R. C. C. No. 23

RAILWAY CONVENTION COMMITTEE (1977)

THIRD REPORT

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE NINTH REPORT OF THE RAILWAY CONVENTION COMMITTEE, 1973 ON SOCIAL BURDENS ON INDIAN RAILWAYS

सत्यमेव जयते

Presented in Lok Sabha on 11 MAY 1978
Laid in Rajya Sabha on 11 MAY 1978

LOK SABHA SECRETARIAT
NEW DELHI.

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CORRIGENDA

3RD REPORT OF THE RAILWAY CONVENTION COMMITTEE, 1973.

Page	Line	For	Read
10	11	latter	later
10	15	Insert Para No.'29'	
11	28	17.83	1783
21	15	Add: Please furnish the reasons for variation between the two figures.	
25	29	surplus	surprise
27	9	concerning	cornering
27	After line 27	Insert Reply of Government	
52	12	strick	strict
53	17	Delete 'a'	
56	23	throughout	throughput
63	14	noted	acted
63	19	deamed	deemed
70	17	line	lines
71	30	the	he
100	7	Expenditure vide Annexure A of Memorandum X for the	Convention Committee by the Financial Commissioner for Railways.
103	37	The	to the
104	After line 34	insert Reply	of Government
104	37	atached	attached.
105	38	up	set up
106	8	mission. This was the result of an upward revision of estimates in respect	2. As regards projections furnished by user Ministries, the targets

..2/-

Page	Line	For	Read
112	2	break up expenditure	break up of expenditure
113	20	traffic traffic	traffic
125	32	Add at the end	101.60 crores
128	7	fair	fare
128	33	not	no
133	4	economies	economics
133	20	appropriatness	appropriatenes
134	31	GB	BG
134	35	economic	economics

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RAILWAY CONVENTION COMMITTEE
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SECRETARIAT

Shri B. K. Mukherjee—*Joint Secretary.*

Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman, Railway Convention Committee, 1977 having been authorised by the Committee to present the Third Report on their behalf, present this Report on action taken by Government on the recommendations contained in Ninth Report of the Railway Convention Committee, 1973 on "Social Burdens on Indian Railways".

2. The Ninth Report of the Railway Convention Committee, 1973 was presented to both the Houses of Parliament on the 8th January, 1976. Government furnished their replies indicating the action taken on all the recommendations contained in the Report on 28th September, 1976. Further information on 24 points arising out of Government's replies was called for by the Committee on 11th August and 3rd November, 1976. This was furnished by the Ministry of Railways on 23rd November, 1976. The Fifth Lok Sabha was dissolved before the action taken report could be finalised by the Committee.

3. The Railway Convention Committee, 1977 called for latest information in respect of Government's replies to five of the recommendations on 14th and 27th October, 1977. This was received on 25th and 31st October, 1977.

4. The Committee considered the replies of Government at their sitting held on 10th December, 1977. At that sitting, the Committee considered Chapter I of the draft Action Taken Report containing comments on the action taken by Government in respect of recommendation at Sl. Nos. 6 & 66, 11—13 and 34 and finalised their comments on the reply of Government in respect of the recommendations at Sl. Nos. 11—13. The Committee desired to examine the representatives of the Ministry of Railways in respect of the recommendations at Sl. Nos. 6 & 66 and 34.

5. The Committee took evidence of the representatives of the Ministry of Railways on 30th December, 1977. Further information on four points arising out of the evidence was called for by the Committee on 9th January, 1978. This was furnished by the Ministry of Railways on 3rd February and 7th March, 1978. At their sitting held on 21st March, 1978 the Committee considered the replies of Government and approved the comments in draft Chapter I of the Report in respect of the recommendations at Sl. Nos. 6 & 66 and 34.

6. 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 replies.

IV. Recommendations in respect of which Government's replies have not been accepted by the Committee.

V. Recommendation in respect of which final reply of Government is still awaited.

7. An analysis of the action taken by Government on the recommendations contained in the Ninth Report of the Railway Convention Committee, 1973 is given in Appendix. It would be observed therefrom that out of 68 recommendations made in the Report, 61 recommendations (*i.e.* 89.7 per cent) have been accepted by the Government. The replies in respect of 6 recommendations (*i.e.* 8.8 per cent) have not been accepted by the Committee. Final reply of Government in respect of one recommendation (*i.e.* 1.5. per cent) is still awaited.

KRISHAN KANT,
Chairman,
Railway Convention Committee.

NEW DELHI;
April 1, 1978.
Chaitra 11, 1900 (*S*).

CHAPTER I

REPORT

Railway Planning and Operations (Sl. Nos. 6 & 66—Paragraph Nos. 1.141 *and* 7.2)

The Railway Convention Committee, 1973 in paragraph 1.141 of the Ninth Report on 'Social Burdens on Indian Railways' pointed out that the Railway Planning had been unrealistic over the last two plan periods in as much as while heavy investments in augmenting capacities were made according to the forecasts of freight traffic, there was a wide gap between the traffic forecasts and their actual materialisation. The Committee were of the view that it resulted in heavy investments without corresponding increase in traffic earnings. This underscored the need for observing utmost circumspection in the matter of making further investments on the Railways.

