

# RAILWAY CONVENTION COMMITTEE 1973

## SECOND REPORT

(Action taken by Government on the recommendations  
contained in the First Report of the Railway Con-  
vention Committee, 1971 on Accounting Matters)



LOK SABHA SECRETARIAT  
NEW DELHI

August, 1974/Bhadra, 1896 (Saka)

Price : Re. 1.40

385-130  
23

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

Sl. No.	Name of Agent	Sl. No.	Name of Agent
---------	---------------	---------	---------------

**ANDHRA PRADESH**

1. Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam).
2. G. R. Lakshmi Prasad Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.

**ASSAM**

3. Western Book Depot, Pan Bazar, Gauhati.

**BIHAR**

4. Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.
5. M/s. Crown Book Depot, Upper Bazar, Ranchi.

**GUJARAT**

6. Vijay Stores, Station Road, Anand.
7. The New Order Book Company, Ellis Bridge, Ahmedabad-6.

**HARYANA**

8. M/s. Prabhu Book Service, Nai Subzi Mandi, Gurgaon.

**MADHYA PRADESH**

9. Modern Book House, Shiv Vilas Palace, Indore City.

**MAHARASHTRA**

10. M/s. Sunderdas Gianchand, 601, Girgaum Road, New Princess Street, Bombay-2.
11. The International Book House, (Private) Limited, 6, Ash Lane, Mahatma Gandhi Road, Bombay-1.
12. The International Book Service, Deccan Gymkhana, Poona-4.
13. Charles Lambert & Company, 10, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.
14. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
15. Deccan Book Stall, Fergusson College Road, Poona-4.
16. M & J. Services, Publishers Representatives, Accounts & Law Book Sellers, Bahri Road, Bombay-15.

**MYSORE**

17. People Book House, Opp. Jaganmohan Palace, Mysore.

**RAJASTHAN**

18. Information Centre, Government of Rajasthan, Tripolia, Jaipur City.
19. M/s. Usha Book Depot, 585/A, Chitra Bazar, Tripolia, Jaipur.

**UTTAR PRADESH**

20. Law Book Company, Sardar Patel Marg, Allahabad-1.

CORRIGENDA

SECOND REPORT OF THE RAILWAY CONVENTION COMMITTEE, 1973  
(Presented on 9.9.1974).

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
2	8	10	"619"	"6/9"
3	12	4	"extent"	"extant"
7	S.No. 1(ii)	1	"extent"	"extant"
7	" 1(iii)	2	"Nodtheast"	"Northeast"
7	" 1(iv)	4	"fidst"	"first"
7	" 1(v)	6	"fdom"	"from"
8	" 1(vi)	4	"cdebit"	"credit"
8	" 1	9	"recommended"	"recommend"
8	" 6	2	"budgetory"	"budgetary"
9	" 8	1	"matted"	"matter"
10	" 8	5	"odf"	"of"
10	" 9	1	"emphaise"	"emphasise"
13	" 13	13	"provosion"	"provision"
13	" 13	20	"locomotive"	"locomotives"
17	" 18	18	" <u>insert</u> "for" <u>after</u> "due"	
18	" 20	1	"eralier"	"earlier"
18	" 20	4	"concerned"	"concerted"
19	"21	5	"beck"	"back"
29	" 37	27	"burnt"	"brunt"
30	" 37	10	"th"	"the"
30	" 39	1	"extent"	"extant"
36	" 63	5	insert "in" after	"of"
38	" 67	10	"varity"	"variety"
38	" 67	17	"urged"	"urge"
41	" 7(v)	1	"Continuc"	"Continued"
41	" 7	24	"locomotive"	"locomotives"
50	" 19	17	"delete line No. 17"	
53	" 38	1	<u>insert</u> "Ehe" <u>after</u>	"housing"
53	" 38	8-9	"develope"	"develop"
57	" 44...	25	"strategics"	"strategies"
58	" "	10	"by"	"from"
61	" 65	3	"introdu e"	"introduce"
61	Appendix	6	<u>insert</u> "at" <u>after</u>	recommendations.

CONTENTS

PAGE

COMPOSITION OF THE RAILWAY CONVENTION COMMITTEE, 1973.

(iii)

INTRODUCTION		(v)
CHAPTER—I	Report . . . . .	1
CHAPTER—II	Recommendations which have been accepted by the Government . . . . .	7
CHAPTER—III	Recommendations which the Committee do not desire to pursue in view of Government's reply . . . . .	41
CHAPTER—IV	Recommendations in respect of which Government's replies have not been accepted by the Committee . . . . .	44
APPENDIX	Analysis of action taken by Government on the recommendations contained in the First Report of the Railway Convention Committee, 1971 . . . . .	62

41205(3)  
10.9.75

385120

**LIST OF MEMBERS OF THE RAILWAY CONVENTION  
COMMITTEE, 1973**

1. Shri B. S. Murthy—Chairman
2. Shri Jagadish Bhattacharyya
3. Shri Chandrika Prasad
4. Shri Y. B. Chavan
5. Shri S. A. Kader
6. Shri M. Kalyanasundaram
7. Shri Tha Kiruttinan
8. Shri Mukhtiar Singh Malik
9. Shri G. S. Mishra
10. Shri L. N. Mishra
11. Shri Damodar Pandey
12. Shri Chintamani Panigrahi
13. Shri S. B. Patil
14. Shri Virbhadra Singh
15. Shri Lal K. Advani\*
16. Dr. K. Nagappa Alva
17. Shri N. C. Buragohain\*
18. Shri Yogendra Makwana
19. Shri Kota Punnaiah
20. Shri Nageshwar Prasad Shahi
21. Shri Gunanand Thakur\*

**SECRETARIAT**

**Shri Avtar Singh Rikhy—*Joint Secretary***

**Shri Jainti Prasad Goel—*Under Secretary.***

---

\*Nominated on 9th May, 1974 *vice* Dr. Bhai Mahavir retired from Rajya Sabha and Sarvasbri H. D. Malaviya and Mohd. Usman Arif resigned from Membership of the Committee.

## INTRODUCTION

I, the Chairman, Railway Convention Committee, 1973 having been authorised by the Committee, present this Second Report of the Railway Convention Committee, 1973 on the action taken by Government on the recommendations contained in the First Report of the Railway Convention Committee, 1971 on "Accounting Matters."

2. The First Report of the Railway Convention Committee, 1971 was presented to both the Houses of Parliament on the 15th December, 1972. Government furnished their replies indicating the action taken on the recommendations contained in the Report on the 13th December, 1973, 30th March, 8th April, 27th April, 28th May and 25th July, 1974. At their sitting held on the 16th August, 1974 the Committee considered Government's replies and finalised their comments thereon. The Committee also considered and approved draft Chapter I of the Report.

3. The Report has been divided into the following Chapters:—

- I. Report.
- II. Recommendations which have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of Government's reply.
- IV. Recommendations in respect of which Government's replies have not been accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the First Report of the Railway Convention Committee, 1971 is given in Appendix. It would be observed therefrom that out of 68 recommendations made in the Report 40 recommendations i.e. 58.8 per cent have been accepted by the Government and the Committee do not desire to pursue one recommendation i.e. 1.5 per cent in view of the Government's reply. The replies of the Government in respect of 27 recommendations i.e. 39.7 per cent have been accepted by the Committee.

NEW DELHI;

August 31, 1974;  

---

Bhadra 7, 1896 (S).

B. S. MURTHY,  
Chairman,  
Railway Convention Committee.

## CHAPTER 1

### REPORT

#### **Depreciation Reserve Fund (Serial Nos. 2 to 5)**

In paras 2.17 to 2.20 of their First Report on Accounting Matters, the Railway Convention Committee, 1971, had recommended that Government should constitute without delay a Working Group consisting of experts from Finance, Accounts, Audit and technical disciplines to refine the technique of assessing the depreciation requirements so that appropriations to the Depreciation Reserve Fund are made on a scientific and rational basis taking into account the cost and life of their assets. The Committee had further suggested that the Ministry of Railways should undertake a critical study to determine whether, in conformity with accepted principles of accounting, a separate Renewal Reserve Fund should be created out of their profits, if any, to provide for inflationary and improvement elements in the cost of such assets.

2. The Committee are glad to note that Government have appointed a Working Group of experts drawn from Finance, Accounts, Audit and Technical disciplines to examine these issues and that the Working Group is expected to present its report some time during the course of this year. The Committee have already referred to this matter in their First Report wherein they have emphasised the need for early completion of this study. The Committee would like to be informed of the recommendations made by the working Group and Government's decision thereon at an early date.

#### **Replacement of Over-aged DC electric locomotives (Serial Nos. 10 and 11)**

3. In paras 2.71 and 2.72 of their First Report, the Railway Convention Committee, 1971, had expressed concern over the fact that the replacement programme of over-aged electric locos had been lagging behind the Fourth Plan targets due to inability of HEIL, Bhopal to supply the requisite sets of components according to schedule and also due to some delay in placement of orders for matched sets.

4. From the information now furnished to them, the Committee observe that the programme of replacement of 57 overaged electric locos during the Fourth Plan period is now expected to be completed by 1975-76, i.e. two years after the conclusion of the Fourth Plan. The shortfall of 22 locos is stated to be mainly on account of short-

ages in supplies of matched equipment sets by HEIL, Bhopal, modification in the hand brake equipments and unsatisfactory performance of certain other equipments.

5. The Committee further note that whereas the Railway Board placed orders on Chittaranjan Locomotive Works for 10 locos in October, 1964 and for 17 locos in March, 1967 the CLW placed orders for 27 matched sets on HEIL in June, 1967 only. Orders for the remaining 30 locos were placed by the Railway Board on the CLW in May, 1968 but the CLW placed orders for the matched sets in July, 1969 only i.e. after a lapse of 14 months.

6. The Committee find that the CLW/RDSO took about 2 years and 8 months (from October, 1964 to June, 1967) to prepare the new designs for these DC locos and even after these had been finalised, the CLW took another 14 months to place orders for matched sets for the last batch of 30 locos on the HEIL, Bhopal. The Committee, therefore, consider that the programme for replacement of overaged DC electric locos during the Fourth Plan was not implemented with earnestness and sense of urgency. The Committee would like the Ministry of Railways to ensure that the replacement programme of such locos during the Fifth Plan is properly planned out and the schedule kept up.

#### Production of EMU coaches (Serial No. 19)

7. The Railway Convention Committee, 1971, had further drawn attention to the huge shortfall in production of EMU coaches during the first three years of the Fourth Plan both in the ICF and Jessops (272 and 225 respectively). They had urged that concerted measures should be taken to ensure that the production targets for the Fourth Plan were fully achieved.

8. The Committee regret to note that while the ICF were able to exceed the production targets during 1972-73 and 1973-74, there was a heavy shortfall of as many as 75 DC EMUs against the planned production of 96 units by M/s. Jessops during the last two years of the Fourth Plan. The production was actually nil during 1972-73 due to disagreement on the prices. The Committee consider that Government should have resolved this matter much earlier instead of allowing production to suffer. Now that this matter has been settled, they would like Government to ensure that the present target of production of 619 coaches per month is kept up by M/s. Jessops and that every effort is made to clear the backlog in the manufacturing programme.



**Construction of over/under bridges at busy level crossings (Serial Nos. 26, 27 and 29)**

9. Referring to the large scale non-utilisation of funds earmarked for Railway safety works by the State Governments due partly to the cumbersome procedure involved in claiming reimbursement, the Railway Convention Committee, 1971 had observed in paras 3.51 and 3.52 of their First Report that it was paradoxical that while the needs were urgent, the funds had remained unutilised for as many as five years. They had expressed the hope that streamlining of the procedure since effected, would enable the State Governments to utilise the funds expeditiously.

10. From the further information now furnished to them, the Committee find that out of an amount of Rs. 452 lakhs allocated to various State Governments to end of 1973-74 sanctions amounting to Rs. 289 lakhs only have been issued for reimbursement from Railway Safety Works Fund.

11. The Committee are not satisfied with the pace of utilisation of funds allocated to the State Governments for Railway Safety Works inasmuch as only six States appear to have taken advantage of the scheme. Even in these six cases, barring Tamil Nadu, the utilisation of funds by other State Governments is far from satisfactory. The Committee, therefore, urge that the matter may be taken up by the Ministry of Railways with the State Governments concerned at a high level so that the funds provided for the purpose in a particular year are fully utilised on construction of the much needed over/under bridges at busy level crossings.

12. The Railway Convention Committee, 1971 had recommended in paragraph 3.54 of the First Report that in view of the need for wider bridges over level crossings on account of density of traffic, the extent rules providing for sharing of expenditure on 50:50 basis by the Railways only for a bridge of 24 ft. width, needed modification.

