased by 172.7 per cent, cost of fuel by 179.6 to 332.1 per cent and cost of other stores by 169.5 to 231.6 per cent. As against this, the average fare rate per passenger-kilometre increased by 79.2 per cent and the average freight rate per net tonne kilometre has risen by 152.3 per cent. The Committee wish to make it clear in this connection that in view of heavy investments made and several technological innovations and modernisation of traction introduced in railways it should be possible to improve the financial performance by augmenting earnings not by indiscriminate increase in fare and freight rates but by intensive use of assets carrying more traffic and allowing no leakage of revenue. The Committee also wish to emphasise that concerted and effective steps should be taken to control costs.

Reply of Government

The Railways are fully conscious of the need for intensive use of assets and for improvement in financial performance. Principles of intensive use of assets already adopted by Railways include increased productivity of resources and prevention of leakage of revenue. Managerial and operating innovations like improvement in speed of the goods trains, increase in carrying capacity of goods trains, closed-circuit movement and running of point-to-point goods trains are being intensively employed to improve the financial performance.

Special massive checks to prevent ticketless travel at vulnerable points, checks to prevent leakage of revenue through pilferage of goods in transit and at nodal points and elimination of misdeclaration/under-weightment etc., are some of the steps in the direction of prevention of leakage of revenue. The above measures are being pursued vigorously.

In the field of the maintenance and renewal of assets, the need to deploy improved methods and design is also continuously explored. Assets of heavy capital cost like track, rolling stock etc., have already undergone improvement in maintenance and quality. Better track structure is being adopted wherever the renewals are being proposed. The Production Units and Maintenance Workshops are being modernised with machinery and plants designed for higher productivity. Cost on the staff is being controlled by optimum recruitment in unavoidable categories and imposing a strict control on recruitment. Thus, measures to improve financial performance of the Railways are continuously adopted by the Railways through increased use of assets, plugging leakage of revenue and cutting down the cost on the staff.

Recommendation (Sl. No. 4, Para No. 1.17)

There is greater need for replacement and renewals of old assets. The Appropriation to Depreciation Reserve Fund has to be raised. This has already risen from Rs. 100 crores in 1970-71 to Rs. 350 crores in 1981-82 and has to be raised further. The Committee note that 45.8 per cent of the total working expenses is accounted for by staff cost, 24.6 per cent by fuel cost and the rest by other stores. The Committee decided to examine the cost of operation to ascertain the scope for economy in order that the railways may be in a better position to augment the appropriations to various funds and pay reasonable dividend to the General Revenues and yet render better service to the community. The succeeding chapters of this Report cover their examination of the staff and fuel costs.

Reply of Government

The Committee's observations are noted.

Recommendation (S. No. 5, Para 2.46)

The Railways have at present 15.7 lakh regular employees and 2.3 lakh casual labourers. The wage bill of the regular employees amounted to Rs. 1451 crores during 1981-82 as against Rs. 1138 1881 L.S.—2.

crores in 1950-51 when the regular employees were 9.1 lakhs. The staff cost has increased manifold on account of a near doubling of the staff strength and increased emoluments. The average emoluments per employee has increased by 634 per cent from Rs. 1,263 in 1950-51 to Rs. 9,267 in 1981-82 as against the increase of 443 per cent in the cost of living index. While the Committee do not grudge the increased emoluments they would like to stress that the employees should be productively engaged. In this connection they note the views of an ex-chairman of the Railway Board that "the doubling of the strength that we see by today's figures does not appear to be needed for the new conditions". The Committee would subscribe to the view that creation of productive employment opportunities should be our aim. There is, therefore, an urgent need for a scientific reappraisal of the staff strength employed in various spheres of work particularly at top levels and in offices where the workload has no direct bearing on the traffic handled.

Reply of Government

The Ministry of Railways submit that it will not be fair to compare the staff strength and cost of staff of 1981-82 with those of 1950-51. During the decades following 1950-51, apart from substantial expansion in the Railway assets for the maintenance and operation of which extra staff strength was needed, the increase in staff strength was also necessitated due to setting up of various production units, creation of new services on the Railways, heavy increase in traffic handled from 93.0 million tonnes in 1950-51 to 245.8 million tonnes in 1981-82. The number of passenger Kms. have also increased from 66,517 millions in 1950-51 to 220,787 millions in 1981-82. Coaches, wagons and locomotives were imported in 1950-51 and are now being manufactured within the country saving valuable foreign exchange. It may be relevant here to mention that the staff strength of an organisation like Railways comprises (a) direct labour and (b) indirect labour (for example direct labour would be drivers/firemen and guards, and indirect labour would be station-masters, cabinmen, track maintenance staff, etc.). Direct labour contributes directly to the out-turn/services rendered, measured in terms of million tonnes, passenger Kms. No. of trains run etc, while indirect labour constitutes more or less a basic minimum number of employees involved in activities pertaining to general overheads, administration, station supervision etc. As the out-turn/productivity of the organisation increases at the micro level in a given segment, a linear relationship may, at times, exist in the segment considered

between production and staff strength employed on the direct labour; but, such variations certainly cannot be linearly proportional in any way to the entire direct and indirect staff strength of the organisation at the macro level. Conversely, in the Railway context fluctuations in traffic cannot result in quick "hiring and firing" of staff. In fact, when the number of trains running in a section is increased, the number of guards and train crew would go up but the station staff comprising Cabin-men and Lever-Men etc. might not be increased at all; and, even if increased, the increase will not be in the same proportion. Similarly, all the maintenance staff including those engaged in track, signals etc. will not be affected by any minor fluctuations of traffic. There will be an effect on large groups of stationary staff, only if the incremental change in number of trains is very large.