2. The Ministry of Railways have stated in their reply that investment on the Railway system for freight traffic was planned and provided on the basis of the anticipated work load. They have further stated that while it was true that materialisation of freight traffic in terms of tonnes lifted has not been at the level anticipated during the last few years, there was an improvement in terms of net tonne kilometres to the extent of 56 per cent in 1972-73 and 68 per cent in 1975-76 over that of 1960-61. The Ministry have also stated that from rough estimate made only about 32 per cent of the total planned expenditure between 1961-62 and 1973-74 could at best be attributed to the generation of capacity for handling freight traffic against an increase of 56 per cent NTKMS during that period.

3. The Committee enquired during evidence held on 30 December, 1977 regarding the items which could be considered as contributing to creation of additional freight carrying capacity. The representative of the Ministry of Railways informed the Committee that for their planned development, the railways operated under 16 Plan heads of which the following four directly contributed towards generation of additional freight carrying capacity:—

(i) Rolling Stock;

(ii) Line capacity;

(iii) Signalling and safety works;

(iv) New Lines.

4. He added that although these four heads directly contributed to generation of additional freight traffic, they also catered to traffic other than freight. For example, the locomotives catered to both freight and passenger

traffic. Therefore, the number of locomotives required for passenger traffic had necessarily to be deducted to arrive at the net rolling stock required for freight traffic.

5. In regard to the line capacity works, the witness stated that these included gauge conversion, additional yards, additional terminal facilities for goods and coaches etc. As in the case of locomotives, the line capacity works had to be undertaken in a manner so as to cater both for goods and passenger traffic.

6. In the matter of signalling and inter-locking facilities, while some such facilities contributed directly towards increase in capacity to meet additional freight and passenger traffic, the major portion of the signalling and inter-locking works was for replacement of obsolete equipment, as for example, mechanical signalling being replaced by electronic signalling.

7. So far as new lines were concerned, the witness stated that they would have to take into account only those lines which were project oriented and contributed to development of capacity for handling freight traffic. The railways had taken up a number of schemes for opening up backward areas on developmental consideration, but as long as they did not produce the desired results on the capital investment, it would not be correct to assume the cost incurred on their construction as having a bearing on the additional freight traffic to be carried.

8. The representative of Ministry further added that there was another plan head of workshops and sheds. The expenditure incurred under this head was meant to keep the rolling stock in good fettle and this in no way contributed to additional carrying capacity as a lot of expenditure under this head was for improving the facilities in workshops etc., for replacing the outdated machinery, changing the layout to suit the new type of rolling stock put on the line etc. Likewise, the expenditure on replacement of assets after their normal economic life did not contribute in any way to the generation of additional capacity and it was charged to the Depreciation Reserve Fund.

Methodology for fixing freight traffic targets

9. Referring to the shortfalls in the materialisation of freight traffic during the period under review, the representative of the Ministry of Railways stated during evidence that although the originating traffic was a good economic indicator, it did not provide a correct index of the workload on the Railways. Thus, even while there was a gap between the originating tonnage targetted and actual achievement, there was a phenomenal increase

in the lead of traffic resulting in a much higher net tonne Kilometerage which was the real indicator of the workload on the Railways. During the Fifth Plan, the Planning Commission had told the Ministry of Railways to work on the assumption that the lead would stabilise around 630 kms. The fact of the matter, however, was that the lead had been consistantly going up and it was as high as 685 kms. in 1977-78.

10. The representative of the Ministry added that the First Plan of the Railways which started in 1951-52 was merely a rehabilitation plan when the money was spent for replacement of assets which had been damaged during the war. In the Second Plan also, it continued to be a rehabilitation plan with only marginal investments which were required for building up capacity.

11. In the Third Plan, the railways went in for building up capacity in a big way because it was thought that by that time the steel plants would be coming up. At the conclusion of the Plan, the railways were a little ahead of the demand on the BG system and on the MG, the position was quite a balanced one. In subsequent years, they had, therefore, to regulate the investments to keep abreast of the demand. The witness further averred that it would be wiser to build up capacity ahead of the needs, but that was not exactly the position at present.

12. The Committee enquired whether the reasons for the increase in lead had been examined. The witness stated that they had a fairly accurate picture so far as the originating tonnage of important commodities and their lead was concerned. During the first seven months of the year, the increase in lead of foodgrains had increased from 963 kms. last year to 1224 kms. this year that is, an increase of 27 per cent. This was due to stoppage of imports. While formerly the port towns of Cochin, Madras, Bombay, Calcutta and the places around them were fed with imported wheat, at present wheat was moved all the way from Moga and Kurukshetra to these areas. In other items, the increase in lead had been smaller. In coal, the lead had gone up from 558 to 588 kms. *i.e.* by 5.5 per cent. In respect of pig iron and finished steel from steel plants the lead had increased from 990 to 1036 kms. *i.e.* by 5 per cent. Similarly, there had been an increase in the lead of POL traffic from 593 to 609 kms. during the seven months of the current year because the producing centres were away from the far north where the demand had increased. The total lead for revenue earning traffic in the first seven months of last year had increased from 674 kms. to 709 kms. *i.e.*, an increase of 35 kms. or 5.4 per cent.

13. The witness further stated that the Planning Commission expected the lead to come down in the next few years due to two important develop-

ments. First, the production in Bokaro which was based in coal field area was expected to increase considerably. Secondly, big thermal power stations were going to be set up in coal-field areas thereby reducing the haulage of coal over long distances. As things, however stood at present the expectation of the Planning Commission had not materialised so far. In fact, the lead of raw materials to steel plants and of steel to the users had gone up from 197 to 208 kms. *i.e.* by 11 kms. or 5.6 per cent. The only area where the lead had gone down was in respect of the coal moved from coal fields to steel plants. In this case the lead had gone down from 301 to 297 kms. Since the tonnage moved was quite substantial being about 8.8 million tonnes, this had some impact on the over-all lead.