13. The Committee note the contention of the Ministry of Railways that the suggestion for the Railways' sharing 50 per cent cost of wider bridges would throw extra burden on the Railway finances which are already quite strained. This is, however, equally applicable to the States. As the problem of congestion on rail-road meeting points is bound to get accentuated with the growth of traffic, it is imperative that overbridges of adequate size and width are provided on a priority basis.

14. The Committee, therefore, reiterate the recommendation made by the previous Committee and would like Railways to adopt a helpful policy which would make for removal of these bottlenecks at railroad meeting points.

#### **Housing Scheme for Railway Employees (Serial No. 38)**

15. The Railway Convention Committee, 1971 had, in para 4.21 of their First Report, recommended that the Railways should evolve a suitable scheme to enable the Railway employees to build houses for themselves before they retire.

16. From the reply furnished by the Ministry, the Committee note that it is the policy of the Railway Board to encourage the formation of Cooperative House Building Societies among Railwaymen, wherever possible, so that they might pool their resources, acquire suitable land and develop such land into building sites for allotment to members of the Societies for building houses. The Committee are not impressed with the membership of 1605 employees out of 14 lakh staff on the rolls of the Railways. Obviously, the scheme has not been able to enthuse the workers. The Committee feel that the whole matter needs to be reviewed in depth with a view to affording the railwaymen, particularly the Class III and IV non-gazetted staff a genuine chance to build a house preferably in their village/hometown.

#### **Pension Fund (Serial No. 42)**

17. In para 6.19 of the First Report, the Railway Convention Committee, 1971 had emphasised the need for framing realistic estimates of expenditure from the Pension Fund for which it was necessary to have an accurate assessment of the liabilities from time to time. The Committee had been informed (December, 1972) that this would be possible when the Report of the Government Actuary which was expected to be received in six months' time, was available.

18. The Committee now find that even the consolidated data has not yet been furnished by the Railways to the Government Actuary. The Committee deprecate the delay in submitting the required data

and would urge that effective steps should be taken to expedite this work.

**Budgetary, Accounting & Management Practices on the Railways**  
(Serial Nos. 44 to 53, 56 to 58 and 60)

19. In paras 7.8 to 7.13 of the First Report, the Railway Convention Committee, 1971 had emphasised the need for evolving a more effective system of budgetary control over the Railways in the interest of sound financial management. They had also urged Government to undertake a comprehensive review of the form and contents of the Railway Budget so as to rationalise and simplify the same in the interest of proper accountability to Parliament. In view of the complexity of the task, the Committee had recommended that such a review might be entrusted to a small Task Force consisting of financial experts drawn from the Ministry of Finance, Railways the Comptroller and Auditor General of India etc. They had further recommended that this Task Force may also be entrusted the task of preparation of a performance budget as a model for the Railways and other public utilities.

20. The Railway Convention Committee, 1971 had further emphasised (*vide* paras 7.28—7.31, 7.47—7.49 and 7.51) the need for evolving a system of Responsibility Accounting in accordance with the modern concept of management accountancy as a tool for management control and for providing concurrent and purposeful data at all strategic levels to facilitate sound decision making. They had opined that the proposed Task Force could be entrusted the responsibility of critically examining the accounting and administrative procedures also.

21. The Committee note that the above recommendations of the Railway Convention Committee, 1971 have been accepted by Government and a Task Force consisting of officers drawn from the Ministries of Finance and Railways and two chartered accountants was constituted in July, 1973 to undertake a detailed examination of certain aspects of budgetary, accounting and management practices on the Railways. The Task Force which was expected to submit its final report before 30th June, 1974 is stated to have finalised its proposals for restructuring the Revenue Demands for Grants and has taken up the work relating to restructuring of the Works Grants.

**22. The Committee cannot too strongly emphasise the need for taking effective steps to introduce a system of management accountability which would help in effecting economy and improving the efficiency of working of the Indian Railways system.**

**Computerisation of stores accounting and stores (recoupment and reorder) functions (Serial No. 65)**

23. The Railway Convention Committee, 1971 had observed in para 7.79 of their First Report that due to initial teething troubles there had been delays in adhering to the time schedule laid down for completion of the various phases of the programme of taking over stores accounting and stores (recoupment and reorder) functions on computers. They had urged the Ministry of Railways to keep a close watch on the implementation of the programme so that there were no further delays in this regard.

24. From the reply furnished by the Ministry, the Committee find that the progress in the matter of taking over stores accounting and stores (recoupment and reorder) functions on computers continues to be rather tardy. The Zonal Railways had not been able to adhere even to the revised target of June, 1974 for completion of Phases III and V of the programme. The Committee would like the Ministry of Railways to take up the matter with the Zonal Railways concerned so that the programme is implemented as expeditiously as possible. Keeping in view the high cost of installation of the computers, the Committee expect the Ministry of Railways to ensure that they are put to the best use so as to save on inventories and improve service.

## CHAPTER II

### RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (S. No. 1, Para No. 1 and 1.1)

The Committee had in their Interim Report presented to Parliament last year, made *inter-alia* the following recommendations covering the period 1971-72 and 1972-73:—

- (i) The existing rate of dividend at 4½ per cent of the capital invested in the Railways upto 1963-64 with an addition of 1 per cent in lieu of passenger fare tax and at 6 per cent of the capital invested after 31st March, 1964, should continue to be paid by the Railways to the General Revenues;
- (ii) The extent arrangements for the purpose of dividend in regard to the strategic lines; Kiriburu-Bimalgarh and Sambalpur-Titlagarh ore lines and the Kathua-Jammu line may continue;
- (iii) The Capital-at-Charge of the non-strategic portion of the Nodtheast Frontier Railway and the unremunerative branch lines as also the element of overcapitalisation may be exempted from payment of dividend;
- (iv) The existing arrangements of (a) deferring the payment of dividend on the Capital-at-charge of New Lines chargeable at the average borrowing rate of interest during the period of their construction as well as for the first five years after their opening; and (b) closing the account of deferred dividend of New Lines after a period of 20 years from the date of their opening, extinguishing any liability for deferred dividend not liquidated within that period, may be continued;
- (v) Having regard to the long period of construction|gestation of railway investment in general and the time taken by such investments to reach full earning potential, 25 per cent of outlay in a year on works-in-progress (which could otherwise be liable to payment of dividend) may be exempted from payment of dividend for a period of 3 years;

- (vi) Consistent with the commercial practice of utilising reserves as internal resources, the Railways should be given the benefit of interest at the current dividend rate on the fund balances by being permitted to take credit for the difference between the dividend rate and the average borrowing rate at which interest accrues at present to the Funds as a set off in the dividend payable from the Railways to the General Revenues.

The Committee recommended that the above recommendations with regard to the rate of dividend payable by the Railways to General Revenues and other ancillary matters, may be taken to cover the next financial year viz. 1973-74 also.

#### **Reply of Government**

Recommendations of the Committee have been implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973]

#### **Recommendation (S. N. 6. Para 2.31)**

The Committee consider that keeping in view the fact that the actual withdrawals from the Fund have been less than the budgetary provisions over a number of years, the closing balance to the credit of Depreciation Reserve Fund having consequently gone up from Rs. 29.19 crores at the commencement of the Third Plan to Rs. 164 crores at present, the contribution to the Depreciation Reserve Fund during 1973-74 may, as proposed by the Financial Commissioner be of the order of Rs. 115 crores, or as close thereto as possible, taking into account the financial position of the Railways.

#### **Reply of Government**

Implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973]

#### **Recommendation (S. No. 8. Para No. 2.60)**

The Committee would like the Ministry of Railways to examine the matter in depth with a view to ascertain the precise effect of using overaged steam locomotives on the various types of services and the economics thereof. They would also like the Railway Board to work out whether the use of diesel shunters is more economical than steam

locos for such work. The Committee urge that this matter may be examined by the Efficiency Bureau of the Railway Board urgently. Based on such a study the Railway Board may examine if the policy of using steam locos rather than diesel shunters for shunting work and continuing the use of overaged steam locos calls for a review and whether the programme of replacement of such locos needs to be accelerated. The Committee need hardly stress that a time bound programme for the replacement of steam locos may be drawn up by the Railway Board.

### **Reply of Government**

The Ministry of Railways have examined the economics of dieselisation vis-a-vis steam locomotives based on a few Studies undertaken by Efficiency Bureau. It has been concluded that generally speaking dieselisation is more economical than the steam traction. It is also the considered policy of the Railway Board to progressively introduce dieselisation in place of steam traction.

The major constraints in accelerating the pace of dieselisation, however, are:—

- (i) Indigenous availability of diesel locomotives.
- (ii) Import of crude. At present about 2/3 of our requirements are being imported.
- (iii) Constantly cascading prices of crude in the World Market. The World Market price has increased by about 100 per cent during the last three years, the last one year itself registering an increase of about 40 per cent.
- (iv) Restricted availability of foreign exchange. Payment for all imported crude has to be made in foreign exchange. The import of crude thus constitutes a big drain on our exiguous foreign exchange resources.
- (v) Physical availability of crude. The position of physical availability of crude is likely to grow even worse because of growing demands for crude from hitherto surplus countries like the U.S.A.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973]

### **Further Information called for by the Committee**

It is not clear if the economics of using diesel locos for shunting purposes as distinguished from their use for hauling goods and pas-

passenger trains, has been separately examined. The position in this regard, may kindly be clarified. (LSS O.M. No. 1/4/73-RCC dt. 12-3-74).

#### **Reply of Government**

A specific study of dieselisation of shunting and inferior services on one of the divisions of Indian Railways was made and the Government's earlier reply to this recommendation took into account the findings of this study.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 8th April, 1974]

#### **Recommendation (S. No. 9, Para No. 2.61)**

The Committee would like to emphasise that man-power rendered surplus, as a result of the replacement of steam locomotives, should not be retrenched but may be gainfully employed for other types of operational and productive work on the Railways/Public Undertakings.

#### **Reply of Government**

Noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973]

#### **Further information called for by the Committee**

It may kindly be stated if a study in depth of the surplus man-power/available with the Railways has been made. If so, the findings of such a study and the action taken or proposed to be taken to provide gainful employment to such staff may please be intimated. (LSS O.M. No. 1/4/73-RCC dt. 12-3-1974).

#### **Reply of Government**

The diesel and electric traction have been and are being introduced on the Indian Railways in a phased manner without completely eliminating the steam traction. Consistent with Government's policy not to retrench the surplus staff but to absorb them to the maximum extent possible, the staff rendered surplus have been and are being absorbed in alternative posts after retraining where necessary. Man-power Committees are already functioning on the Zonal Railways to ensure, among other things, suitable deployment of surplus staff. Absorption of surplus staff is a continuous process and by and large surplus staff on the steam side have been absorbed by the Zonal



Railways. The position of surpluses on the steam side on the Zonal Railways is constantly being reviewed. The latest deview indicates that on 1-1-1974 only 239 running and maintenance staff were surplus on a few Zonal Railways consequent upon dieselisation and electrification. Steps are being taken for their expeditious absorption.

2. In the context of the Corporate Plan of the Railways, the Zonal Railways have been asked to take up man-power planning and development. One of the important features of the man-power planning required to be undertaken by the respective railways is to locate categories generating surpluses and those gradually growing into obsolescence so that advance corrective action with regard to training and recruitment is undertaken.

3. It is intended not only to absorb the surplus staff but also to eliminate future generation of surpluses by taking advance corrective action for their location and deployment by organising suitable conversion courses.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 8th April, 1974]

#### **Recommendation (S. No. 12, Para No. 2.73)**

It is also regrettable that even after the placement of orders by Chittaranjan Locomotive Works in 1968-69 for manufacture of electric equipment there was not only downward revision of the promised supply four times during the period June, 1969 to November, 1971 but also failure to honour even the reduced supplies.

#### **Reply of Government**

The delay in supply of equipments from HEIL will be taken up again with the Ministry of Industrial Development at a high level as suggested by the Committee.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973]

#### **Further information called for by the Committee**

The latest position in the matter may kindly be intimated.  
(LSS O.M. No. No. 1/4/73-RCC, dated 12-3-1974)

#### **Reply of Government**

The problem relating to the supply of traction equipment by the BHEL has been taken up at the highest level. High level meetings

with the representatives of the BHEL were held on 11-12-1973 and 7th and 8th February, 1974. These problems have also been taken up at the Secretary's level by the Ministry of Railways with the Ministry of Heavy Industry.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226  
dated the 8th April 1974]

### **Comments of the Committee**

**The Committee would like Government to ensure that the BHEL would supply the traction equipment in time so as to enable production of electric locomotives according to the planned schedule.**

### **Recommendation (S. No. 13, Para No. 274)**

The Committee need hardly emphasise that the inadequacy of electric locos results in under-utilisation of the electrified sections of the Railways on which heavy capital expenditure has been incurred. In the interest of optimum utilisation of the electrified sections of the Railways, it is very necessary that there should be integrated planning for the production of electrified equipment by HEIL and the electric locomotives by the Chittaranjan Locomotive Works. The Committee would like the Ministry of Railways to take up the matter again with the Ministry of Industrial Development at a high level to prepare an integrated plan for the supply of electric equipment by the HEIL to the Chittaranjan Locomotive Works so that the targets of production of electric Locomotives not only on replacement account but to meet additional requirements are fully met. The Committee need hardly point out that the Railways should place orders for the manufacture of electric equipments on HEIL well in advance to enable them to take necessary action in the matter and plan their production programme and delivery schedule accordingly.