2. However, as a result of introduction of technological developments in the various areas of working, the increasing trend in staff strength had been arrested from 1970-71 onwards. A comparison of the staff strength from 1970-71 onwards would show that the staff strength in 'C' & 'D' categories (including casual labour) has been more or less static. Similarly, despite redesignation of doctors in Group 'C' as officers in group 'B' the ratio of 'A' & 'B' officers to the total number of employees on the Railways has also been kept below 1 per cent. This is clearly brought out in the accompanying graph-I.*

3. It will be further observed from the attached graph-II* that the average cost per employee at constant 1960-61 prices has gone down sharply in the case of 'A' & 'B' group and the trend in the case of 'C' and 'D' staff has almost remained constant. Therefore, the real emoluments of group C&D employees have not increased in the last 2 decades but the current cost of staff has increased due to increase in the Dearness Allowances granted to the staff owing to general price rise. In the case of groups A&B, the emoluments have fallen in real terms.

4. Therefore, the question of staff strength requires to be viewed in a composite manner. The strength of staff in any given area is determined by the workload that arises from time to time. As already mentioned in-so-far as staff who have no direct bearing on the traffic handled are concerned, a certain minimum number is needed as an infrastructural necessity. But then, care is taken to see that over a period of time, this number does not become disproportionate to the traffic handled. This care is ensured by a built-in system of

*Placed in Parliament Library.

constant and continuous reviews in the Railways/Railway Board office. The staff strength in the various spheres of work is reviewed from time to time and is determined keeping in view the workload and changing technological developments. The staff strength at the lower levels is reviewed by the Staff Inspection Units functioning in the Railway Board's office and two zonal Railways viz. Northern and Southern Railways and by the Efficiency Cells/work study cells on other Railways and appropriate action is taken wherever required. The Efficiency Bureau in the Ministry of Railways also carries out 'Financial Reviews' Railway-wise and Department-wise and highlights disproportionate staff strength, decrease in performance level etc. if any, for corrective action by the Zonal Railways.

5. In terms of a recommendation of the Administrative Reforms Commission, as accepted by the Government, the cadres of Group 'A' (Class I) Railway services are reviewed every three years and adjustments as are found warranted are made with the approval of the Cabinet.

Recommendation (Sl. No. 8, Para No. 2.49)

As regards the running staff, the Committee have been informed by a retired General Manager that the introduction of 10-hour rule and the system of payment of mileage and overtime allowance have added to over staffing and to the tendency of detaining trains deliberately enroute. Further, the Committee note that higher leave reserve of 30 per cent and 25 per cent provided in the case of running staff and transportation staff respectively, has increased the staff strength. In general the reserve appears to be 15 per cent. The Committee are glad to know that recently fundamental changes have been made in the system of payment of running allowance in shifting the emphasis from hours of duty to kilometerage covered. They hope that with the incentive to earn more by covering more distance the productivity of the running staff will improve considerably and the absenteeism come down.

Reply of Government

The Committee's observations are noted.

Recommendation (Sl. No. 9, Para 2.50)

In regard to the maintenance gangs, the switchover to mechanised maintenance of track etc. is stated to have reduced the staff strength from 2.4 lakhs in 1975-76 to 2.1 lakhs in 1982-83 even though track length during this period increased by 5 per cent due to doubling and addition to new lines. The mechanised maintenance is reported to have started 10 years ago and today the Railways have 70 machines for the purpose although their requirement is much more. The Committee recommend that the process of mechanised maintenance should be speeded up so as to effect maximum possible economy and consequent reduction in operational cost.

Reply of Government

In addition to 70 tie tamping machines already available with the Railways, an order for 16 tie-tamping machines has been placed. Proposals for procurement of additional machines would be processed through annual programmes progressively.

Recommendation (S. No. 10, Para 2.51)

The Committee observe that in the Production Units, the norms for incentives which were fixed about 15 to 20 years ago are now

Recommendation (Sl. No. 7, Para No. 248)

Even in the case of skilled field staff, there is need for a review to determine whether multi-purpose staff could replace the present strength of staff where staff of different categories is being utilised even though there may not be full-time work for them. The Committee have been informed that the railways have been making some experiment in this regard and trying in a limited way to see how far with the cooperation of the employees unions, one duty could be merged with some other duty. The Committee desire that a fair and reasonable formula consistent with the need to have promotional avenues for the workmen should be evolved early and extended to as many categories as possible without delay. An incentive in achieving this could be graded higher emoluments for men skilled in more than one trade.

Reply of Government

Combination of duties or jobs allotted to individual workmen is feasible: (a) in the case of artisans, where traditionally there has been a division into a number of trades though some are allied with others; and (b) in the case of small field units, where certain essential functions normally allotted to distinctly different jobs have to be performed but due to the volume on account of each of them not justifying a whole time job or position being created, one workman has to undertake one or more of allied tasks.

In regard to artisan staff a beginning has already been made by providing in the orders restructuring the cadre for this category (issued in November 1982) that at the level of khalasi-helpers (semi-skilled) certain cognate trades should be banded together—for example, Blacksmith and Hammer man, Driller, Tool Grinder and Turner, Cupolaman, Fetter and Core-Maker, Painter and Polisher etc.