14. At the instance of the Committee, the Ministry of Railways have furnished in March, 1978 a detailed note regarding the methodology adopted in arriving at the freight traffic targets for the Third Plan, Inter Plan Years, Fourth and Fifth Plan periods, bringing out *inter alia*, the projections furnished by the user Ministries, commodity-wise, the reasons for scaling down their projected quantum of traffic, the final targets fixed and the actual materialisation, as also indicating the anticipated leads of traffic worked out and the views of the Planning Commission and the distortions that came to notice in the actual performance, etc.

15. In their above note, the Ministry of Railways have stated that the general methodology adopted for arriving at the freight traffic targets has been that in the first instance production and rail transport demand estimates for the plan period are obtained from the user Ministries in regard to major commodities. These are analysed and reviewed in consultation with the Planning Commission based upon which traffic forecasts are developed. In undertaking such analysis empirical data of past growth pattern is also utilised. However, the final traffic forecasts are decided by the Planning Commission as they are in the best position to take an overall view keeping in view the developments envisaged in different sectors of the economy.

16. The traffic forecasts so developed are specific in respect of major commodities such as coal, raw materials and finished products from steel plants, iron ore for export, cement, railway materials etc. A more general forecast is adopted in regard to the remaining traffic based upon past trends. As over the years different commodities have gained importance in the traffic mix, the number of commodities for which specific traffic targets are fixed have been steadily increased. For example, starting from the Fourth Plan, specific traffic forecasts were made in regard to foodgrains, fertilisers and POL which were earlier being clubbed along with other general goods traffic during the Third Plan period.

17. Apart from increasing the number of commodities for which specific exercise to forecast traffic targets is undertaken, other sophistications have also been introduced in the planning methodolgy during the successive plans. During the Third Plan period, no separate working group for freight traffic on the Railways was constituted. However, a Working Group for coal production and transport was constituted under the aegis of the Ministry of Steel and Mines on which the Railways were also represented. During the Fourth Plan two Working Groups on Railways were constituted, one for passenger traffic and the other for freight traffic. The various important user Ministries and the Planning Commission were represented on the Working Group for Freight Traffic which ensured close collaboration in working out freight traffic targets. In the case of Fifth Plan, in addition to separate Working Groups for Passenger and Freight Traffic, another Working Group for Railways' Development Programme was also constituted. At the instance of the Planning Commission, Working Groups were also set up by other important user Ministries *e.g.* Coal, Steel POL, etc. to determine realistic production targets of major commodities. On these Working Groups the Railway Ministry was also represented.

18. The Ministry of Railways have further stated that it will, therefore, be seen that a systematic attempt has been made to make the methodology of planning in general, and the methodology of forecasting of freight traffic targets in particular, more sophisticated during the successive plans. However, it bears repetition that after the traffic estimates have been worked out by the Working Group on Freight Traffic, the final targets have to be fixed by the Planning Commission taking into account the developments in the associated sectors of the economy.

Projections and Actuals

19. The Ministry of Railways have furnished statements as regards projections furnished by the user Ministries, the targets fixed and actual materialisation of traffic for the Third Plan, Inter-Plan, Fourth Plan and the Fifth Plan.

Methodology for Fixing Traffic Targets

Third Plan

20. At the time of formulation of the Third Five Year Plan there was considerable uncertainty in regard to production targets in the major industrial sectors. As has been mentioned above, no separate working group for freight traffic on the Railways was constituted. However, in February 1960, the Planning Commission indicated rail transport requirements of 238.8 million tonnes by 1965-66. This became the basis for the traffic

forecast prepared in October 1960 after discussions with the Planning Commission. In March 1961, the traffic forecast of 238.8 million tonnes was revised to 248.9 million tonnes in consultation with the Planning Commission. This was the result of an upward revision of estimates in respect of raw materials and coal for steel plants, coal for the general public and railway material and certain variations in production estimates in case of other items.

The Third Five Year Plan which was finalised in March 1961, however, noted as under:—

> 'The Development Programmes for coal and certain other important industries have not yet all been worked out in full detail. As their exact nature and requirements become clear, it will be possible to coordinate the railway programme with them more closely so as to ensure that they move forward in harmony and their phasing and implementation are carefully synchronised. Furthermore, since the overall estimates of traffic can only be treated as tentative at this stage, they will be subject to constant review in the light of the actual trends in traffic from year to year.'

In January 1962 on the basis of certain studies made the traffic forecast for the last year of the Third Plan underwent a further upward revision to 264 million tonnes. The increase was made under coal (five million tonnes) and general goods traffic (10.1 million tonnes) mainly on account of higher production estimates.

In November 1963 at the time of mid-plan appraisal of Third Plan it became clear that the production targets visualised in respect of certain major commodities e.g. coal, steel and cement were not likely to materialise and therefore, the overall traffic target at the end of the Third Plan was reduced to 245 million tonnes in consultation with the Planning Commission.

Inter-Plan Years, i.e. 1966-67 *to* 1968-69:

21. During the Inter-Plan years the normal process of a Five Year perspective plan was not in operation. The procedure adopted for formulation of annual plans was generally followed. The initial traffic targets from year to year were formulated by the Railways taking into account the past trends of traffic and the information made available by the concerned Ministries. It may be emphasised here that the information available on production targets at the time of formulation of traffic targets is quite often not complete; nor is it available in sufficient detail. The annual traffic targets were finally fixed in consultation with the Planning Commission

and taking into account the best estimates of production targets available from the user Ministries.