### **Reply of Government**

The delay in supply of equipments from HEIL will be taken up again with the Ministry of Industrial Development at a high level as suggested by the Committee.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226  
dated the 13th December, 1973]

### Further Information called for by the Committee

Please furnish a joint note in conjunction with the Ministry of Industrial Development, regarding the steps taken to prepare an integrated plan for manufacture of electric locos during the 5th Plan and whether any orders are now being placed well in advance on Chittaranjan Locomotive Works and the HEIL. as recommended by the Committee. (LSS O.M. No. 14/73-RCC, dt. 12-3-74).

### Reply of Government

Based on the requirements/additional traffic anticipations, the programme for manufacture of electric locomotives is finalised in consultation with the Planning Commission. Orders for components and equipment required are placed in accordance with the budgetary provision by the Production Units directly on the vendors.

The initial V Plan envisaged the manufacture of 400 electric locomotives from Chittaranjan Locomotive Works. In order to enable Chittaranjan to initiate timely steps for indenting material for the manufacture of electric locomotives the period for advance ordering has been increased from the present leadtime of 2 years to 3 years by appropriate provision in the rolling stock.

In regard to the processing of orders for locomotive to be manufactured at C.L.W., the Ministry of Industrial Development and the Ministry of Heavy Industry are not directly concerned and need not, therefore, be consulted, either in the estimation of manufacturing capacity, or requirements of locomotives. To the extent that traction equipments are obtained from M/s BHEL, the requirements have been forecast directly to the Commercial Department of the firm well in advance to permit production planning in accordance with the requirement. The actual production and supplies are periodically reviewed at joint meeting. If there is need for consultation on policy matters, the channel for discussion will include representatives of the Ministry of Industrial Development and the Ministry of Heavy Industry.

It is clarified that while the availability of traction equipment has been a constraint in the manufacture of locomotives during the IV Plan period, the position has improved considerably during the last 18—24 months, and the availability of traction equipment for manufacture of electric locomotives is no longer a restraint. In fact the production programme which is drawn up on the basis of capacity and estimated requirements of locomotives for approved electrification programme may now be subjected to downward revision

due to fiscal restraint and the shortage of funds in the Plan head concerned.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222  
dated the 25th July, 1974]

**Recommendation (S. No. 14, Para No. 2.88)**

In view of the above data and the findings of the Public Accounts Committee and the Administrative Reforms Commission, the Committee consider that the Railways have to exercise extreme circumspection in making further investments for augmenting their capacity for manufacture of wagons during the Fifth Plan. The Committee consider that the estimated requirement of the order of 26,000 to 27,000 wagons a year on replacement as well as additional account, during the Fifth Plan period (excluding the export demand), indicated by the Ministry of Railways needs a very careful scrutiny before any proposal for expansion of the existing manufacturing capacity or setting up of a new wagon building unit is sanctioned.

**Reply of Government**

The recommendation of the Committee is noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226  
dated the 13th December, 1973]

**Recommendation (S. No. 15, Para No. 2.89)**

So far as the figures of replacement of wagons during the Fourth Plan Period are concerned, the Committee note that these have gone up by about 8,000 as a result of the mid-term appraisal and the availability of resources. These wagons would, however, materialise during the Fifth Plan period.

**Reply of Government**

The observations of the Committee are noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226  
dated the 13th December, 1973]

**Recommendation(S. No. 16, Para No. 2.90)**

The Committee cannot help feeling that the records showing dates of purchase of wagons and their age groups etc., are not up-to-date and accurate. The Committee would, therefore, like the Ministry of Railways to look into the matter so that the system of keeping such records is streamlined and the replacement programme is drawn up on the basis of actual requirements.

### Reply of Government

This observation has been followed up with the railways. All the railways have assured that proper records of all Rolling Stock are being maintained either in the headquarters offices or in the individual base workshops to which the Rolling Stock are allotted. Certain railways have even put some of the rolling stock particulars on computers and other railways are being addressed to follow suit. Till such time the entire wagon data is put on the computer on all railways, action is in hand to advise uniform data collection procedures and maintenance of records on a card indexing system.

With the completion of the standardising of the records, as being followed up, the Committee's recommendations would be got implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226  
dated the 13th December, 1973]

### Further Information called for by the Committee

Please indicate by what time authentic information based on uniform data collection procedures would become available. (LSS O.M. No. 1/4/73-RCC dt. 12-3-74).

### Reply of Government

It is expected that by December, 1974 authentic information based on uniform data collection procedures will be available.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222  
dated the 25th July, 1974]

### Recommendation (S. No. 17, Para No. 2.106)

The Committee are glad to note that the Ministry of Railways (Railway Board) are alive to the need to augment the existing capacity for the construction of coaches. They trust that advance action will be taken by the Ministry to ensure that not only the arrears of replacement of coaching stock are cleared but full requirements of additional coaches for non-suburban services as well as for Metropolitan Transport Services are fully catered to at the earliest.

The Committee have no doubt that while planning for additional coaches, the Railway Board will take into account not only the growing requirements of 3rd class sleeper accommodation on the Railways but the need to eliminate over-crowding with the utmost expedition.

### Reply of Government

Apart from augmenting the coach construction capacity of the existing Production units viz., I.C.F. BEML and Jessops, the Ministry of Railways have also decided to convert the Loco Repair shops at Izatnagar into a Coach Building factory with a capacity of about 150 coaches per annum in single shift working. With the establishment of the new coach production unit at Izatnagar, the coach construction capacity will be as follows:—

I.C.F.	.	.	.	.	.	.	.	.	.	750
BEML	.	.	.	.	.	.	.	.	.	400
Jessops	.	.	.	.	.	.	.	.	.	350
Izatnagar	.	.	.	.	.	.	.	.	.	150
Rly. W/shops.	.	.	.	.	.	.	.	.	.	50
TOTAL :	.	.	.	.	.	.	.	.	.	<u>1700</u>

The increased capacity would be adequate in meeting demands of additional coaches for non-suburban services as well as for Metropolitan Transport services besides full requirements of coaching stock on Replacement Account as also export requirements which are likely to materialise in future.

The growing requirements of 3rd class sleeper coaches and the need to relieve overcrowding in 3rd class will be kept in view while planning for additional coaches.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226, dated the 13th December, 1973]

#### Further information called for by the Committee

The steps taken by the Ministry of Railways to catch up with the arrears of the replacement programme of EMU coaches and the number of overaged coaches actually replaced during 1972-73 and 1973-74 may kindly be intimated.

[LSS O.M. No. 1/4/RCC, dated 12-3-1974]

### Reply of Government

Efforts were made to increase the production of DC EMU Coaches by ICF and Jessops. The total number of DC EMU coaches to be replaced during the Fourth Plan period was 242. As against this, with the efforts made, Central and Western Railways were supplied 333 DC EMU coaches during the Fourth Plan which, not only met the Railways' replacement requirement in full, but also placed at their disposal 91 additional coaches for meeting requirements of increased suburban traffic.

2. The actual replacements during these two years were as under:

1972-73	:	:	:	:	:	:	:	:	:	:	51
1973-74	:	:	:	:	:	:	:	:	:	:	8
TOTAL :	.	.	.	.	.	.	.	.	.	.	<u>59</u>

[Ministry of Railways (Railways Board) O.M. No. 73-B(RCC)-4222 dated the 28th May, 1974].

### Recommendation (S. No. 18, Para No. 2.107)

The Committee regret to note that out of 300 overaged EMU coaches programmed to be replaced during the Fourth Plan, only 129 units were replaced during the first three years of the Plan. As these units are more than 40 years old (as against their normal life of 25 years), it is necessary that the replacement programme is accelerated. The Committee would also like to emphasise that the Railway Board should assess the requirements of EMU coaches on additional account on a realistic basis considering the acute over-crowding on the Suburban Services and inter-city services where they are used and programme for their production accordingly.

### Reply of Government

The recommendation has been noted. The planning for replacement during 4th Plan was:—

Central Rly.	.	.	B.G.	DC EMUs	=	112
Western Rly.	.	.	B.G.	DC EMUs	=	134
Southern Rly.	.	.	M.G.	AC EMUs	=	54
TOTAL :						<u>300</u>

There is no additional stock due replacement in 5th Plan and therefore replacements will be only to the extent of throw-forwards of 4th Plan for M.G. AC EMU coaches overdue replacements for which coaches could not be produced.

2. Additions are being planned on realistic basis keeping in view completion of additional facilities such as line capacity works, augmentation of power supply system, strengthening of OHE and improvements in signalling system, creation of additional running shed and workshop repair facilities so that with the availability of additional coaches, additional trains can be run, particularly during the peak periods.

Additional coaches programmed in 5th Plan are:—

AC B.G. for Calcutta, Delhi, Madras areas . . . . .	= 414
AC M.G. for Madras area . . . . .	= 66
DC B.G. for Bombay area . . . . .	= 571
MTP for Calcutta area . . . . .	= 230

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

#### **Recommendation (S. No. 20, Para No. 2.109)**

The Committee have suggested in an earlier paragraph, that the question of timely and adequate supply of electric components by HEIL Bhopal needs to be taken up at a high level. The Committee need hardly point out that concerned measures will have to be taken by the Railways and the Public Undertakings and other organisations concerned if the targets in this regard are to be achieved.

#### **Reply of Government**

Supply of Electric traction equipments from M/s. HEIL Bhopal continues to be below the target. During the current year only 4 complete sets and part supplies for another 14 sets of DC EMU equipments were supplied during the year 1-4-1973 to 15-8-1973 whereas the promised supply for the period has been 18 sets. The delay in supplies is being regularly discussed with M/s. HEIL. This will also be taken up with the Ministry of Industrial development at the Ministry level.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

#### **Further Information called for by the Committee**

Please furnish a note in regard to the outcome of discussions held with the Ministry of Industrial Development and the measures taken or proposed to be taken to ensure timely supplies to match the manufacturing programme.

[LSS O.M. No.14/73-RCC,dt. 12-3-74]

#### **Reply of Government**

A number of meetings had been held between the Ministry of Railways, BHEL and the Ministry of Heavy Industry during the last few years.



As a result of the combined coordination, the compliance in supplies of traction equipment for DC EMUs has been as under:-

	Target	Actual	Percentage Compliance
1972-73 . . . . .	42	32	78.6
1973-74 . . . . .	58	55	94.8

During the year 1974-75, against a target of 48 complete sets BHEL have assured the Ministry of Railways in the meeting held on 7/8th February, 1974 that they are fully geared to meet the Railway's complete requirements in 1974-75. Progress in supplies during 1974-75 will be reviewed periodically during the year.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 13th December, 1973]

#### **Recommendation (S. No. 21, Para No. 2.124)**

The Committee are glad to note that the arrears of track renewals were, by and large, cleared by the Railways by the end of the Third Plan period. They, however, observe that the track renewal programme of the Railways during the Fourth Plan has suffered a setback due to shortfalls in supplies of rails and sleepers from Hindustan Steel Ltd., and track fittings from indigenous suppliers. The supply position in respect of steel sleepers from the Durgapur Steel Plant appears to be particularly unsatisfactory. The Committee would like the Ministry of Railways to pursue energetically their efforts in procuring the requisite quantities of rails, sleepers and track fittings with the Ministries concerned. They would also like the Ministry to ensure that the track renewal programme is phased out in such a manner that the operational efficiency of the Railways on trunk routes which carry bulk of the traffic as well as safe running of trains is in no way affected.

#### **Reply of Government**

The Committee's suggestions to pursue energetically our efforts for procuring the requisite quantities of rail, sleepers and track fittings with the Ministries concerned have been noted. This matter is receiving the attention of the Railway Ministry at the highest level and is being pursued with the Ministry of Steel and Ministry of Supply as also the Steel Plants. As a result of the efforts made the supply position of P. Way materials, except the solitary case of steel trough sleepers, improved considerably in 1972-73. A quantity of 2,29,000 tonnes of rails was received during 1972-73 which is a

record for the last five years. Similarly, the supply of track fittings during 1972-73 also rose to about 34,000 tonnes against about 17,000 tonnes received during 1971-72.