As regards the second category of posts, historically such combination of duties already exists in small units like wayside stations—for example, a pointsman performing the duties of porter also, a gateman looking after safaiwala's job also and the like. Extension of this arrangement to non-traditional areas requires study and a conscious attempt to bring a new approach to and aptitude towards work—a kind of change in work ethos. Instructions in this regard are being issued to the Zonal Railway Administrations, Production Units etc. but the process of achieving tangible results in this direction is bound to take time.

out of date and need re-examination. Even according to the Chairman, Railway Board, there is an element of collusion between the supervisors and the inspecting staff in pushing up the man hours required for repair works under the present incentive scheme. The committee therefore, desire that a Work Study in this regard should immediately be undertaken and on the basis of that study, fresh norms of productivity determined. In this connection the Committee would like to invite attention to the following recommendation of the Estimates Committee (1982-83), contained in their 45th Report on Railways' Production Units:

"The Committee would like the Ministry of Railways to update the incentive schemes in the light of the technical sophistication in the machinery and processing introduced in the Production Units from time to time and ensure that the schemes are operated in a manner that leaves no scope for any malpractice."

Reply of Government

Incentive scheme presently being followed in Railway Production Units provides for review of timings for incentives whenever process is changed or new technology is introduced for carrying out any activity. Norms of productivity in any areas of incentive working, therefore, keep undergoing a change as a continuous process.

2. Instructions have been issued to all the Production Units and the Railways to conduct checks at all levels to avoid mal-practices in the working of the Incentive Scheme and to take suitable remedial measures.

Recommendation (S. No. 11, Para No. 3.30)

The Railways consumed 9.83 million tonnes of coal; 1.18 million kilo litres of HSD oil and 2406 million kilo watt. hours of electric energy for traction purposes during 1981-82. The fuel bill for the year was about Rs. 690 crores. The index of 'fuel efficiency' is the amount of energy consumed for transporting every 1000 tonnes (gross weight) over a distance of one kilometre, i.e. specific fuel consumption. The Railways' 15-year Corporate Plan (1974-89) envisaged gradual reduction in the specific fuel consumption taking into account the change in traction mix towards better motive power, improvement in operation and inputs like welded rail etc. This expectation does not seem to have materialised fully. The specific fuel consumption of coal had gone up in the case of passenger trains from 67.1 kgs. and 70.6 kgs. in 1978-79 for broad gauge and

metre gauge to 75.9 kgs. and 77.5 kgs. in 1981-82 and in the case of goods trains from 74.1 kgs. and 71.6 kgs. to 91.3 kgs. and 89.9 kgs. The consumption of diesel was the highest in 1980-81 during the period 1978-82 except in the case of BG goods trains. The consumption of electricity did not show improvement during the period except in the case of BG passenger trains. The Committee would, therefore, urge a critical review of the overall position with a view to evolving stricter norms having regard to technological improvements and effecting better control over consumption of fuel in the interest of economy.

Reply of Government

With the change over of team traction to Diesel and Electric Traction the Railways' Fifteen year Corporate Plan (1974—89) had envisaged improvement in the Fuel Bill on the basis of proportionate growth of traffic if the same had to be carried with steam traction. With the improvement in operations and other inputs the Specific Fuel Consumption on diesel goods has definitely shown an improvement during 1982-83 compared to 1978-79, and 1979-80 both on BG and MG.

Over the years, there has been increase in the S.F.C. rates under steam traction. The main reasons for increase in the consumption rate have been relegation of steam engine to inferior services on account of dieselisation/electrification, which has resulted in drop of load, drop in speed, increase in light engine km. and supply of inferior quality of coal by the collieries.

The increase in consumption rates of diesel passenger services is due to dieselisation of lighter tonnage Passenger trains resulting in drop in load and speed. However, the total diesel oil consumption on Passenger services is only 26.5 per cent of the total diesel consumption during 1982-83, whereas on BG Goods services it is about 70 per cent of the total, where there is improvement in S.F.C. rates.

Control on the fuel consumption is exercised at the Divisional, Zonal and Railway Board's level. The Zonal Railways advise their performance in fuel consumption each month to the Ministry of Railways. This performance is compared and reviewed periodically analysing the reasons for variation. Based on this analysis suitable directives are issued, where necessary to the Railways from time to time to control the factors responsible for deterioration in the performance. Based on properly conducted trials trip rations are fixed and the crew exceeding the target suitably taken up. Field monitoring is also done regularly to instruct the crew on proper firing

techniques|handling techniques. Close watch is also maintained on the maintenance of locomotives, which has a bearing on the consumption of fuel. Incentive schemes have been introduced to encourage the running staff to effect economy in fuel consumption.

Specific energy consumption in electric services

For a correct quantification of the specific energy consumption in different services, provision of energy meters in locos and motor coaches is considered essential. The development effort in this direction will be stepped up and a time bound programme will be chalked out for implementation.

Of all the electric services the energy consumption is very much under the control of the driver, only in respect of EMU services. Periodical checks by driving inspectors and the officers as to the correct observance of the coasting instructions by the motor men of EMUs are being ensured to optimise the electric energy consumption in these services.