Fourth Five Year Plan

22. During the Fourth Plan, as has been stated above, for the first time the Working Group on Railways for freight traffic was constituted and the important user Ministries were represented on the same. The traffic estimates furnished by the user Ministries to the Working Group on Freight Traffic, alongwith the traffic forecast for other general goods and Railway material aggregated to a level of 290.8 million tonnes. During discussion with the Planning Commission, the traffic targets in respect of certain major commodities such as coal, iron ore for export were significantly reduced. The traffic target for "Other goods" was also scaled down by about 4.7 million tonnes. As a result the overall traffic target for the Fourth Plan was fixed at 264.7 million tonnes as against the estimates of the Working Group on Freight at 290.8 million tonnes.

When the mid-term appraisal of the Fourth Plan was under preparation, it had become clear that traffic was not likely to materialise to the originally anticipated level. In consultation with the Planning Commission, therefore, the traffic target was reduced to 240.5 million tonnes.

Fifth Five Year Plan

23. As regards the Fifth Plan, the Working Group for Freight Traffic on which the users Ministries were represented, projected a traffic level of 335 million tonnes for 1978-79. The Railways considered this target as highly optimistic in view of the past experience and growth trend during the earlier plan periods. The Railways suggested a more conservative target of 280 million tonnes. This was discussed at length at various meetings held with the Planning Commission as well as the representatives of various user Ministries and in the Draft Fifth Year Plan the Planning Commission laid down the target as 300 million tonnes of freight traffic to be transported by the Railways during the last year of the Plan. When the mid-term review of Fifth Plan was undertaken in May 1976, it became apparent that the original traffic targets were not likely to materialise. Therefore, while finalising the Fifth Plan in the later part of 1976, the Planning Commission fixed a traffic target of 250—260 tonnes.

Anticipated leads of traffic

The Ministry of Railways have stated that as regards anticipated leads of freight traffic, it may be pointed out that no estimates regarding the likely leads of traffic are furnished by the user Ministries or the Planning Commission. As far as the Third Plan is concerned, no definite presumptions were made regarding any increase in the average lead of traffic. It was generally assumed that the lead will remain the same as obtaining at the time of the Third Plan, however, it was found that the average lead had, in fact, gone up to 576 kms. with still higher increase in some important commodities.

When the Fourth Plan was formulated, an average lead of 623 kms. was adopted for working out the Rolling Stock Requirements. At the time of the revision of the Fourth Plan in January 1971, when the traffic target of originating traffic was reduced to 240.5 million tonnes, the lead adopted was 630 kms. During the years of the Fourth Plan, actual lead went up to 678 in 1972-73 but at the end of the Plan (1973-74) the same came down slightly to 662 kms.

For the Fifth Plan, the Rolling Stock requirements (for 280 million tonnes exercise) against an overall traffic target of 300 million tonnes were calculated on the then prevailing lead of about 670 kms. At the time, the traffic targets were scaled down to 260 million tonnes (250 million tonnes for Rolling Stock), an average lead of 678 kms. was adopted. The Planning Commission had, however, felt that the average lead may be around 660 kms. The actual leads, however, are as under:

1974-75	683 kms.	
1975-76	664	
1976-77	656 ,,	
1977-78	685 ,,	(anticipated)

24. The Ministry of Railways have added that in summing up, the Railways would like to assure that they are fully conscious of the need and their own responsibility in arriving at realistic estimates of traffic. However, this has necessarily to be done in consultation with the user Ministries and the Planning Commission.

Freight Carrying Capacity

25. The Committee enquired during evidence whether the Railways had made any analysis of the freight carrying capacity developed so far, the extent to which it had been utilised and the reasons for shortfalls in utilisation of such capacity. The representative of the Ministry stated that according to the latest exercises done a couple of months ago, it was estimated that the Railways had a capacity of 247 to 248 million tonnes of originating freight traffic with an average lead of 678 kms. *i.e.* a total of 168 billion net tonne kms. The capacity that had been worked out was just equal to the demand and in fact slightly ahead, since they had idling of capacity in the slack season.

26. The Committee note that for the Third Plan (1961-62—1965-66), Planning Commission indicated in February, 1960 rail transport requirements of 238.8 million tonnes by 1965-66, but in March, 1961, the target was revised upwards to 248.9 million tonnes based on the upward revision of estimates in respect of raw materials and coal for steel plants, coal for the general public; railway material etc. Thus, 248.9 million tonnes became the original target for the Third Plan. However, in January, 1962 on the basis of certain studies made, the traffic forecast for the last year of the Third Plan underwent a further upward revision to 264 million tonnes based on an expected increase in coal traffic (by 5 million tonnes) and general goods traffic (by 10.1 million tonnes). Yet another change in the target was made in November, 1963 at the time of mid-plan appraisal and the target was reduced to 245 million tonnes. Thus, after these changes, the ultimate target fixed at the end of 1963 was 245 million tonnes for the last year of the Third Plan viz. 1965-66. However, in spite of all these exercises, the actual traffic carried during the last year of the Third Plan was only 203.1 million tonnes, leaving a shortfall of as much as 42 million tonnes.