As regards the committee's suggestion about the phasing of track renewal programmes on trunk routes it is stated that it is already the practice on the railways to carry out track renewals after taking into consideration the operational requirements and safety of track.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

**Recommendations (S. No. 22 and 23, Para No. 3.18 and 3.19)**

The Committee would reiterate the recommendation made by them in their Interim Report that there is hardly any scope at present for increasing the payment of States in lieu of passenger fare tax in proportion to the growth of passenger traffic or earnings. The Committee, therefore, recommend that the existing arrangements whereby additional 1 per cent on the capital invested upto 31st March, 1964 is paid to the General Revenues for payment to States of a fixed amount of Rs. 16.25 crores in lieu of passenger fare tax and utilisation of the balance to assist the States (in the same proportion as their shares of the passenger fare tax) to provide their portion of the resources required for financing safety works such as manned level crossings, overbridges and under-bridges, may be continued during 1973-74.

The Committee consider that in view of the fact that the additional 1 per cent dividend on capital invested upto 31st March, 1964 is passed on to State Governments in lieu of the passenger fare tax, it would be more appropriate if the nomenclature of the Demand "Dividend to General Revenues" is changed to "Dividend to General Revenues and contribution for Grants to States in lieu of passenger Fare Tax."

**Reply of Government**

Recommendations of the Committee will be implemented from the Budget year 1974-75.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

**Recommendation (S. Nos. 24-25, Paras 3.27 and 3.28)**

The Committee note that the amounts credited to the Railway Safety Works Fund are allocated to different States in

the same proportion as their share of passenger fare tax which is distributed in the ratio of the average of the State-wise earnings from non-suburban passenger traffic. The Government of Kerala have suggested changes in the existing principles of allocation from this Fund to take into account factors like density of population/traffic, the terrain and length of roads etc., in a State. The Ministry of Railways have also hinted that the method of distribution of the Fund may take into account factors like location of the level crossings and density of rail and road traffic passing over them.

While all these factors need careful consideration, the Committee feel that any change in the existing method should not be made without ascertaining the views of the State Governments in this regard. The Committee suggest that this matter should be got examined by Government in consultation with the Planning Commission and the State Governments. They recommend that the existing method of distribution of the fund to the States may be followed for the whole of the Fourth Plan period and the matter may be re-examined by the next Railway Convention Committee.

#### **Reply of Government**

The recommendations are under consideration for implementation. The Ministries of Finance, and Shipping and Transport as also the Planning Commission have been addressed regarding change in the method of assistance to States. Views of the State Governments are also being obtained. Further action will be taken to remit the subject to the Railway Convention Committee, 1973.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

#### **Further information called for by the Committee**

The latest position may please be intimated.

[LSS O.M. No. 14/73-RCC dt. 12-3-1974].

#### **Reply of Government**

The views of the Ministries of Finance and Shipping and Transport as also the Planning Commission regarding change in the method of assistance to States have been obtained. The State Governments were also addressed in the matter and the views of the State Governments of Gujrat, West Bengal, Orissa, Maharashtra, Uttar Pradesh, Tamil Nadu and Kerala have since been received.

The views of the other State Governments are awaited and they have been last reminded on 26-2-1974 and 11-3-1974.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 8th April, 1974]

### **Recommendation No. 28 (Para No. 3.53)**

"The Committee suggest that the availability of funds for the construction of over/under bridges in respect of each State should be adequately publicised by the Railways and specifically brought to the notice of the State Governments concerned at the highest level. They would also like the Railway Administration to take initiative in this matter and draw up long term perspective plans as well as 5 years and annual Plans in consultation with the State Governments for construction of over|under bridges in their areas, having regard to the density of rail and road traffic as well as location of the level crossings. The progress made in providing over|under bridges against the agreed programmes should be watched and mentioned in detail in the Budget papers and other documents presented to Parliament by the Railways".

### **Reply of Government**

The availability of funds is brought to the notice of the State Governments through the Budget documents of the Ministry of Finance under "Central Governments Grant to States". This is also being brought to the notice of the Chief Secretaries of the States. Railways are being asked to maintain liaison with the State Governments for drawing up the long-term perspective plans and 5-years and annual Plans for construction of over/under bridges.

The financial progress of each individual work is already being reflected in the Work, Machinery and Rolling Stock Programme of the Railways (Part-II—Detailed Programmes) which is presented to the Parliament along with other Budget documents. It will not be feasible to include in detail, in the Budget papers, physical progress of each and every item of road overbridge taken up on the Railways. However, information in the form of a para in the Budget documents stating the total number of works of road overbridges programmed, sanctioned, actually commenced, in progress and completed will be furnished.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

### Comments of the Committee

The Committee would suggest that information regarding the total number of road over/under bridges programmed, sanctioned, actually commenced, in progress, and completed may be given zone-wise/State-wise in the Budget papers.

#### Recommendation No. 30 (Para No. 3.55)

The Committee further note that the Ministry of Railways have suggested to the Planning Commission and the concerned Ministries that a special allocation of Rs. 50 crores may be made for construction of over/under bridges at 250 level crossings during the Fifth Plan. This outlay should be besides the Plan outlay of the Railways and the States/Road authorities. In view of the ever increasing traffic on account of growth of the national economy, the Committee are in agreement with the Ministry of Railways that a crash programme has to be launched for eliminating the level crossings in areas of high traffic density as quickly as possible. The Committee, therefore, trust that a decision in this regard will be taken expeditiously. In the meanwhile the Committee recommend that the Planning Commission may consider the feasibility of diverting part of the funds allocated for development of national highways during the Fourth Plan which are likely to remain unutilised, for construction of over/under bridges. As stated by the Railway Minister in his letter of 2nd July, 1971 to Chief Ministers of all States, "these proposals generate immediate employment opportunities to unemployed graduate engineers. Government of India schemes of providing employment will also get added potential."

#### Reply of Government

The question of special allocation for replacement of level crossings by road over/under bridges in the Fifth Plan is being actively pursued with the Ministry of Shipping and Transport/Planning Commission. It is understood that Planning Commission are inclined to provide Rs. 25 crores against the demand of Rs. 50 crores in the Fifth Plan. Further action will be taken on firm allotment.

Regarding diversion of unutilised funds, earmarked for development of National Highways in Fourth Plan, for construction of road over/under bridges, matter has been referred to the Ministry of Shipping and Transport with further request that the contents of this recommendation may also be communicated to the Planning Commission.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

### Further Information Called for by the Committee

The latest position may please be intimated.

[LSS O.M. No. 1|4|73-RCC, dated 12-3-1974.]

### Reply of Government

In their communication dated 1st December, 1973, the Planning Commission had advised the Ministry of Shipping and Transport (Roads Wing) that a special provision of Rs. 25 crores is envisaged as part of the Central Roads Programme in the Fifth Plan for bridges across level crossings. The Planning Commission have also requested the Ministry of Shipping and Transport to work out the details of the schemes in consultation with the Railway Board for formulation of an overall programme for over/under bridges and consideration for implementation in the Fifth Plan in consultation with the Planning Commission.

The proposals received from the Zonal Railways for formulation of the special programme regarding construction of over/under bridges in replacement of level crossings during the Fifth Five Year Plan have already been forwarded in original to the Ministry of Shipping and Transport on 3rd January, 1974 with a request to arrange an Inter-Ministerial Meeting for fixing *inter-se* priorities.

As regards diversion of unutilised funds meant for development of National Highways during the Fourth Plan towards construction of road over/under bridges, the Ministry of Shipping and Transport have already been requested on 23rd June, 1973 to convey the contents of the recommendations to the Planning Commission. They have now been reminded to indicate the action taken by them.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)/4222, dated the 30th March, 1974.]

### Comments of the Committee

The Committee note that the Planning Commission, realising the necessity for provision of bridges across busy level crossings, have made a special provision of Rs. 25 crores in the Fifth Plan for this purpose. The Committee would urge that necessary schemes in this

regard may be formulated expeditiously and taken up for execution within a time bound programme.

#### **Recommendation (S. No. 31, Para No. 3.56)**

The Committee further recommend that upto 10 per cent of the amount in the Railway Safety Works Fund should be earmarked for manning/upgrading of unmanned level crossings and that the zonal Railway Administrations should be authorised to draw directly the amount so authorised.

#### **Reply of Government**

Accepted.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226 dated the 13th December, 1973].

#### **Comments of the Committee**

The Committee hope that concrete action would be taken by the Railways in pursuance of the recommendation accepted by Government to see that the unmanned level crossings particularly those which have been the scene of accidents and others which are subject to heavier traffic, are converted into regular crossings in accordance with a time-bound programme.

#### **Recommendation (Serial Nos. 32 and 33, Para Nos. 4.12 and 4.13)**

The Committee are glad to observe that the improved financial position of the Railways has enabled them to increase the allocations to the Development Fund out of their revenue surpluses during 1971-72 and 1972-73 and also to pay off part of the loans taken in earlier years to finance the expenditure from this fund.

The Committee note that the total liability of the fund as on 31st March, 1972, in respect of loans taken from General Revenues was of the order of Rs. 86.65 crores by way of principal and Rs. 3.52 crores as interest. Regarding the question whether the loans obtained by the Railways for payment of interest on the principal should bear interest at the average borrowing rate chargeable to commercial departments or the current borrowing rate which is about 1 per cent higher, the Committee reiterate the recommendation made by them in the Interim Report submitted to Parliament last year that interest on loans whether taken to finance the expenditure on Development Works or to pay the interest on the principal of such loans, be levied at the average borrowing rate chargeable to the Commercial Departments.

### Reply of Government

Recommendations of the Committee have been implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226, dated the 13th December, 1973]

#### Recommendation (Serial No. 34. Para No. 4.15)

The Committee are glad to note that the expenditure on Railway Users' amenities during the three years of the Fourth Plan has been Rs. 12.03 crores i.e., on an average of Rs. 4 crores per year as recommended by the Railway Convention Committee, 1965. The Committee, would, however, like to emphasise that the Railways should give top priority to provide clean and cool drinking water and improved types of latrines for the use of passengers at the platforms. They also expect that electricity will be provided at all stations where it is available in the vicinity.

### Reply of Government

The recommendations of the Committee have been accepted and brought to the notice of Railways reiterating the instructions issued so far on the subject and for ensuring provision of "flush" type or 'Aqua privy' type, or "dug well" type latrines, provision of clean and adequate cool drinking water at all stations, big and small, proper maintenance of hand pumps, tube wells, water coolers and other accessories particularly during summer months and to make sustained efforts to tone up the maintenance works. It has also been emphasised that officers going on line on inspection should check up the position of all these accessories and point out any defect or lapse and apportioning of responsibility for the same at the appropriate levels and taking such other suitable action. Instructions have also been reiterated to electrify the stations where electricity is available.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226, dated the 13th December, 1973]

#### Recommendation (Serial No. 35, Para No. 4.16)

The Committee note that Railways have provided water coolers at great expense at various Railway stations, but it has been the experience of the Committee during their tours that they do not give trouble-free service. The Committee would urge the Railway Administration to ensure that water coolers are maintained in working condition particularly during summer and are so situated as to be of maximum service to the travelling public. The Committee



would also like to impress that the arrangements for washing of glasses should be hygienic.

### **Reply of Government**

Railway Administrations have instructions to ensure proper maintenance of water coolers provided at stations. Satisfactory maintenance schedules are laid down by Railways for keeping the water coolers effectively functioning. To make available this amenity during summer, the maintenance overhaul of the water coolers is completed in the winter season.

The views of the Railway Convention Committee, 1971 have been brought to the notice of the Zonal Railways emphasising that special attention be paid to the proper maintenance of the equipments provided and that these may be located at the most convenient point in the station for maximum service to railway users.

The Committee's recommendation that the arrangements for washing of glasses should be hygienic is noted. While the existing arrangements are being vigorously enforced, efforts are also being made to find a more effective chemical to ensure maximum cleanliness.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226, dated the 13th December, 1973]

### **Further information called for by the Committee**

Please indicate precisely the action taken on the suggestion of the Committee that arrangements for washing of glasses should be hygienic. Please also indicate the results of efforts made to find a more effective chemical to ensure maximum cleanliness.

[LSS O.M. No. 1|4|73-RCC, dated 12-3-1974.]

### **Reply of Government**

In accordance with the recommendations of the National Nutrition Advisory Committee, the best method of sterilisation of used plates, cups, tumblers etc. is to dip them in hot boiling water. This recommendation has been accepted and circulated to the Railways. This is the normal practice adopted in bigger catering units. However, in smaller catering units or on platforms where ready boiling water is not available, the Board have recommended the dipping of used metallic tumblers/glasses in potassium permanganate solution for disinfection.

The question of using a more effective but safe chemical has been investigated and regarding the only one that passes the criteria, it has been ascertained that the firm which has secured a licence for its production in India has not yet started indigenous production. The question of its use would arise only after regular indigenous production is established and the prices are economical as compared with other alternative methods of disinfection.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated the 27th April, 1974]

#### **Recommendation (Serial No. 36, Para No. 4.17)**

The Committee have noticed that the taps for drinking water provided at the stations are of antiquated designs. The Committee feel that high priority should be given to evolve a suitable design so that the taps are convenient to use and there is no wastage of water.