Recommendation (S. No. 14, Para 3.33)

The Comptroller and Auditor General of India has reported that diesel and steam locomotives continued to be deployed in electrified sections on account of non-electrification of short links and non-elimination of change of traction resulting in additional operating costs. This underscores the need for giving priority for electrification in such cases. The Committee recommend that it should be done without delay.

Reply of Government

Concept of electrification of complete routes has since been introduced and such anomalies are proposed to be eliminated.

Efforts are being made to electrify such missing links subject to availability of funds.

Recommendation (S. No. 16, Para No. 3.35)

As regards the underloading at colliery end, the Committee are informed that the weigh-bridges facilities exist at the loading points but they are often out of order and inconveniently located from the operating point of view. There are also errors in weighment. To get over this problem the Railways now propose to go in for the installation of electronic weighbridges at certain nodal points. With their installation the rake would be weighed while the train is on

the run. The Committee would like the Ministry to work out and finalise the scheme for the installation of electronic weighbridges quickly.

Reply of Government

It has been decided that where any replacement of old weigh-bridge is required to be done by the Railways, it should be replaced by an electronic weighbridge and not by a mechanical weighbridge and whenever new major loading points involving bulk loading are developed, the yard lay-out must provide for in-motion electronic weighbridges.

Two electronic weighbridges have already been installed—one each at Ramagundam and Hapa—which are still being proved out so as to eliminate the initial teething problems. 5 more electronic weigh-bridges are proposed to be procured.

Recommendation (S. No. 18, Para No. 3.37)

The Committee note that the Expenditure Commission appointed by the Ministry of Finance had set up a Study Group to make an indepth study of energy consumption on the Indian Railways with a view to exploring the possibility of effecting economies. The Study Group is reported to have submitted their report in which they have recommended a number of measures implementation of which could result in considerable saving of coal. These recommendations are reported to be at various stages of examination by the Railway Ministry. The Committee desire that the examination of the measures recommended by the Study Group be completed at the earliest and steps taken in pursuance thereof communicated to the Committee.

Reply of Government

The Study Group on Economy in Energy Consumption in their report had made 49 recommendations. Of these 49 recommendations, 43 have since been finalised and implemented, 3 rejected, one partially implemented and 2 are under examination.

The main recommendations relate to higher coverage of loco coal by grade checks (Recommendation No. 6); finalisation of the contract with the Ministry of Energy for supply of coal (Recommendation No. 10); installation of modern type of weighbridges to reduce losses (Recommendation No. 11) and creation of the posts of whole time officers at Divisional level (Recommendation No. 34). Out of these, two, i.e. Recommendation Nos. 6 & 10, have already been finalised and implemented. As a result of strengthening of loco coal inspection organisation, the percentage coverage of loco supplies under

grade check has improved to about 50 per cent during 1983-84 against 19 per cent during 1980-81. The recoveries made from the Coal Companies have also increased from 1.51 crores in 1980-81 to 4.04 crores during 1982-83.

With regard to installation of electronic weighbridges (Recommendation No. 11), one weighbridge has already been installed on South Central Railway and based on its performance report installation of further weighbridges in colliery sidings will be taken up.

Recommendation No. 34 regarding creation of the post of officer at Divisional level has not been accepted on account of financial considerations.

Recommendation (Sl. No. 19—Para No. 3.38)

The Committee were informed that the Railways had sanctioned a project for Rs. 11 crores for design improvement and improvement in fuel economics. A 5 per cent economy in fuel consumption could be effected in diesel locomotives by an improvement in design. The Committee felt that it is a step in the right direction and would like to be informed of the progress made in the matter.

Reply of Government

The project for setting up diesel engine test and development facilities in RDSO has been sanctioned at a cost of Rs. 9.5 crores (Revised). In the current financial year Rs. 2.48 crores have been provided for Civil Engg. Construction Works and procurement of equipment and instrumentation. The work of construction is proceeding at a reasonable pace and commitments have already been entered into in respect of equipment worth Rs. 3.5 crores and some of these consignments have already started arriving. The facilities will become operational in due course.

Recommendation (S. No. 20—Para 3.39)

The Committee's examination of the cost of operation with reference to staff and fuel cost has convinced them that there exists a lot of scope for economy granting constant awareness of the need and effective cost control. They would accordingly suggest that a well integrated inter-disciplinary team of officers presided over by the respective Chief Executives at various levels Divisional, Zonal and Railway Board should be engaged constantly on suggesting measures to eliminate waste and effect economy and to evolve better

control techniques and systems and monitoring results. Such a concerted institutionalised drive should be initiated forthwith and the results of the endeavours should be published in the Annual Reports for the information of Parliament and the public.

Reply of Government

Systematic and sustained efforts are made by the Zonal Railways to effect economy in ordinary working expenses under the heads 'staff and other than staff (including fuel)'. The achievement of the Zonal Railways is also subject to overview by the Board quarterly. At the end of the year a consolidated statement (Zonal Railway-wise) is prepared under the head 'economy of staff' and 'economy in areas other than staff'.

It may be relevant here to mention that the average cost per employee at constant 1960-61 prices has actually gone down sharply in the case of 'A' & 'B' Groups and the trend in the case of 'C' & 'D' staff has almost remained constant as well be observed from the enclosed graph*. Therefore, the real emoluments of groups C&D employees have not increased in the last two decades but the current cost of staff has increased due to increase in the Dearness Allowances granted to the staff owing to general rise in prices. In the case of groups A&B the emoluments have fallen in real terms.