As far as lead of traffic is concerned, the Committee observe that for the Third Plan "no presumptions" were made regarding any increase in average lead and it was "generally assessed" that the lead would remain the same as obtaining at the time of formulation of the Plan (i.e.) 561 kms. However, at the end of the Third Plan it was found that the average lead had in fact gone up to 576 kms. (i.e.) an increase of 15 kms.

27. So far as the Fourth Plan is concerned, the Committee find that the user Ministries projected a figure of 290.8 million tonnes (including railway material) of freight traffic to the Working Group on Freight Traffic and after discussions, the target for the Fourth Plan was fixed at 264.7 million tonnes for the last year of the Plan. At the time of mid-term appraisal of the Plan in January, 1971, the target was reduced to 240.5 million tonnes. However, the actual materialisation of traffic was in the order of 201 million tonnes in 1972-73 and 184.9 million tonnes in 1973-74, the last year of the Plan, leaving a gap of 55.5 million tonnes between the anticipated and the actual traffic.

As regards average lead of traffic, 623 kms. was originally adopted at the time of formulation of the Fourth Plan and at the time of mid-plan appraisal, a lead of 630 kms. was adopted. However, the actual lead went up to 678 in 1972-73 and at the end of the Plan (1973-74) it came slightly down to 662 kms. Thus, the increase in the lead between what was adopted and the actual was 48 kms.

28. For the Fifth Plan, the Working Group for freight Traffic projected a traffic level of 335 million tonnes for 1978-79 but the Railways suggested

a target of 280 million tonnes. However, the draft Plan laid down a target of 300 million tonnes for the last year of the Plan. This target was lowered to 260 million tonnes at the time of finalising the Plan in the later part of 1976. The actual materialisation of traffic during the third year of the Plan (1976-77) was only 239.1 million tonnes and during the fourth year of the Plan (1977-78) it was expected to be 240 million tonnes. The anticipated traffic for the year 1978-79 is about 248 million tonnes.

So far as average lead is concerned, the Committee observe that originally at the time of formulation of the Fifth Plan the then prevailing lead of about 670 kms. was adopted and subsequently at the time of finalising the Plan in the latter part of 1976, 678 kms. was adopted, though the Planning Commission felt that it would be around 660 kms. The actual lead in each year of the Fifth Plan was 683 kms. in 1974-75, 664 kms. in 1975-76, 656 kms. in 1976-77 and 685 kms. in 1977-78 (anticipated).

The above analysis clearly shows that on the one hand, the targets in terms of originating tonnage proved to be very much on the higher side in successive Plans and on the other, the assumption regarding increases in average leads of traffic have proved to be on the conservative side. This would, therefore, mean that despite the constitution of the Working Group for Freight Traffic by the Planning Commission with the Chairman, Railway Board as the convener, there has not been a realistic appraisal of the possible railway transport demands. The Committee find that the user Ministries have tended to exaggerate their production estimates, the Planning Commission have adopted a conservative increase in lead and Railways have worked out their investment requirements largely on the basis of these projections which had ultimately proved to be different. While the Committee generally agree that the availability of transport should be slightly ahead of the demand, they cannot help observing that though the target of originating tonnage fixed for the Third Plan viz. 245 million tonnes is yet to materialise, the Railways have gone on making huge investments after the Third Plan based on unrealistic forecasts of freight traffic. The Plan expenditure was during the Third Plan Rs. 1686 crores, during the inter-Plan period Rs. 763 crores, during the Fourth Plan period Rs. 1420 crores and during the first four years of the Fifth Plan period (i.e. upto March, 1978) Rs. 1551 crores. The Committee are quite familiar with the argument of the Railways that the total quantum of workload as indicated by the net-tonne kms. has been increasing over the years e.g. from 87.7 billion NTKMS in 1960-61 to 116.9 billion NTKMS in 1965-66 (an increase of 33 per cent), to 125 billion NTKMS in 1968-69 (an increase of 43 per cent over 1960-61) to 136.5 billion NTKMS in 1972-73 (an increase of 56 per cent over 1960-61) and 148 billion NTKMS in 1975-76 (an increase of 68 per cent). What the Committee would like to point out here is that this increase in the workload over the years has not come about in the manner the Plan estimates envisaged in terms of originating traffic and the leads of traffic. What has really happened is that the shortfall in originating traffic has been to a large extent balanced by the higher than assumed average lead. The Committee, therefore, feel that Government should set themselves to the task of realistically assessing the future Railway transport requirements. For such a realistic planning, it is obvious that the production estimates given by the user Ministries must be subjected to a closer and more critical scrutiny. It is also necessary to work out the leads of traffic, major commodity-wise more critically. The Committee consider that this is not a difficult task as most of the bulk commodities move largely on a programmed basis and as clear origin-destination-wise data should be available with user Ministries. The Committee trust that in order to ascertain realistically the future requirements of Railway transport, the Ministry of Railways would undertake a critical and in-depth study of the past trends in the growth of lead in major commodities and the likely changes in the pattern of their movement due to new production and consuming centres coming up as a result of growth particularly in the industrial and agricultural sectors.

30. The Committee were informed earlier that according to a "rough analysis", out of the total Plan expenditure of Rs. 3869 crores during the period 1961-74, about Rs. 1232 crores was the expenditure on the freight traffic (i.e.) about 32 per cent. This figure was arrived at by a process of elimination, that is, by deducting from the total expenditure, the following items of expenditure:

(i) non-capacity generating expenditure (DRF, DF, OLWR, investment in Road services, electrification and inventories) (Rs. 17.83 crores).