#### **Reply of Government**

The recommendation of the Committee have been accepted and Director General, R.D.S.O. has been asked to evolve a suitable design for the taps accordingly.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226, dated the 13th December, 1973]

#### **Further information called for by the Committee**

Please indicate whether the design for the taps has been finalised. If so, the details thereof and the progress made in providing such taps may kindly be indicated.

[LSS O.M. No. 1|4|73-RCC, dated 12-3-1974.]

#### **Reply of Government**

The position is indicated below:—

The design for the push-cock type taps has since been evolved by the R.D.S.O. and the same is being circulated by them to the Railways for their guidance.

As regards the progress made, the new design was evolved and finalised only in February, 1974 and as such it is now too early to

assess any progress. The Railways however, would be asked to take up the adoption of this design on a priority basis wherever feasible consistent with the availability of funds.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated the 30th March, 1974]

### **Recommendation (Serial No. 37, Para No. 4.20)**

The Committee regret to note that there has been persistent shortfall in expenditure on staff amenities in spite of the fact that there is great shortage of quarters for Class III and Class IV staff, the expenditure on which is met from the Development Fund. In view of the acute shortage of housing and their high rents, particularly in big towns and metropolitan cities a large number of Railway employees, who are waiting for Railway accommodation and have to pay high market rent, are suffering serious hardships. It is very essential that the Railways should give due priority to the provision of quarters particularly to non-gazetted and other essential staff.

### **Reply of Government**

Instructions exist in this regard to the Railway Administrations requiring them to ensure planning and execution of works, including those belonging to Staff Amenities, in such a way as to avoid any shortfall in the actuals compared to the Budget estimates. However, as noted by the Committee in Para 4.18 of their Report, Staff Amenity Works cover a large variety of items, a slight fluctuation in any of which contributing to the overall figures.

From among the Staff Amenity Works, the expenditure on construction of residential quarters is met out of the Plan Head 'Staff Quarters' other than on those quarters provided along with specific schemes which are booked to the same Plan Heads to which the scheme itself belongs. While the expenditure on quarters in such schemes comes to an average of only Rs. 1.50 crores per annum, the Plan Head 'Staff Quarters' bears the burnt of expenditure on providing houses to railway staff. The actuals under this Plan Head, covering Capital, D.R.F., D.F. and O.L.W.R., during 1969-70, 1970-71 and 1971-72 were Rs. 6.08 crores, Rs. 6.19 crores and Rs. 6.12 crores, respectively against the Budget allotments of Rs. 5.73 crores, Rs. 6.14 crores and Rs. 6.33 crores. The actual expenditure out of Development Fund which caters mainly to the requirements of non-gazetted staff, in this respect, during the same period, has been Rs. 4.99 crores, Rs. 5.10 crores and Rs. 4.69 crores against the Budget estimates of

Rs. 3.26 crores, Rs. 4.45 crores and Rs. 4.76 crores. It will thus be seen that the shortfall in expenditure on Staff Amenities as a whole has not materially affected the process of providing staff quarters inasmuch as except in 1971-72 when there was a marginal shortfall, in the other two years under reference, the actual expenditure on 'Staff Quarters' has been slightly higher than the original outlays. In other words, while the difficult ways and means position under the Development Fund itself stands in the way of any appreciable improvement in the housing position, no effort is being spared in spending the actual amounts allocated annually for the purpose.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973.]

**Recommendation (Serial No. 39, Para No. 5.11)**

The Committee recommend that the extent arrangement whereunder loans taken from General Revenues to finance the expenditure from Revenue Reserve Fund, including further loans for repayment of the principal or interest charges thereon are charged at the current borrowing rate, should continue.

**Reply of Government**

Implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973.]

**Recommendation (Serial Nos. 40 and 41, Para Nos. 5.16 & 5.17)**

40. The Committee observe that the Capital-at-Charge of the Railways includes a fairly large element of over-capitalisation (Rs. 118.25 crores) which needs to be amortised. It has not been possible to make any substantial dent into the problem due to the difficult ways and means position the Railways. The Committee also understand that the British Railways have been permitted to reduce their capital liabilities drastically in recent years.

41. The Committee feel that the question whether over-capitalisation of the Indian Railways should be amortised and if so, during what period or whether the capital structure of the Railways should be restructured is a complex one and will have wide repercussions on other sectors of the infra-structure needs a comprehensive study into all its ramifications. They suggest that this matter may be examined in all its aspects by an expert group consisting of the representatives of Ministries of Finance, Railways, and some independent economic experts etc. and their recommendations made available

to the next Railway Convention Committee for consideration and report.

### **Reply of Government**

An Expert Group has since been constituted to examine the matter as recommended by the Committee. The Group is expected to submit its final report by 31st December, 1973.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973.]

### **Further information called for by the Committee**

Please furnish three copies of the report of the Expert Group together with a note showing the action taken in pursuance of the recommendations contained therein. In case, the Report of the Expert Group has not yet been finalised the reasons for delay and the likely date of submission of the same may please be intimated.

[LSS O.M. No. 1/4/73-RCC, dated 12th March, 1974.]

### **Reply of Government**

The Report of the Expert Group has not yet been finalised as information called for from the Railways is awaited. The Group is expected to finalise its report in the course of next few months.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222 dated the 30th March, 1974.]

### **Comments of the Committee**

The Committee note that the Report of the Expert Group which was expected to be submitted by 31st December, 1973 is still awaited. They would urge that this study may be completed expeditiously and the findings together with the action taken thereon intimated to them.

### **Recommendation (S. No. 43, Para No. 6.20)**

The Committee would also like the Ministry of Railways to issue necessary instructions to the Zonal Railways to frame more realistic estimates under the head taking due note of the actual number of persons retiring during the course of the year.

### Reply of Government

Zonal Railways have been instructed to frame more realistic estimates under this head after taking note of the actual number of persons retiring during the course of the year and other known factors vide letter No. 72-B-4041 dated 17-3-1973.

[Ministry of Railways (Railway Board) O.M. No. 72-B (RCC)-4226 dated the 13th December, 1973].

#### Recommendation (S. Nos. 54 and 55, Para Nos. 7.32 and 7.33)

54. The Committee, however, regret to note that the Ministry of Railways have not so far been able to implement the recommendation of the Study Team of the Administrative Reforms Commission that a committee of expert Railway Officers may be appointed to review the various provisions contained in the Accounts, General and Engineering Codes and modify them to suit present day needs. They expect that action in this regard would now be expedited and a comprehensive review of the accounting procedures would be undertaken immediately.

55. The Committee would like the Ministry of Railways to report to the next Convention Committee the progress made in further refining the accounting procedures in the directions mentioned above.

### Reply of Government

A Committee of expert Railway Officers has since been constituted to review the various provisions contained in the Accounts Codes, General Code and the Engineering Code and to modify them to suit present day needs.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

#### Further information called for by the Committee

Please indicate the precise progress made by the Committee of Expert Railway Officers constituted to review the various provisions contained in the Accounts, General and Engineering Codes.

Three copies of the report may also be furnished as soon as ready.

[LSS O.M. No. 1/4/73-RCC, dated 12th March, 1974.]

### **Reply of Government**

The progress made in the review of the various provisions contained in the Accounts, General and Engineering Codes is indicated below:—

**(A) General Code:**

This Code is proposed to be replaced by two separate texts of which one will be the 'Introduction to Indian Railway Administration and Finance' and the other the 'Indian Railway Financial Code', consisting in all of about 24 Chapters against 20 chapters in the present General Code. Nine chapters of the 'Introduction to Indian Railway Administration and Finance' and 5 chapters of the 'Indian Railway Financial Code' have so far been revised. Three chapters of the latter Code dealing with the Budget and Budgetary Control depend on the outcome of the deliberations of the Task Force constituted for the purpose. Comments of the Ministry of Finance and the Comptroller and Auditor General in respect of some specific paras of the other chapters of the Financial Code are also awaited.

**(B) Accounts Code:**

A revised scheme of chapters and subject matters is being finalised.

**(C) Engineering Code:**

This work has been kept pending, awaiting the appointment of a Civil Engineering Officer on the Expert Group; proposals in this regard are being finalised.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-  
4222 dated the 30th March, 1974.]

#### **Recommendation (S. No. 59, Para No. 7.50)**

The Committee further consider that it would be useful for the Railways to expose their officers to modern methods of management by sending personnel drawn from different supervisory levels for refresher/training courses conducted by the Institutes of Management in the country. A regular system of inviting management experts for delivering lectures in the Railway Staff College, Baroda and other training schools of the Zonal Railways would also be of mutual benefit.

### Reply of Government

The Indian Railways are almost self-sufficient in respect of training of their officers and supervisory staff of various departments. The Board's policy, therefore, in regard to the training Railway Officers and staff in non-railway Institutions is that they should be sent for training in non-railway Institutions only when it is considered absolutely essential. Keeping Board's this policy in view, the officers and subordinates are deputed to the non-railway Institutions such as the Indian Institute of Management, Calcutta and Ahmedabad and All India Management Association, New Delhi etc., for training in modern methods of management as and when it is considered necessary.

The courses on management are organised at the Railway Staff College, Baroda and also in the Zonal Training Schools of the Railways where the guest speakers from professional and leading organisations like Productivity Councils and Industrial concerns etc., are also invited to deliver lectures on management subjects.

The present policy of the Board on this subject is consistent with the Committee's above recommendation. This recommendation is, therefore treated as accepted and implemented.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973].

#### Recommendation (S. No. 61, Para No. 7.58)

The Committee note the efforts made by the Costing Cell of the Railway Board to ascertain the cost of carriage of various commodities which has enabled the Zonal Railways to quote station-to-station rates in order to make rail transport competitive with road transport.

### Reply of Government

The observation made by the Committee has been noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973].

#### Recommendation (S. No. 62, Para 7.59)

The Team of World Bank experts has expressed the need for developing and strengthening the Costing Organisation at the Zonal



level so that this work could be done in a more effective and sustained manner.

### **Reply of Government**

Separate costing organisations headed by a Senior Scale Officer and consisting of senior supervisory staff drawn from Accounts, Statistical, Traffic Commercial and Transportation Departments, have already been set up on all the Zonal Railways, for undertaking detailed and extensive studies in traffic costing.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973].

### **Recommendation (S. No. 63, Para 7.60)**

The Committee understand that the Railways have not so far worked out the cost of parcel traffic as well as the goods mile cost for each train. The Committee hope that the Ministry of Railways would take suitable steps to strengthen the Costing Organisation to enable it to work out detailed costs of each operation on the Railways with a view to adjust their tariff rates to the extent possible so as to meet successfully the growing competition from road services.

### **Reply of Government**

Costing of coaching services has been taken in hand and after this is completed, it will be possible to ascertain the costs of haulage of different types of services. Considerable work has been done in the costing of Goods services and the methodology is under constant review to bring about refinements. Costing Organisations have been also set up on all Zonal Railways headed by a senior scale officer to undertake the costing work in a systematic and sustained manner. Cost studies will be made use of in fixing the tariff level consistent with equally important considerations of value of service and interests of public economy.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-  
4226 dated the 13th December, 1973].

### **Further information called for by the Committee**

Please indicate (i) the precise progress made by the costing organisation, Zone-wise; and (ii) the chief points for action thrown up by such costing studies.

[LSS O.M. No. 1/4/73-RCC, dated 12th March, 1974.]

### Reply of Government

Staff posted to the Traffic Costing Organisation on most of the Railways were in position by March, 1973.

Initially the organisation was engaged on updating of Goods unit cost data. The updated data were made use of the Board's Office for rating purposes. Costing of coaching traffic has been undertaken for the first time on the Indian Railways. A large volume of data and information was required to be collected for this job. Several sets of formats were made out in the Board's Office for this purpose and the Traffic Costing Organisations have been busy conducting field studies and collecting the required material.

It is expected that costing of coaching services will be completed by the middle of the current year. Apart from the work relating to goods and coaching costing done by these units, no specific point has so far been thrown up for action.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 30th March, 1974].

### Recommendation (S. No. 64, Para 7.61)

The Committee regret to note that costing of passenger services has not so far been done by the Railways. They note that a beginning in this direction has been made recently. It is important that the railways should work out the cost of passenger services classwise for Mail/Express and Passenger Trains separately. The Committee hope that studies in this regard would be planned out and completed expeditiously to enable the Railways to identify the class of services on which they are losing, the extent of such losses and the measures that could be taken to obviate them. Similarly, in working out the cost of suburban services, further refinement should also be made by the Railways to ensure that the costs of such services are realistically assessed.

### Reply of Government

The observations made by the Committee have been noted. Systematic costing of coaching services has been undertaken for the first time on the Indian Railways and is expected to be finalised in the course of next year. The methodology of costing of

suburban services is also under review with a view to introducing refinements.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

#### **Further information called for by the Committee**

Please intimate the precise progress made in regard to the costing of coaching services including suburban services.