Railway, also effect economies in the areas other than staff and fuel on the following items:

- (i) due to utilisation of scrap material for manufacturing items.
- (ii) due to reclamation of stores.
- (iii) due to use of reconditioned material.

Economies in the areas of staff, fuel, other than staff and fuel, are being closely monitored at the Divisional level by the DRM; at Zonal Railway by respective AGM|Expenditure. Each Chief Planning officer of a Zonal Railway assisted by his team of officers and Inspectors take up studies in areas where economies can be achieved by cutting down wasteful expenditures and|or streamlining the procedure. Areas of economy on Indian Railway system as a whole is also watched by the Directorate of Efficiency Bureau. The economy achieved will be incorporated in the "Annual Report and Accounts" for the information of Parliament and the public henceforth.

*Placed in Parliament Library.

CHAPTER III

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

Recommendation (S. No. 3—Para 1.16)

“Although the overall operating ratio has been below 100, the ratios of the Eastern, North Eastern, Northeast Frontier and Southern Railways ranged between 107.6 and 180.6 during the years 1980-82. Thus huge loses are incurred by these Zonal Railways. Although the position of Northeast Frontier, Southern and Eastern Railways has slightly improved in 1981-82, the position of North Eastern Railway has further deteriorated (from 134.5 in 1980-81 to 155.8 in 1981-82). The Committee desire that particular attention should be paid to these Railways in the matter of controlling costs without impairing efficiency of operations”.

Reply of Government

The operating ratio of a Railway reflects the financial result of its operating performance. The latter depends to a large extent upon the pattern of traffic i.e., whether originating, terminating or carried etc. as also the nature of the traffic carried i.e., whether the freight carried consists of higher rated or low rated commodities and the proportion of the goods and passengers etc. traffic.

The Northeast Frontier and North Eastern Railways have a very large proportion of metre gauge track. In Metre Gauge operation, the speed of the trains as also their load carrying capacity is limited. The operational expenditure and therefore, the working expenses of such Railways are proportionately higher compared to the broad gauge. A very large proportion of the traffic carried by the Eastern Railway consists of coal which is a low rated commodity while the North Eastern Railway carries mostly agricultural produce which is also low rated. Southern Railway pays higher freight for the coal it consumes. Other factors affecting operating ratio are the industrial development of the area it requires, the terrain it operates on, etc.

In view of the above factors, the operating ratio of the four Railways in question has always been high. During the year 1981-82, the operations on the North Eastern Railway were seriously affected as a result of speed restrictions and other operational constraints arising from conversion of the metre gauge track from Barabanki to Samastipur—a length of 587 kms. This caused a sudden deterioration in the operating ratio in 1981-82 over that in 1980-81. The position has, however, shown improvement and the operating ratio in 1982-83 has been 148.77 per cent.

With progressive conversion of the metre gauge to broad gauge, operating ratio of these railways would improve. Due to paucity of funds, it has not, however, been possible to progress the gauge conversion as expeditiously as could be desired. Other efforts to contain the operating ratio are also being constantly made. The recommendation of the Committee is noted.

Recommendation (S. No. 6—Para 2.47)

The Committee have been informed that whereas the staff strength had increased by only 14.6 per cent during 1970-71 to 1981-82 the volume of traffic in terms of Net tonne K.M. had increased by 36.8 per cent. The Committee are unable to conclude from this that the productivity of the employees had gone up to the extent that their strength did not increase in proportion to the increase in traffic. In fact the Railway officials conceded in evidence before the Committee that no direct relationship could be established between a traffic unit and the strength of staff required to handle it. In any case the Committee strongly feel that a critical review of the staffing pattern is urgently called for. This review should not only cover the staffing pattern under the existing procedures and conditions of work but should also help to ascertain what simplification and streamlining of procedures and improvement in conditions of work are possible with a view to affecting economy in expenditure further. It is pertinent to recall the evidence tendered by a retired General Manager that "there is considerable overstaffing in certain areas, for example in offices and areas not directly connected with operation, while in the field there is great shortage in certain sectors". He added that there is considerable overstaffing in unskilled categories and excess often results in counter-productive work. In this context the Committee wish to draw attention to the recommendation of the Estimates Committee in their 45th Report (1982-83)—

"The Committee recommend that the strength of non-technical staff in the Production Units of the Railways,

which is admitted to be high should be got reviewed by an outside agency such as the staff Inspection Unit of the Ministry of Finance and the staff found surplus to the requirements should be retained if necessary, and redeployed on new projects of the Railways productively."

Reply of Government

The staffing pattern on the Railways is reviewed periodically by the Staff Inspection Units, Efficiency Cells, work study cells, functioning on the various Railways and in the Railway Board's Office. These agencies while reviewing existing staff strength also review the existing procedures in order to effect economies in expenditure. The Efficiency Bureau and the Operational Research Cell in the Board's office also conduct studies not only to improve productivity but also to remove any impediments in the smooth operation/activities of the Railways. Specific subjects for this purpose are picked up and studies are conducted and remedial steps taken on their recommendations.

As the agencies such as Staff Inspection Units, Efficiency Cells, work study cells are engaged on the continuous process of studies oriented towards adequacy of staff strength *vis-a-vis* workload, streamlining of procedures bringing about efficiency and improvement in operations, it is felt that sufficient safeguards exist in the set-up/machinery of the Railways and therefore it is submitted that no further exhaustive/detailed study of the staffing pattern etc. as envisaged by the Committee need be undertaken.