(ii) Estimated expenditure on rolling stock for passenger traffic (Rs. 329 crores).

(iii) Proportionate expenditure on items connected with passenger traffic. (Rs. 525 crores).

The Committee were also informed that the above analysis was on broad terms.

31. The Committee were further informed during evidence that the expenditure on the following plan heads only directly contributed towards generation of freight carrying capacity on the Railways:

(i) Rolling Stock

(ii) Line Capacity

(iii) Signalling and safety

(iv) New Lines.

It was also stated that indirectly part of the expenditure on 'workshops and sheds' which is related to the maintenance of additional wagons and locomotives also contribute towards generation of capacity for freight traffic. The Committee were also informed that expenditure on all these items was not related only to generation of freight carrying capacity and that except in the case of rolling stock, it was not possible to apportion expenditure under these heads as relatable only to generation of additional freight carrying capacity. Thus, it is clear that the Railways have not so far undertaken a detailed or scientific analysis of their investments to study the expenditure incurred on creation of additional freight carrying capacity or passenger carrying capacity and how far they have been productive. The Committee feel that it is high time that the Ministry of Railways undertake such an exercise by adopting modern accounting techniques so that it can provide the basic parameters for determining the allocation of resources to the Railways for augmenting the traffic capacity for the future.

31. The Committee have been informed during evidenc that the present freight carrying capacity of the Railways, as worked out very recently, is about 247 to 248 million tonnes of originating traffic with an average lead of 678 kms. (i.e.) a total of 168 million NTKMS. (The traffic carried during 1977-78 was about 240 million tonnes). The Committee were also informed that this capacity was just equal to the demand and in fact slightly ahead since they had idling capacity in the slack season. The Committee feel that the Railways can carry more traffic if the existing assets are more fully and efficiently utilised through modernisation and by adopting scientific management techniques. The Committee feel that the Railways should place as much emphasis on consolidation as on expansion and ensure that investments are made on a selective basis after a careful assessment of requirements.

Coaching Unit Costs (Sl. Nos. 11, 12 & 13—paragraph Nos. 2.38, 2.39 and 2.40)

33. In paragraphs 2.38, 2.39 and 2.40 of the Ninth Report, the Committee noted that the losses of passenger services were estimated to be in the order to Rs. 130 crores during 1975-76 and desired that the Railways should complete the coaching cost study to enable them to assess the economics of operations of train services and classes of travel. They pointed out that in the absence of such a study, the Railways were not in a position to identify the coaching services which were unremunerative from the passenger traffic point of view.

34. In reply, the Ministry of Railways have stated that on the basis of revised estimates for 1975-76 the estimated loss on coaching services would be Rs. 122.90 crores. The Ministry have also stated that the metho-

dology of coaching costing has been finalised. The development of unit costs of operation of Mail/Express and ordinary trains class-wise on the Broad Gauge on the basis of this methodology is nearing completion. It would be possible to assess the profitability on broad basis of Mail/Express and ordinary trains, and also by classes of travel after the unit costs have been developed.

35. The Committee note that though Railways have been in the red for a decade it is only recently that they have been able to finalise their methodology for evolving coaching unit costs. The delay in evolving methodology for assessing coaching unit costs is all the more surprising in view of the fact that the Railways have since long been contending that their coaching services are not viable.

36. Though the Railways have finalised the methodology for evolving coaching unit costs, they are yet to complete the development of unit costs of operation of Mail/Express and ordinary trains—class-wise without which the profitability of the various train services and classes of travel cannot be properly determined. The Committee would urge the Ministry of Railways that they should address themselves to this important and urgent task without further loss of time and work out in concrete terms the profitability of important train services and classes of travel, particularly on which the Railways allege they are incurring losses. The Committee need hardly emphasise the importance of this matter as it would not only help the Railways to resolve the longstanding controversy about the losses on passenger services but also help to identify the factors contributing towards losses so that running of passenger services and composition of trains could be rationalised in the best public interest to obviate losses.

Provision of diesel rail cars (Sl. No. 34, *Paragraph No.* 4.78)

37. In paragraph 4.78 of their Ninth Report, the Railway Convention Committee, 1973 observed that though the Railways were seized of the desirability of running diesel rail cars on branch lines to provide compact and speedy passenger service, not much progress has been made in producing indigenously the power pack required for the diesel rail cars. The Committee urged the Ministry of Railways to intensify their efforts to locate a suitable power pack for running diesel rail cars and have it manufactured on trial basis in the first instance and later introduce it more extensively.

38. In their reply, the Ministry of Railways have stated that the RDSO Lucknow undertook a technical study of the comparative merits of the various types of indigenous power packs and transmissions and in September, 1969 submitted the Report. The Report was later discussed in

the Directors' Committee and they decided that a detailed examination was required before a decision was taken not only on the question of replacing the existing stock of diesel rail cars but also on the question of introducing rail cars on certain BG sections of the Railways. In June, 1973, a letter of intent for the manufacture and supply of two BG diesel rail cars sets was placed on M|s. Bharat Earthmovers Ltd., Bangalore. This letter of intent was later cancelled and the Integral Coach Factory has recently been asked to proceed with the manufacture of prototype diesel rail cars.

39. In the reply furnished in December, 1977, the Ministry of Railways have stated that the manufacture of proto-type rail cars has been programmed on the Integral Coach Factory, Madras for 1980-81 and that the actual manufacture will depend upon the relative priorities vis-a-vis other coaching stock under manufacture for which there is acute shortage, as also specific allocation of adequate funds.