[LSS O.M. No. 1/4/73-RCC, dated 12th March, 1974.]

#### **Reply of Government**

Costing of coaching services including non-EMU-suburban services, has been programmed to be done in three phases.

The first phase involving segregation of expense relating to the three main constituents of coaching services, e.g. passenger, catering and other coaching services (i.e., luggage, parcels etc.) has been completed.

The second phase which involves apportionment of expenses between mail and express trains and other passenger trains (including non-EMU-Suburban) and the third phase involving similar apportionment among different classes of travel, have been taken up. The existing methodology for the evaluation of the cost of EMU Suburban Services is also under review.

It is anticipated that the second and third phases of coaching costing will be finalised by the middle of the current year.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 30th March, 1974].

#### **Recommendation (S. No. 66. Para No. 7.80)**

The Committee note that economies of scale would be possible with the installation of third generation computers which are still to be developed in the country. They also note that the procurement of these computers is to be cleared by the Electronics Commission and that the final decision of Government in the matter is still awaited. The Committee would like the Government to expedite their decision having regard to the need for installing these computers by the Railway with a view to better inventory and managerial control and for effecting economies of scale.

### Reply of Government

The Department of Statistics, Cabinet Secretariat, have since given their clearance that the Railway Board should go in for more powerful third/fourth generation computers. The Ministry of Railways are proposing to switch-over, as early as possible, to third/fourth generation computers, to start with, at the rate of one each, in replacement of two second generation computers (IBM 1041) presently in use in the metropolitan cities at Delhi, Bombay, Calcutta and Madras. The switch-over will be confined to the applications for which the second generation computers are now programmed, the question of utilising the surplus capacity, if any, for other applications being considered at a subsequent stage.

Accordingly, after obtaining necessary advice/guidelines from the Department of Electronics, an enquiry letter has been sent on 14-5-1973 to the firms dealing with computers to indicate whether they would be in a position to offer specific proposals in this regard and to submit their feasibility report within a period of six months.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

#### Recommendation (S. No. 67, Para No. 7.81)

- (a) "In this connection, the Committee would like to point out that the Railways are holding heavy stocks of stores and spares which amounted to Rs. 146.10 crores including fuel and outstandings in suspense account as on 31-3-1971. They hold about 35,000 items of maintenance stores and the value of their stores and equipment purchased during 1970-71 amounted to Rs. 363.7 crores. The Committee note that since 1968 the Railways have taken initiative to introduce modern techniques of inventory control like codification, standardisation, variety reduction, value analysis, A.B.C. analysis etc. The Committee need hardly emphasise the imperative need of reducing the excessive inventories held by the Railways to the minimum extent possible as a commercial organisation like the Railways can hardly afford to block much needed capital on this account. With the acquisition of computers, the Committee urged that the Railways should review their system of planning, programming and purchasing of stores and spares with a view to reducing the same particularly when indigenous supplies of stores and spares are readily available in most cases. The commit-

tee would like the Railways to appoint a committee to go into the whole question of planning programming and holding of stores thoroughly with a view to bring about improvements in the existing systems and procedures so as to streamline them."

- (b) "The Committee would like the Railways to make a specific mention in their budget documents about the measures taken to rationalise the inventory holdings and economies achieved."

### **Reply of Government**

(a) The Ministry of Railways are continuously reviewing the system of planning, programming and purchasing of stores as directed by the Committee. A high level Committee has been appointed under Notification dated 19-1-1973 under the Chairmanship of Dy. Minister for Railways to review the policy and procedures on the Indian Railways for inventory control and procurement of stores including stores procured through the DGS&D with the object of ensuring material availability and at the same time keeping inventories at the optimum level.

(b) Noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

### **Further information called for by the Committee**

Please indicate the terms of reference of the High Level Committee—Three copies of the report of the Committee may also kindly be forwarded as soon as available together with decisions of the Government on the recommendations made therein.

[LSS O.M. No. 1/4/73-RCC dt. 12-3-74].

### **Reply of Government**

The terms of reference of the High Powered Committee are as follows:—

- (1) To review the policy and procedures on the Indian Railways for Inventory Control and Procurement of Stores including stores procured through the Director General Supplies and Disposals, with the object of ensuring material availability and at the same time keeping inventories at the optimum level;

- (2) To review the systems to check thefts and pilferages in the Stores;
- (3) To examine the possibility of obtaining stores through agencies other than the DGS&D;
- (4) To have a thorough examination of the import of spare parts for the rolling stock;
- (5) To examine the feasibility of setting up of ancillary units by Small Scale entrepreneurs for manufacture of spare parts in and around the Production Units; and
- (6) To review the equality control of spare parts.

The Report of the Committee is awaited.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4222 dated the 30th March, 1974].

#### **Recommendation (S. No. 68, Para No. 7.82)**

The Committee appreciate the steps taken by the Railways to ensure that the staff who may have to be replaced on account of computerisation are not put to hardship and even the promotion prospects are not affected. The Committee would like the Ministry to further explore what other areas of Railway operation could be monitored with the aid of computers so that maximum advantage is derived from these sophisticated systems.

#### **Reply of Government**

The scope of future applications on the Railways and the likely hardware requirements will be examined after the report of the ECAFE Adviser, whose services have been offered to the Railways, is submitted, by which time the feasibility studies regarding installation of a third generation computer in metropolitan areas in replacement of two 1401's presently in use, are also expected to be ready.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

## CHAPTER III

### RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

#### Recommendation (S. No. 7, Para No. 2.59)

The Committee note that out of 2654 locos (in steam units) requiring replacement during the Fourth Plan, as many as 1544 locos will have to be continued in service at the end of the Plan. Of these, as many as 870 locos will be over 46 years old. The main reason for keeping the overaged locomotives in service is stated to be paucity of some foreign exchange required for replacing them by diesel and electric locos. Their replacement will also result in reduction in the number of running and maintenance staff by 30 persons per engine for whom it is difficult to provide alternative jobs. The Committee regret to note that the economics of continuing the overaged steam locos has not been worked out by the Railway Board so far. They feel that the continuance of overaged steam locos results in:

- (i) Excessive expenditure on their annual maintenance;
- (ii) Continued dispersal of maintenance facilities for these locos over the entire Railway net-work;
- (iii) Continuance of antiquated skill in labour force;
- (iv) Lower output potential of steam locos compared to diesel and electric locos;
- (v) Continue blocking up and under-utilisation of much needed line capacity.

#### Reply of Government

The economics of continuance of overaged steam locomotives *vis-a-vis* underaged locomotive have been assessed and it appears that the expenditure on annual maintenance on overaged steam locomotive *vis-a-vis* underaged locomotive is not as a rule significantly excessive as it evident from the following.

The main elements of the cost of operating a locomotive are:—

- (a) Maintenance cost.
- (b) Crew cost.
- (c) Other operating expenses like lube oil and water etc.
- (d) Fuel cost.

Maintenance costs usually constitute about 80 per cent of the total operating costs. The other elements of costs shown at (b), (c) and (d) above are not age sensitive.

Workshop repair costs in turn constitute only 50 per cent of the total repair and maintenance cost, the remaining 50 per cent is the maintenance cost in the sheds. The maintenance cost in the sheds is not affected by age and workshop cost is only marginally affected by age due to increase in frame repairs. Thus 90 per cent of the operating cost remains unaffected by age. It is only 10 per cent of the cost which is affected but there also the increase is only marginal. It will not be out of place to mention in this context that the main parts of steam locomotives can be stated to be the main frame, boiler and other fitments. The other fitments constitute short cycle replacing items and, therefore, their repairs are not age sensitive. As regards the boilers, the replacement generally is done after 20 years and once a boiler is replaced the operating usefulness of the steam locomotive is completely restored irrespective of age. As regards the main frame it lasts for the whole life time of a steam locomotive even beyond the specified age of 40 years. The main frame is seldom replaced even for overaged locomotives and once the main frame requires replacement the locomotive merits as a rule condemnation and scrapping and not replacement of the main frame. The maintenance expenditure on overaged locomotives is thus not excessive *vis-a-vis* the other steam locomotives.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)-4226 dated the 13th December, 1973].

#### **Further information called for by the Committee**

The reply furnished by the Ministry of Railways does not specifically indicate whether the factors at (ii) to (v) of the recommendation have been examined to determine the economics of using over-age locos. If so, the findings of such a study may be intimated.

In regard to item (i) it may also be indicated whether separate statistics are kept of the maintenance as well as running cost of over-age locos. and if so, how it compares with the operation and main-



tenance cost of other locos say, a year old, 5 years old, 10 years old and so on.

(LSS O.M. No. 1/4/73-RCC, dated 12-3-1974.)

**Reply of Government**

An examination of factors (ii) to (v) of the recommendation, specifically in the context of overaged locos is not considered practical as there are no separate maintenance facilities exclusively for such locos nor can the impact of such locos on the other factors be readily assessed as the various repair and operation data are not compiled age-wise. It is, however, felt that benefits accruing out of using new locos of the same type as the over-aged ones are likely to be marginal since unserviceable components are renewed from time to time. As already mentioned in the Government reply to this recommendation, it is mainly the repair cost aspect of locos that is age-sensitive and therefore, the overaged locos are not likely to have any specially adverse impact on line capacity etc.

It may be mentioned that due to the sky-rocketting of oil prices recently, the whole context of the relative economics of locos of steam vs. diesel tractions has changed radically and the conclusions drawn in the studies made in the past have become out-dated. The whole question has to be reviewed in the new context and a firm new policy will take some time to evolve.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated 8th April, 1974.]

## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

#### Recommendation (Serial Nos. 2 to 5, Para Nos. 2.17 to 2.20)

2. The Committee note that contribution to the Depreciation Reserve Fund is at present related not to the amount of depreciation calculated as accruing on the wasting assets of the Railways year by year but to the amounts that are expected to be withdrawn from the Fund during each five year period. In the absence of any detailed record as to the prescribed lives of various assets, the Ministry of Railways have been able to prepare only "rough" estimates of accrued depreciation—arrear as well as current—based on an ad hoc assessment made some years ago. The Committee consider that in order to keep the appropriations to Depreciation Reserve Fund at a realistic level and as pointed out by the World Bank Team, to avoid the risk of any future under-provision, it is necessary for the Ministry of Railways to further refine the technique of assessing the depreciation requirements. For this, it is essential that not only the data with regard to the number of various types of assets requiring replacement and their distribution in recognised age-groups is readily available but also their current replacement costs are known and depreciation appropriate to the lives of assets in question, is precisely determined.

3. The Committee are given to understand that it would involve very heavy clerical labour to prepare the detailed records at this late stage. In the circumstances, the Committee have no objection to the existing method of providing for depreciation in respect of assets created upto 1969-70 i.e., the commencement of the Fourth Plan. But, for the assets created during the Fourth Plan period, they feel that it is desirable that full data in respect of such assets is maintained by the Railways and provisions for depreciation thereof is made on a scientific and rational basis taking into account the cost and life of such assets. The Committee recommend that Government should constitute without delay a Working Group consisting of experts from Finance, Accounts, Audit and technical disciplines to examine the matter fully so that detailed instructions may be issued in this regard. The Committee expect that the requirements of Depreciation Reserve Fund for the next five year plan

would be worked out on the above basis and placed before the next Railway Convention Committee.

4. The Committee also recommend that the requisite information about the total assets of Railways and Depreciation implications of these assets should be specifically mentioned in the Budget papers for information of Parliament.

5. The Committee further consider that the Railway Board should undertake a critical study to determine whether, in conformity with accepted principles of accounting, a separate Renewal Reserve Fund should be created out of their profits, if any, to provide for inflationary and improvement elements in the cost of assets. The intention is, that the net revenue surplus/deficit of the Railways should be ascertained with greater precision and on accepted accounting principles and procedures. The result of such a study may be placed before the next Convention Committee for their consideration.

#### **Reply of Government**

A Working Group consisting of experts from Finance, Accounts, Audit and technical disciplines has since been constituted to examine the basis for making provision for depreciation in respect of railway assets created during the Fourth Plan period. The Group will also determine whether it is necessary to create a separate Renewal Reserve Fund to provide for inflationary and improvement elements in the cost of assets. The Working Group is expected to present its report sometime next year.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226 dated the 13th December, 1973.]

#### **Further information called for by the Committee**

(S. Nos. 2, 3, 5)

Three copies of the Report of the Working Group appointed to examine the basis for making provisions for depreciation may be furnished for information of the Railway Convention Committee. In case, the Report is not yet ready, copies of the Interim Report, if any, submitted by the Working Group together with a note showing action taken thereon may be furnished.

[LSS O.M. No. 1|4|73-RCC, dated 12-3-1974]

#### **Reply of Government**

The Working Group on Depreciation has not yet finalised its Report nor has it submitted any interim report. The Group is expected to submit its final Report in the course of the next few months.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated the 30th March, 1974.]