In addition to the above, based on an earlier recommendation of the Railway Convention Committee 1980, the Ministry of Railways have appointed a high level Committee consisting of seven Directors of this Ministry to identify various modern management techniques and to draw up a comprehensive plan for the same. It is hoped that once the report of the Committee is finalised and its recommendations are accepted and implemented, they would go a long way in improving the conditions of work.

Recommendation (S. No. 12—Para No. 3.31)

Although the railways have pleaded that norms have been fixed and performance watched, the Committee are concerned to learn from the Report of the Comptroller and Auditor General of India for the year 1980-81 that Fuel consumption of diesel locomotives was excessive compared to the norms. On several Railways 'trip

rations' for diesel oil consumption had not been laid down, where laid down the consumption was found to be excessive but the excesses had not been investigated. Same was the case with shed consumption of fuel. The position is thus characterised by lack of control. This should be remedied early.

Reply of Government

As already clarified to the Auditor General, the S.F.C. rates worked out by the Audit for the sheds were for some selected locomotives and not for the sheds as a whole. Individual engines can be high on fuel consumption due to various reasons such as load variations, detentions, age of the locomotives, overdue POH etc. Out of the two sheds pointed out by audit in the case of Itarsi shed of Central Railway the overall S.F.C. rates were within the prescribed targets and in case of Mughalsarai Shed, they were below the target for Goods services and higher on passenger due to drop in engine utilisation and load on account of dieselisation of less important trains.

Instructions have been issued by the Railway Board to the Zonal Railways about fixation of trip rations. However, a close scrutiny is made of the fuel consumed per 1000 GTKM through the monthly/quarterly Fuel Economy Reports submitted by the Railways to the Railway Board. In view of the Audit's observations, Railways have been advised to ensure fixation of trip rations as per instructions issued by the Railway Board and to confirm that they have done so far each and every section/Service/Traction.

Railways were advised to fix targets for shed consumption after carrying out necessary studies. As the Railways will take time to finalise these targets, the Board have fixed tentative norms of shed consumption of HSD oil *vide* letter No. 32|Fuel|282|4 dated 17-3-1983. However, the shed consumption in various sheds will differ depending upon the lay out of the shed, the type of locomotives homed, number of schedules carried out, out of course repairs and additional tests including load box test, etc.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED AND WHICH HAVE BEEN REITERATED

Recommendation (S. No. 1—Para 1.14)

“The ratio of working expenses to earnings (operating) ratio is a measure of financial performance of railways. The railways are expected to generate surplus to pay dividend on capital-at-charge to General Revenues. The operating ratio for the railways as a whole, which was 74.85 in 1963-64, went up to 94.39 in 1972-74. The ratio improved subsequently but again increased and registered an all time high of 96.07 in 1980-81. It was, however, brought down to 88.5 in 1982-83 and is expected to be 87.5 in the current year 1983-84. Besides non-materialisation of the desired degree of improvement in revenues, vast increase in working expenses has contributed in higher operating ratio. In the opinion of the Committee a stage has arrived where there ought to be an acute awareness of the need for economy in expenses”.

Reply of Government

The operating ratio of the Railways depends upon two factors, the working expenses and the earnings. Any increase in the former and decrease in the latter pushes up the operating ratio. It has been the constant effort of the Railways to step up the earnings and contain the working expenses. There are, however, certain factors which militate against an increase in the earnings of the Railways. Simultaneously the Railways have to operate under certain (extraneous) factors beyond their control which do not permit the working expenses being contained within the desired limits. The position in regard to both these factors is appended below in detail.

The earnings of the Railways depend upon the traffic offering particularly the traffic in the higher rated commodities. Owing to chronic scarcity of power in all the States in the country which in recent years has assumed acute proportions, the growth of the

industrial output has fallen short of expectations. This has had a very adverse effect on the earnings of the railways.

Besides the above reason, another factor responsible for the earnings not coming up to expectations is the unfavourable pattern of movement of traffic. Coal is a low-rated commodity which has, however, necessarily to be moved in increasing quantities due to establishment of newer thermal power stations in different parts of the country. Apart from being a low-rated commodity, coal movement has the added dis-advantage that coal wagons have to be hauled back empty all the way over to the coal fields which are generally at a considerable distance from the thermal power stations. The average rate of earnings and the average lead of freight traffic has also shown a declining trend apparently as a result of lesser movement of the high rated traffic and a change in the pattern of consumption which has depressed the average rate and lead of freight traffic. There are limitations in increasing fares and freights to offset increases in working expenses as a result of additional dearness allowance instalments, increase in prices of essential inputs etc.

Even though creation of new posts has been almost completely frozen as a measure of economy, there has been a very large increase in the wage bill of the railways as a result of payment of Bonus, sanction of additional instalments of Dearness Allowance, increase in the rates of Travelling Allowance etc. which have placed an enormous strain on the economy of the railways. There has been a steep increase in the price of fuel of all types, electricity, diesel oil and coal in the recent years which has added to the working expenses considerably. There has been a significant increase in the price of materials which has resulted in an increase in the expenditure on repairs and maintenance.