40. Asked about the number of diesel rail cars on the Railways, the representative of the Ministry informed the Committee during evidence that they had purchased 23 BG diesel cars from the Commonwealth Engineering Company of Australia in 1958. Their power packs had outlived their normal life. It was also found that on the BG sections the rail cars were inadequate for meeting the traffic requirements since one power car with two trailer coaches could carry about 100 persons only. The research organisation had made a study and concluded that the rail cars could replace three coach passenger trains. Since they did not have such trains now on the BG, the rail cars had become redundant. Besides, they would have to have proper infra-structure by way of diesel shed installation which would need to be shifted to the area where rail car had to be operated. It was, therefore, being considered whether it would not be better to remove the power packs and continue to use the shell portion as the trailer coach in ordinary trains.

41. So far as the MG rail cars were concerned, the witness stated that 5 cars had been purchased from Japan and 7 from Italy in 1956. Another 12 had been made by ICF in the sixties. They, therefore, had 24 MG diesel rail cars in all. They were thinking to cannibalise the overage cars by taking out the power pack and running them as trailer coaches. The ICF had some export potential and were building prototypes for export to countries in the Middle East and the Asian countries particularly in South East Asia where population was not so much.

42. On the narrow gauge, they had 6 diesel rail cars purchased from UK 4 of these cars were of 1923 vintage and 2 of 1927 vintage. It was proposed to continue to use them.

43. The Committee are constrained to point out that though the need for designing and undertaking manufacture of diesel rail cars was recognised in the Sixties, till now not a single diesel rail car unit has been manufactured in the country. The Committee feel that with the experience of running these diesel rail cars for the last 28 years, it should have been possible for the Railways to determine the economics and suitability of the service to cater to short distance passenger traffic.

44. The Committee now understand that it is being considered whether it would not be better to remove the power packs from the existing diesel rail cars on the Broad Gauge and continue to use the shell portions as the trailer coaches in ordinary trains, as the power packs of the rail cars had outlived their normal life and as these cars were inadequate to meet the traffic requirements since one power car with two trailer coaches could carry about 100 persons only. On the Metre Gauge also, the Railways are now thinking of cannibalising the overaged diesel rail cars by taking out the power pack and running them as trailer coaches. On the Narrow Gauge, it is being proposed to continue to use the rail cars.

45. The Committee would urge the Government to come to definite decisions on the use of diesel rail cars in the country on the basis of the economics of their operation and further availability of such diesel rail cars. The Committee feel that there is scope for use of diesel rail cars as shuttled services for catering to commuters to district towns from nearby areas. The Committee, would, therefore, like that a deeper study is made and the feasibility of using diesel rail cars for catering to short distance traffic is thoroughly examined. The Committee would like to be apprised on the outcome of such a study and the decisions taken thereon.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 1, Para No. 1.136)

"The Committee observe that the financial position of the Railways was quite solvent till the end of the Third Plan; the net surplus shown by them during the quinquennium 1961-62 to 1965-66 was of the order of Rs. 147 crores after paying dividend etc. amounting to Rs. 474 crores. Thereafter, the position took a turn for the worse and the cumulative deficit to the end of 1973-74 was Rs. 182 crores of which a sum of about Rs. 124 crores was accounted for during the Fourth Plan period. This is in spite of the substantial relief of about Rs. 102 crores afforded by the Railway Convention Committee, 1971. The Capital-at-charge of the Railways has increased from Rs. 1521 crores at the end of the Second Plan to Rs. 3893 crores at the end of the Fourth Plan with consequent increase in the dividend liability from Rs. 56 crores to Rs. 171 crores (approx.) during the above period."

Reply of Government

The observation of the Committee has been noted.

[Ministry of Railways (Rly. Board) O.M.
No. 75-B(RCC)—4230 dt. 28-9-76]

Recommendations (S. Nos. 2 & 5, Para Nos. 1.137 & 14.140)

2. The Committee are greatly concerned to find that the financial forecast for the Fifth Five Year Plan indicates a net shortfall of Rs. 319 crores at the end of the Plan period.

5. The Committee need hardly point out that the social burdens on the Indian Railways are not a new phenomenon and the Railways since their inception have been bearing such obligations and that till 1965-66 the Railways, inspite of carrying social obligations, were showing surplus. It is only since then that the finances of the Railways have shown a steady decline and today they are not even in a position to pay the reasonable dividend on their capital-at-charge without borrowing from the General Revenues.. The Committee are of the view that as a commercial organisation, the Railways, which have a separate budget of their own with an

inherent freedom to formulate their policies, should try to put their finances in proper shape at an early date by finding solutions to the various problems that they face without seeking external assistance.

Reply of Government

The Railway Ministry are alive to the need to improve the financial position of the Railways. The shortfall of Rs. 319 crores by the end of Fifth Five Year Plan period indicated in the Financial Commissioner's Memorandum was based on the level of fares and freight rates existing at the end of Fourth Plan (1973-74) and the anticipation of the level of traffic during the Fifth Plan. In an effort to bridge the budgetary gap, and to raise resources, adjustments in freight rates and fares have been effected to yield additional revenue of Rs. 269.85 crores in 1974-75, Rs. 39.00 crores in 1975-76 and Rs. 87.35 crores in 1976-77. With the measures taken to bridge the gulf between costs and earnings, expectation of the continuance of the hopeful trend in the economy noticed from the later half of 1975 and of the improved utilisation of rail capacity in the wake of emergency, it is anticipated that Railways will be able to substantially improve their financial position provided, of course, there is no undue increase in the level of wages and prices.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230, dt. 28--9-76]

Further information called for by the Committee

Please indicate:

(a) The financial results of working of the Railways for the year 1975-76 (actuals);

(b) the latest estimates for 1976-77;

(c) the anticipations for each of the remaining years of the Fifth Plan period.