**Further Information Called for by the Committee (Serial No. 4)**

Please state if the suggestion of the Committee that information about the total assets of Railways and Depreciation implications of these assets, should be specifically mentioned in Budget papers has been accepted.

(LSS O.M. No. 1/4/73-RCC, dated 12-3-1974.)

**Reply of Government**

The Committee's recommendations is accepted in principle. It may, however, be stated in this connection that it would be possible to show the depreciation implications in respect of the total assets of Railways in the Budget papers only after the Working Group on Depreciation finalises its recommendations and these have been accepted by the Government.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated the 28th May, 1974.]

**Comments of the Committee**

Please see Comments in Chap. I.

**Recommendation (Serial No. 10, Para No. 2.71)**

The Committee are concerned to note that the programme of replacement of overaged electric locos has been lagging very much behind the targets in so far as out of 53 locos to be replaced during the Fourth Plan, only 13 have been so far delivered to the Zonal Railways. This is stated to be due to the inability of HEIL, Bhopal to supply the requisite sets of components according to schedule. At the present pace of delivery, it is hardly likely that the planned programme of replacement of 36 overage DC locos during 1972-73 and 1973-74 will be fully achieved.

**Reply of Government**

Board and CLW are vigorously pursuing with HEIL the matter of timely supply of equipments to enable CLW to turn out locos according to the scheduled programme. Frequent meetings are held with HEIL at the highest level.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226, dated the 13th December, 1973.]

### Further information called for by the Committee

The following information may kindly be furnished:

- (i) the actual figures of replacement of overage locos during 1972-73 and 1973-74 together with reasons for shortfalls, if any.
- (ii) year-wise programme of replacement of overage locos during the Fifth Five Year Plan period and how it is proposed to meet it.

[LSS O.M. No. 14/73-RCC, dated 12-3-1974]

#### Reply of Government

(i) The actual figures of replacement of overaged electric locomotives during 1972-73 and 1973-74 are:—

	Actual	Original target	Shortfall
1972-73 . . . . .	14	18	4
1973-74 . . . . .	12	18	6

The shortfall was mainly on account of:

- (a) shortages in supplies of matched equipment sets by HEIL Bhopal.
- (b) modification, etc. found necessary in the hand brake equipments;
- (c) unsatisfactory performance of equipments such as frequency regulators, motor-alternator sets, compressors etc. during final testing stages.

(ii) Year-wise programme of replacement of over-aged electric locomotives during the Fifth Five Year Plan is indicated below:—

1974-75 . . . . .	16
1975-76 . . . . .	6
1976-77 . . . . .	..
1977-78 . . . . .	..
1978-79 . . . . .	..

Also, taking into account 3 and 6 electric locomotives replaced during 1970-71 and 197-72, the programmed replacement of 57 overaged DC electric locomotives is expected to be completed by 1975-76.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—4222, dated the 27th April, 1974.]

#### Comments of the Committee

Please see Comments in Chapter I.

**Recommendation (Serial No. 11 Para No. 2-72)**

The Committee regret to note that although replacement of over-aged D.C. electric locos was included in the Rolling Stock Programme for the years 1965-66, 1966-67 and 1968-69, orders were placed by the Railway Board on Chittaranjan Locomotive Works in 1968 only. The Chittaranjan Locomotive Works placed orders on HEIL for manufacture of electric equipments for these locos in 1968-69. It is thus evident that not to speak of advance action, even concurrent action for the manufacture of electric equipment for the locos by HEIL which takes time, was not taken by the Railway authorities.

**Reply of Government**

In Railway Board's note to the R.C.C. regarding D.C. locos, it was mentioned that the orders on CLW were placed by 1968. This date actually indicates the completion of ordering of all 57 locos. The orders for the manufacture of D.C. locos were placed on CLW in batches as indicated below:

October 1964	.	.	.	.	.	.	.	.	.	10	locos
March 1967	.	.	.	.	.	.	.	.	.	17	"
May 1968	.	.	.	.	.	.	.	.	.	30	"
TOTAL	.	.	.	.	.	.	.	.	.	<u>57</u>	"

The D.C. locos to be built at CLW were to conform to a new design and hence specification and other details of the loco as well as the equipments to be procured had to be drawn out by RDSO and CLW, before ordering the traction equipments on HEIL. However, CLW were able to place orders on HEIL in June, 1967 for the first batch of 27 sets of equipments and in July, 1969 for the balance 30 sets.

From the foregoing it is evident that there was no delay on the part of the Railway authorities in placing the orders for locos and traction equipments required for the manufacture.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226, dated the 13th December, 1973.]

**Further information called for by the Committee**

It may kindly be clarified why it took the Railways more than four years to place orders on HEIL for traction equipment for the balance 30 sets when the specifications and other details had already

been finalised by June, 1967 and orders for the requisite No. of locos had been placed on the CLW in May, 1968.

(LSS O.M. No. 1/4/73-RCC, dated 12-3-1974.)

### **Reply of Government**

It is not correct to state that there has been more than four years' delay in placing orders on the HEIL for the last 30 sets. In the reply given earlier to the recommendation No. 11, it has been clearly stated that the orders for the last batch of 30 D.C. locomotives were placed on CLW in May, 1968 and CLW were able to place orders for traction equipment for these 30 locos in July, 1969. However, during frequent discussions with HEIL, it was ensured that the delivery of these 30 sets would be in continuation with the earlier order for 27 sets.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated 8th April, 1974.]

### **Comments of the Committee**

Please see Comments in Chapter I.

### **Recommendation Serial No. 19 (Para No. 2.108)**

"The Committee regret to note that against the planned production of 443 and 347 EMU coaches by the ICF and JESSOPS respectively during the Fourth Plan period, actual production during the three years has been 171 and 122 respectively. In view of the poor production performance of these nits, particularly Jessops, the Committee would strongly urge that concerted measures should be taken by the Railway Board to ensure that not only the production programme of EMU coaches during the remaining two years is fulfilled by these Units but the earlier shortfall in production is made up so as to meet the requirements of EMU coaches for the suburban trains.

### **Reply of the Government**

The recommendation has been noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4226, dated the 13th December, 1974]

### **Further information called for by the Committee**

Please intimate the number of EMU Coaches manufactured by the ICF and Jessops during 1972-73 and 1973-74 against the planned programme separately on replacement and additional account, the reasons for short falls, if any, and the remedial measures taken or proposed to be taken.

[LSS O.M. No. 1/4/73-RCC, dated 12-3-1974]

### Reply of Government

The production of EMUs in I.C.F. during 1972-73 and 1973-74 with their target is as under:—

Year	Planned Production		Actual Production	
	A.C.EMUs	D.C. EMUs	AC EMUs	D.C.EMUs
1972-73 . . . .	19	40	19	51
1973-74 . . . .	9	40	9	93

The production of D.C. EMUs in M/s. Jessops during 1972-73 and 1973-74 with the target and the reasons for shortfall in production are as under:—

	Planned Production	Actual Production
1972-73 . . . .	36	Nil.
1973-74 . . . .	60	21

With the supply of 26 Nos. EMUs of the earlier order during 1971-72 the firm had completed the outstanding order. Further supplies were not made by the firm due to non-agreement on prices for plies were not made by the firm due to non-agreement on prices for the next order.

In July, 1972 the question of diverting the load of 216 EMUs to ICF was considered in view of the adamant stand taken by Jessops in demanding unreasonably high prices. However, at a high level meeting between the Chairman of M/s. Jessops and the Railway Board held in Board's Office in November, 1972 an agreement on prices was arrived at. In this meeting delivery on this order was promised to commence in June, 1973. But deliveries actually started only in December, 1973 due to the following reasons:—

- (i) Pre-occupation with Polish Export order of Wagons.
- (ii) Power shedding.
- (iii) Labour unrest.

The firm have, however, now promised a target production of 6/9 coaches per month.

[Ministry of Railways (Railway Board) O.M. No. 73-B (RCC)—  
4222, dated the 25th July, 1974.]

### Comments of the Committee

Please see comments in Chapter I.



**Recommendation (S. Nos. 26 and 27, Para Nos. 3.51 & 3.52)**

The Committee observe that out of a total contribution of about Rs. 10.80 crores made by the Railways to the Safety works Fund during the years 1966-67 to 1971-72, the sanctions actually issued so far for reimbursement to State Governments are of the order of about Rs. 1.24 crores only. The Funds actually remained unutilised till as late as last year due partly to the cumbersome procedure involved in claiming reimbursement and partly due to the difficult resources position of the States and delays in acquisition of land.

The Committee note that the procedure has since been simplified and that all pending cases have been cleared by the Ministry of Railways. The Committee consider that construction of over/under bridges at busy level crossings is as much in the interest of the Railways as it is in the interest of the State Governments. It is a paradoxical situation that while the needs are urgent, the funds should have remained unutilised for as many as five years. Apart from the safety aspect, the very purpose of widening and improving the roads and highways is defeated if traffic is held up at the level crossings. Now that the procedure has been streamlined, the Committee hope that the State Governments will be in a position to utilise the funds expeditiously.

**Reply of the Government**

The observations of the Committee are noted.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

**Further Information Called for by the Committee**

Please indicate the amount disbursed to State Governments for Railways Safety Works during 1972-73 and 1973-74 *vis-a-vis* the allocations made.

[LSS O.M. No. 1/4/73-RCC dt. 12-3-74]

### Reply of Government

Details of Statewise sanctions for reimbursement from Railway Safety Works Fund are as follows *vis-a-vis* the allocations made:—

Name of State	Amount of sanction	Allocation made to end of 1973-74
	(Rs. in lakhs)	(Rs. in lakh)
1. Andhra Pradesh . . . . .	53.52	121.67
2. Assam . . . . .	24.50	40.90
3. Rajasthan . . . . .	37.51	91.41
4. Gujrat . . . . .	79.82	98.22
5. Tamil Nadu . . . . .	78.76	78.76
6. Kerala . . . . .	15.13	21.26

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC).  
—4222 dated the 8th April, 1974.]

### Comments of the Committee

Please see Comments in Chapter I.

### Recommendation No. 29 (Para No. 3.54)

The Committee further consider that in view of the need for wider bridges over level crossings on account of density of traffic, the extant rules providing the sharing of expenditure on 50:50 basis by the Railways only for abridge of 24 feet width, need modification.

### Reply of Government

According to the pre-1969 rules for allocation and apportionment of cost of road overbridges in replacement of level (originally provided at Railway's cost), the railways used to bear the cost of bridge proper while the cost of approaches was being borne by the State Government or the road authority. The approaches being costlier than the bridge, the State Governments' share invariably used to be more than that of the Railways.

Keeping in view the persistent demand from the public for replacement of busy level crossing, and to reduce the States' liability for their share of the cost, the Ministry of Railways liberalised the rules with effect from 21-1-1969 for apportionment of cost of such works. Broadly, under the new rules, 50 per cent of the cost of the road over|under-bridge for 24 ft. wide roadway and its approaches (excluding cost of the land for approaches) is borne by the Rail-

ways and the balance 50 per cent cost as well as cost of acquisition of land required for approaches is borne by the road authority. In areas within or close to cities and towns two foot paths (each 6' wide) are also provided if required by the Road authority.

The suggestion for the Railways' sharing 50 per cent cost of wider bridges would throw extra burden on the Railways' finances which are already quite strained. In fact, the present financial situation is an important factor which prompted this Ministry to move the Transport Ministry and Planning Commission for a special allocation of Rs. 50 crores for construction of road over/under bridges in the Fifth Plan outside the normal plan of the railways and the road authorities.

In view of the above, it is not possible for the Railways to further enlarge their liability in this regard.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

#### **Comments of the Committee**

Please see comments in Chapter I.

#### **Recommendation S. No. 38 (Para No. 4.21)**

Now that the Government are thinking of social housing. Committee would like the Railways to evolve a suitable scheme to enable the Railway employees to build houses for themselves before they retire.

#### **Reply of Government**

Policy of the Board is to encourage the formation of Cooperative House Building Societies among Railwaymen, wherever possible so that they might pool their-resources, acquire-suitable land and develop such land into building sites for allotment to members for building houses.

2. As on 30-6-1971, the Railway employees have organised 41 Railwaymen's Co-operative Housing Societies with a membership of 1605, with a paid-up share capital of Rs. 11.22 lakhs and a working capital of Rs. 105.92 lakhs.

3. The State Governments have also been addressed requesting them to provide such assistance to Railwaymen's Co-operative Housing Societies as is rendered to similar Societies located in their States

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

#### **Comments of the Committee**

Please see comments in chapter I.