Over the years due to paucity of funds, replacement of assets have fallen in arrears until it is no longer possible to defer the replacement. To provide for the same the appropriation to the Depreciation Reserve Fund which forms part of the working expenses has had to be increased considerably.

There are a large number of unremunerative branch lines, the expenditure on operation and maintenance of which is considerably higher than the earnings. This considerably adds to the operating ratio of the railways. Notwithstanding this such lines have to be worked to avoid hardship to the public of the region.

Notwithstanding the constraints referred to above, every effort is being made to improve the earnings and contain the working expenses with a view to improving the operating ratio of the railways. The recommendation of the Committee is noted.

Comments of Committee

Please see paragraphs 1.7. to 1.9 of Chapter I.

Recommendations (S. No. 13, Para No. 3.32)

The Committee find that although traffic under steam traction decreased by 51 per cent during 1969-81 the coal consumption decreased by 27 per cent only. The present level of expenditure on coal is about Rs. 200 crores out of total fuel bill of Rs. 690 crores, but the coal carried only 15 per cent of the traffic. The Committee also note that the direct operational expenses per 1000 gross tonne kilometre are Rs. 4 for electricity, Rs. 5 for diesel and Rs. 10 for steam traction. This shows how uneconomical steam engines are compared to diesel and electric engines. The Committee need hardly point out that if the Railways are to reduce substantially the cost of operation on account of fuel, there is no alternative for Railways but to phase out steam engines as far as possible.

Reply of Government

The Committee have given the percentage of decrease in traffic under steam traction and coal consumption for the period 1969—1981. The latest available figures for the year 1982-83 indicate that the corresponding percentages during 1968-69 to 1982-83 work out to 60 per cent and 38 per cent respectively.

The amount spent on coal during the year 1980-81 was Rs. 197.33 crores and the total fuel expenditure was Rs. 482.53 crores. The corresponding figures for the year 1982-83 are Rs. 241.37 crores and Rs. 734.14 crores respectively.

The costs in respect of fuel consumed per 1000 GHKMS for goods traffic during the year 1979-80 were as under:

Coal		Rs. 12.04
Diesel	..	Rs. 5.28
Electric	..	Rs. 4.10

The corresponding figures for the year 1982-83 are as under:

Coal	..	Rs. 24.01
Diesel	..	Rs. 10.92
Electric	..	Rs. 6.95

The number of steam locomotives on the Indian Railways as on 1-4-83 was as under:

Broad gauge	..	3,523
Metre Gauge	..	2,435
Narrow Gauge	..	334

The programme is to replace progressively steam locomotives by diesel or electric locomotives. Diesel and Electric locomotives are, however, required not only for replacing steam locomotives but also to cater to the requirements of additional traffic. The manufacture of diesel and electric locomotives depends on the funds available for the purpose and the production capacity of Diesel Locomotive Works and Chittaranjan Locomotive Works. The existing installed capacity at these production units is approximately 250 locomotives per annum. Therefore, the pace of phasing out of steam Locos would depend on the availability of diesel and electric locos. Based on this, the phasing out of steam locomotives has been as under during the last four years:

1980-81	:	440
1981-82	:	224
1982-83	:	936
1983-84	:	about 120

As regards financing, Diesel locomotives are offset as replacements against the steam locomotives which have been/are being phased out and hence are mainly financed from the Railways Depreciation Reserve Fund which has to be financed from the Railway's internal resources. As far as electric locomotives are concerned these are being financed from the Railway's Capital account which is met by a contribution from the General exchequer and on which a dividend liability is incurred. There will, of course, be a few isolated cases of diesel locomotives being obtained on capital account and electric locomotives being obtained against the Depreciation Reserve Fund.

Comments of Committee

Please see paragraph 1.18 of Chapter I.

Recommendation (S. No. 15, Para No. 3.34)

The losses of coal have been going up. In 1981-82 these were 5.7 per cent as against 2.9 per cent in 1979-80 and 3.80 per cent in 1980-81, the permissible limit being only 2 per cent. The Ministry have advanced two main reasons, therefore, viz. the under-loading by collieries and theft and pilferage *en route*. The quality of coal also is reported to be poor. The Committee recommend that inspection at the loading points should be intensified and effective steps taken to eliminate losses in transit.

Reply of Government

The losses of loco coal due to transit and handling in sheds during 1981-82 were 4.9 per cent and not 5.7 per cent as stated in the report. The sharp increase in coal losses has been mainly in the Eastern Sector and on the Railways who are receiving their supplies from the collieries of Western Coalfields Ltd. (CIC Fields). The increase in losses in the Eastern Sector is due to deterioration in the law and order whereas the increase in losses on Central and Western Railways, which are receiving their supplies from CIC fields, is due to large scale under-loading/over-invoicing.

The question of intensive checks to prevent theft of coal from the moving wagons in loco sheds is being constantly taken up with the concerned Railways. As far as practicable loco coal rakes moving through vulnerable areas are also being escorted by P.P.F. Personnel. Incognito watch is also being maintained to apprehend the culprits.

Matter regarding under-loading/over-invoicing is being regularly brought to the notice of the Coal India Limited and the Ministry of Energy for taking effective remedial measures. Surprise checks are being conducted by the officers of Operating, Mechanical and Vigilance Departments on the coal wagons already weighed to determine the actual quantity loaded and the reports submitted by these teams are being sent to Coal India Limited and Ministry of Energy.

In order to intensify inspections for the quality of coal, Loco Coal Inspection Organisation at Dhanbad has been strengthened to cover more supplies by sample checks. As a result of this step, Railways imposed deductions due to inferior supplies, to the extent of Rs. 4.04 crores in 1982-83 against Rs. 1.46 crores in 1979-80. Checks for collecting quality samples are also being further intensified by deputing some inspectors from the Railways on the loading points.

Comments of the Committee

Please see paragraphs 1.14 and 1.15 of Chapter I.

Recommendation (S. No. 17—Para No. 3.36)

The Committee are concerned at the deterioration of the quality of coal supplied to the Railways which has also contributed to the increased cost of operation. The representative of the Railway Board deposed before the Committee that in olden days steam coal supplied to the Railways was of the best quality containing not more than 15 to 18 per cent ash content. But the moisture and ash contents in the coal these days are as high as 30 to 36 per cent. The Committee desire that the Railway Ministry should take up the matter with Coal India Ltd., and sort out this problem so as to ensure supply of better quality of coal to the Railways.

Reply of Government

There has been some general deterioration in the quality of coal produced from the open cast mining. Not only that, at times Railways are forced to accept coal from collieries not on the loco coal programme due to inadequate production of steam coal by the programmed collieries. This is contributing substantially towards receipt of inferior supplies and consequent increased consumption. Railways Coal Inspection Organisation with Headquarters at Dhanbad is carrying out intensive quality checks and at present about 50 per cent of the supplies are covered by drawal of joint samples at the loading points and about 70 per cent of the supplies are covered by visual inspection. Inspectors and Officers of this Organisation visit the colliery sidings and draw samples for grade checks. Penalties are also imposed for supplies found inferior to the specified grades.

The matter is also being regularly taken up with the Coal India Limited and the Ministry of Energy (Deptt. of Coal). Based on the analysis results, these departments have been requested to down-grade some of the collieries consistently supplying coal below the specified grade. The Coal Controller has also been requested to persuade the Coal India Limited for down-grading a certain number of collieries on this basis.

Comments of Committee

Please see paragraphs 1.14 and 1.15 of Chapter I.

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF
WHICH FINAL REPLY OF THE GOVERNMENT IS STILL
AWAITED**

— NIL —

NEW DELHI;

August 21, 1985

Sravana 30, 1907 (S).

SUBHASH YADAV,

Chairman,

Railway Convention Committee.

APPENDIX

(Vide Para 4 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE NINTH REPORT OF RAILWAY CONVENTION COMMITTEE, 1980.

I. Total number of recommendations	20
II. Recommendations/observations which have been accepted by Government (Vide recommendations at Sl. Nos 2, 4—5, 7—11, 14, 16 and 18—20)	
Number	13
Percentage total	65%
III. Recommendations/observations which the Committee do not desire to pursue in view of the replies of the Government (Vide recommendations at Sl. Nos. 3, 6 and 12)	
Number	3
Percentage to total	15%
IV. Recommendations/observations in respect of which the replies of Government have not been accepted by the Committee (Vide Sl. Nos. 1, 13, 15 and 17)	
Number	4
Percentage to total	20%

PART II

**Minutes of the sitting of the Railway Convention Committee, (1985)
held on 13 August, 1985**

RAILWAY CONVENTION COMMITTEE

(1985)

3rd Sitting

13-8-1985

The Railway Convention Committee held its sitting from 15.30 hrs. to 16.10 hrs.

*
PRESENT

MEMBERS OF THE COMMITTEE

1. Shri Subhash Yadav—*Chairman*
2. Shri Basudeb Acharia
3. Shri B. Devarajan
4. Prof. Narain Chand Parashar
5. Shri Vijay N. Patil
6. Shri Ram Dhan
7. Shri Dipen Ghosh
8. Shri M. Maddanna
9. Shri Bhagatram Manhar
10. Shri P. Upendra.

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary.*
 2. Shri K. H. Chhaya—*Chief Financial Committee Officer.*
 3. Shri Krishnapal Singh—*Senior Financial Committee Officer.*
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II. Action taken Report on Ninth Report of RCC (1980) on Cost of Operation of Railways (Staff & Fuel Cost)

The Committee considered and adopted the Draft Action Taken Report on Action Taken by Government on the recommendations contained in the Ninth Report of the Railway Convention Committee 1980 on Cost of Operation of Railways (Staff & Fuel Cost), subject to amendments made as mentioned in Appendix.

The Committee authorised the Chairman to make any consequential corrections as might become necessary and present the Report to Parliament.

* * * *

The Committee then adjourned.

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****Relates to other matters and will find a place at appropriate place.

APPENDIX

**AMENDMENTS MADE BY THE COMMITTEE IN THE DRAFT ACTION TAKEN
REPORT ON IX REPORT OF RCC (1980)**

Page	Para	Line	For	Read
5	1.7	last	negligible	no substantial
5	1.9	first	<i>delete</i> 'aforesaid'	
5	1.9	second	<i>insert</i> "for 1982-83" after "India"	
6	1.9	5	<i>delete</i> "aforesaid"	
6	1.9	5	<i>insert</i> "for 1982-83" after "India"	
6	1.9	5 from bottom	therefore	in the circumstances
12	1.17	7 from bottom	<i>insert</i> between "Railway" and "capital" the following : "internal resources. As far as electric loco- motives are concerned these are being financed from the Railways."	