**Recommendation (S. No. 42, Para No. 6.19)**

The Committee note that the balance to the credit of the pension Fund has risen from Rs. 44.09 crores in 1966-67 to Rs. 110.99 crores (Budget Estimates) in 1972-73. The Committee recognise the need for making an adequate provision for the present and future liabilities of the Railways on this account and to make adequate provision therefor from year to year without causing any violent fluctuations in the budgetary position. They nevertheless consider that it is necessary for the Railways to have an accurate assessment of their liabilities from time to time. They hope that the Report of the Government Actuary expected to be received in about six months time will help the Railways to frame more realistic estimates of expenditure from the Pension Fund.

**Reply of the Government**

The data already received from most of the Railways is being consolidated in consultation with the Government Actuary. The report of the Government Actuary will be available after consolidated data is furnished to him.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

**Comments of the Committee**

Please see comments in chapter I.

**Recommendations (S. Nos. 44 to 53, 56 to 58 and 60, Para Nos. 7.8 to 7.13, 7.28 to 7.31, 7.47 to 7.49 and 7.51)**

The Committee note that there are 21 Demands for Grants in regard to the Railways and that the structure of the Demands has been periodically reviewed to meet the growing requirements of accountability to Parliament and changes in accounting systems. The Ministry have also stated that the existing arrangements have stood the test of time and have provided meaningful and precise information on important aspects of Railway expenditure to the Parliament and in turn to the public at large. It is pertinent to note in this connection that the World Bank Team did not consider the present system of budgetary control on the Railways to be effective for the purposes of "sound financial management" and had emphasised the need

to cut back on the volume of data produced by the Indian Railways System". They had desired that the preparation of the budget should aim at "a realistic fore-cast of proposed activity expressed in cost terms". The Committee have also seen the annual Reports of the British Railways Board and are impressed by the concise manner of presentation of the financial results of the working of the British Railways and their activities during the course of the year. While the Committee appreciate the anxiety of the Railway Board to keep Parliament and public informed of the various facets of their activities, the mass of data given in the Railway Budget papers would not appear to greatly subserve the purpose in view. What is needed is that meaningful data correlating costs to results should be presented in a simple and lucid manner so as to be easily understandable by a layman. This is all the more important as massive investments are being made on the Railways and the Capital-at-charge of the Railways in 1971-72 has already risen to about Rs. 3500 crores and is bound to increase substantially in the Fifth and subsequent Plan periods. It is necessary that the Railways, as a premier public undertaking should keep Parliament fully informed about its performance in all vital aspects of working in a manner easy and intelligible, so that the future investments may be judged in their proper perspective.

The Committee would therefore like Government to undertake a comprehensive review of the form and content of the Railway Budget and the number of Demands for Grants as well as the various documents accompanying it, with a view to rationalising and simplifying their contents in the interest of proper accountability of Parliament and the public.

The Committee suggest that in view of the complexity of the task, the review may be entrusted to a small Task Force consisting of financial experts drawn from the Ministry of Finance, the Railways and the Comptroller and Auditor General of India. This Task Force may also co-opt eminent experts in the field from the Institutes of Management, Institutes of Chartered Accountants and Cost Accountants.

The Committee note that the Estimates Committee have in their 24th Report (1972-73) pointed out that the technique of performance budgeting has yet to be perfected. They have emphasised the need for an integration of the Performance Budget with the Demands for Grants. As stated by the Committee, Parliament would be more interested in the prescription of norms and standards which would enable them to evaluate and critically review the work of every Ministry.

The Committee recommend that the terms of reference of the proposed Task Force may also include the question of preparation of a performance budget by the Railways as an integrated part of the Demands for Grants.

The Committee would like the Railways which are the oldest undertaking, to introduce Performance Budget according to a time bound programme so that it can act as a model to other public utilities.

The Committee are glad to observe that the Railways are alive to the need for refining the accounting procedures, to keep pace with the development of accounting skills and with the increasing range and variety of Railway operations due to changes in the mode of traction and modernisation in several spheres. Change-over of accountal basis from 'received' to 'forwarded' basis for freight traffic, processing of invoices received from stations at the Electronic Data Processing Centre and quarterly closing of accounts are some of the important refinements stated to have been introduced by the Railways in recent years. Adoption of the Discounted Cash Flow Technique for examination of the financial viability of all projects costing Rs. 20 lakhs and above is another welcome step taken by the Railways. The need for compiling data in a form as to assist the management in Controlling day-to-day operations as well as in taking decisions has also been recognised.

While due credit must be given to the Railways in this regard, the Committee would like to impress upon the Ministry the need for evolving a fully developed system of 'Responsibility Accounting' as emphasised by the World Bank Team in their Report. Railway Management at all levels have to realise their individual responsibility for their sectors of the costs. As stated by the World Bank Team "Many Railwaymen are excessively oriented to operating a Railway as opposed to operating a Railway at a profit."

The Committee hope that the Railway Board will take immediate purposeful steps to reorient the accounting procedures so as to subserve the above objectives.

The Committee further observe that the World Bank Team had underlined the need for eliminating super-fluous classifications which are now out of date and irrelevant to contemporary needs. In order to meet this criticism, the Railways are now Contemplating further Changes in accounting classification so as to reorient the classification to bring in functional break-down of costs as opposed to merely listing of costs under various headings. The Committee desire that this task should be completed with expedition.

The Committee note that although the Railways are alive to the need for evolving a system of management accountancy to enable them to take expeditious well-calculated decisions while handling the complex problems of Railway Administration, they have, by and large, relied upon their own personnel to develop the management techniques. Railway Accounts Officers are stated to be "endeavouring to submit purposeful, upto-date information as a means of controlling current operations and projections of the probable future as a guide to planning."

The Committee consider that no effective system of modern management accountancy has been developed on the Railways and that the operational and financial controls exercised are inadequate and antiquated. Therefore, the achievements in this field, being very slow, are far from satisfactory. The Committee consider that with their experience of operating a vast net work for over a hundred years, the Railways should have taken more concrete and purposeful steps in this direction by combining it in the system which makes the entire management philosophy very modern and the techniques upto-date. As pointed out by the World Bank Team, it is high time for the Railways to reappraise the system and examine the fundamental objectives of management so that effective control systems could be designed to enable the objectives to be fulfilled. It is of the utmost importance that the Railways set up systematic planning and control system with a view to defining clearly management objectives and strategics and plans to achieve these objectives and evolving norms to monitor performance against the objectives set. For this purpose, there is need to introduce an effective system of management accountancy on the Railways as expeditiously as possible which would act as a tool of management control and provide concurrent and purposeful data at all strategic levels to reach appropriate decisions.

In this connection, the Committee would like to draw the attention of the Ministry of Railways to the appointment of a high level Action Committee by Government to examine *inter-alia* the suitability of systems management and adequacy of administrative accounting and technical procedures followed in public undertakings and to suggest changes. The Committee consider that the Task Force Recommended earlier in paragraph 7.10 may also be entrusted with the responsibility of critically examining the accounting and administrative procedures on Railways with a view to providing management accountancy, as an aid to management decisions at all appropriate levels of control.

The Committee note that at present the Railways have a system of internal audit by the Financial Adviser and Chief Accounts

**Officer on each Railway.** The Committee consider that the feasibility of utilising the services of Cost Accountants|Chartered Accountants and Management Accountants, outside the Railways, on payment of moderate fees to examine the working of the various establishments of the Railways and suggest avenues of improvement and earning more revenue may be got examined by the Task Force recommended in paragraph 7.10 in the interest of operational efficiency of the Railways.

### **Reply of Government**

A Task Force consisting of officers drawn by the Ministries of Finance and Railways, and two Chartered Accountants has been constituted in July, 1973 to undertake a detailed examination of certain aspects of budgetary accounting and management practices on the Railways in the light of the recommendations of the Convention Committee (1971). The Task Force has been asked to submit its final report before 30-6-1974.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

### **Further Information Called for by the Committee**

Please intimate the terms of reference of the Task Force and the precise progress made by it so far in examining the matter. Three copies of the interim|final report of the Task Force along with the Government's decisions on the recommendations contained therein may also kindly be forwarded for the information of the Railway Convention Committee. (LSS O.M. No. 1|473-RCC dt. 12-3-1974).

### **Reply of Government**

The terms of reference of the Task Force are as under:—

The Committee should examine:—

- (a) How far the structure of the Demands for Grants in the Railway Budget and the documents accompanying it can be rationalised and their contents simplified.
- (b) The manner in which the Railway Budget should be prepared so as to present in a simple and lucid way meaningful data for correlating costs to results.



- (c) For the purpose mentioned in (b) above, the manner in which the performance budget can be introduced as an integrated part of the Demands for Grants and the feasibility of its introduction according to a time bound programme.
- (d) The need to evolve a fully developed system of Responsibility Accounting, as emphasised by the World Bank Team in January, 1970 and with this end in view, to reorient accounting classifications so as to bring in the eventual break-down of costs after eliminating all superfluous classifications which are now out-of-date or irrelevant.
- (e) How best to set up an effective system of management accountancy with a view to defining clearly management objectives and strategies and plans to achieve these objectives and to evolving norms to monitor performance against objectives so set; as a tool of management control, the system should be so devised as to provide concurrent and purposeful data at all strategic levels to help reach appropriate decisions.
- (f) The present system of internal audit obtaining on each Railway under the Financial Adviser and Chief Accounts Officer and to suggest avenues of improvements therein.

2. The Task Force has so far had 11 sittings to discuss the various issues. Proposals for restructuring the Revenue Demands for Grants have been finalised and the work relating to the restructuring of the Works Grants is on hand. The Task Force propose to submit separate reports covering one or more of the specific items included in the above terms of reference.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4222  
dated the 30th March, 1974]

### **Comments of the Committee**

Please see comments in Chapter I.

### **Recommendation No. 65 (Para No. 7.79)**

The Committee observe that in the matter of taking over stores accounting and stores (recoupment and reorder) functions on computers, there have been delays in adhering to the time schedule laid down for completion of the various phases of the programme due to initial teething troubles. Whereas it was initially hoped (July.

1968) to complete the work (five phases) within a year or 18 months i.e., by end of 1970, only the first two phases of the programme (in case of Phase I the progress is stated to be 90 per cent) have been completed so far. According to the revised programme Phases III and V (Phase IV has been omitted) will now be completed only by June, 1974. The Committee would like the Ministry of Railways to keep a close watch on the implementation of the programme with a view to ensure that there are no further delays in this regard.

### **Reply of Government**

The Ministry of Railways is keeping a close watch.  
[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4226  
dated the 13th December, 1973]

### **Further Information Called for by the Committee**

Please state the precise progress made so far with regard to Phases I, III and V and whether the programme will be completed by June 1974, as envisaged.

[LSS O.M. No. 1-4-73-RCC dt. 12-3-74]

### **Reply of Government**

Phase I has been completed in all Railways and Production Units.

Phase II has been completed in all Railways except N. F. Railway where it is expected that it will be completed in a couple of months. It may be stated that in N.F. Railway Stores computerisation was taken up some what later than other Railways.

Phase III is fully introduced in Central, Eastern, South Eastern, Western Railways and ICF. In the other Railways except N.F. Railway this is in various stages of implementation and is expected to be completed shortly. N.F. Railway has been directed to introduce the system Phase III before June 1974.

Regarding Phase V, the design of the system has been finalised and programmes are being written by S.E. Railway. These are expected to be circulated to all Railways and Production Units in April/May, 1974. All Railways and Production Units have been directed to introduce this system which is an extension of the previous three phases, in June, 1974. It is expected that in majority of

the Railways, Phase V will be introduced by June, 1974. In some Railways where the progress is slow, although they may also introduce Phase V along with others, the completion may take some more time.

[Ministry of Railways (Railway Board) O.M. No. 73-B(RCC)-4222  
dt. 30-3-74]

**Comments of the Committee**

Please see Comments in Chapter I.

**B. S. MURTHY,**

*Chairman*

*Railway Convention Committee.*

NEW DELHI;

August 31, 1974

Bhadra 9, 1896 (S)

## APPENDIX

*Analysis of the action taken by Government on the recommendations contained in the First Report of the Railway Convention Committee, 1971.*

---

I.	Total number of recommendations . . . . .	68
II. Recommendations which have been accepted by Government ( <i>vide</i> recommendations Sl. Nos. 1, 6, 8, 9, 12—18, 20—25, 28, 30—37, 39—41, 43, 54, 55, 59, 61—64 and 66—68.)		
	Number . . . . .	40
	Percentage to total . . . . .	58.8
III Recommendation which the Committee do not desire to pursue in view of the Government's reply ( <i>Vide</i> recommendation at Sl. No. 7)		
	Number . . . . .	1
	Percentage to total . . . . .	1.5
IV Recommendations in respect of which replies of Government have not been accepted by the Committee ( <i>vide</i> recommendations at Sl. Nos. 2—5, 10, 11, 19, 26, 27, 29, 38, 42, 44—53, 56—58, 60 and 65).		
	Number . . . . .	27
	Percentage to total . . . . .	39.7

---