Reply of Government

Part (a):

The acocunts for the year 1975-76 have not yet been finally closed. However the financial results of the Railways based on the latest available figures is as given in the table below:—

1	2
	(Figures in crores of Rupees)
Traffic Earnings	1803.85
Traffic Suspense	—36.85
Gross Traffic Receipts	1767.00
Total Ordinary Working Expenses (Grants to 4 to 10 including Suspense)	1469.98
Appropriation to Depreciation Reserve Fund	115.00
Appropriation to Pension Fund	24.25

1	2
Payment to Worked Lines	0. 20
Total Working Expenses	1609.43
Net Traffic Receipts	157.57
Net Miscellaneous Receipts	—20.36
Net Revenue	137.21
Payment to General Revenue	199.16
Surplus /Shortfall	—61.95

Parts (*b*) & (*c*).

1. The table below gives the estimated financial results of Railways for the years 1977-78 and 1978-79 (the remaining two years of the Fifth Plan) in comparison with Budget Estimates for 1976-77:—

(Rs. in crores)

	1976-77 Budget Estimates	1977-78 Estimated	1978-79 Estimated
Earnings :			
Passenger	518.01	538.73	560.28
Other Coaching	87.18	91.54	96.12
Goods	1327.63	1421.28	1487.08
Sundries	43.00	45.15	47.40
TOTAL	1975.82	2096.70	2190.88
Suspense	—20.00	—20.00	—20.00
Gross Traffic Receipts	1955.82	2076.70	2170.88
Ordinary Working Expenses	1551.42	1642.67	1712.82
Appropriation to D.R.F.	135.00	140.00	145.00
Appropriation to P.F.	30.00	30.00	35.00
O.L.W.R. & Other Misc. Expenditure	22.82	25.36	24.82
Total Expenditure	1739.24	1838.03	1917.64
Net Revenue	216.58	238.67	253.24
Dividend to General Revenues	207.60	222.63	238.19
Surplus (+)/Shortfall (—)	+8.98	+16.04	+15.05

The Budget for 1976-77 as approved by the Parliament in March, 1976 envisaged a surplus of Rs. 8.98 crores. It is too early to assess the end financial results for the year but the actuals during the first quarter (April-June 1976) indicate a satisfactory trend and there is every hope that the modest surplus envisaged in the Budget will be achieved.

2. From the estimates for 1977-78 and 1978-79 indicated above, it will be seen that Railways hope to sustain the surplus during the remaining two years of the Fifth Plan. The estimated financal results for 1977-78 and 1978-79 are based on the data presently available and make the following assumptions:—

(i) *Earnings.*—It is assumed that in keeping with the trends of traffic, there will be a growth of 4 per cent in passenger earnings, and 5 per cent increase in Other Coaching and Sundtry earnings in each of the two years. Estimates of goods earnings are based on the expectation of the revenue earning traffic rising to 216 million tonnes in 1977-78 and 226 million tonnes in 1978-79.

(ii) *Expenditure.*—Ordinary Working Expenses for 1977-78 have been projected @ 79.1 per cent of Gross Traffic Receipts and 78.9 per cent for 1978-79 against 79.3 per cent as per Budget Estimates for 1976-77 *i.e,* an improvement of 0.2 per cent in each year. Appropriation to Depreciation Reserve Fund has been provided for in keeping with the proposals made to the Railway Convention Committee for a total appropriation of Rs. 650 crores to the Fund from revenue over the Fifth Plan period.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230, dt. 23-11-76]

Further information called for by the Committee

Please furnish a statement showing the latest information regarding the financial results of working (with the necessary break-up) of the Railways during 1975-76 and 1976-77 and the anticipation during 1977-78.

Reply of Government

A statement showing the information regarding the financial results of working of the Railways during 1975-76 and 1976-77 and anticipations during 1977-78 is given below:—

(Figures in crores of rupees)

	1975-76 Actuals	1976-77 Actuals	1977-78 Budget Estimate
Traffic Earnings . . .	1803.86	2035·37	2135·24
Traffic Suspense	—36.85	+ 0.74	—25.00
Gross Traffic Receipts	1767.01	2036·11	2110.24
Total Ordinary Working Expenses (Grants 4 to 10 including Suspenses)	1470.17	1548.96	1648.74*
Appropriation to Depreciation Reserve Fund	115·00	135·00	140.00
Appropriation to Pension Fund . .	24.25	34.40	39·35
Payment to Worked Lines . . .	0.20	0.20	0.21
Total Working Expenses .	1609.62	1718.56	1828.30
Net Traffic Receipts .	157·39	317·55	281.94
Net Miscellaneous Receipts .	—20·36	—21.26	—24·12
Net Revenue	137·03	296.29	257·82
Payment to General Revenues	198.14	209.05	225·32
Surplus (+)/Shortfall (—)	—61.11	+87·24	+32·50@

*This does not take into account the effects of Additional Dearness Allowance with effect from 1-9-1977.

@Although a tentative re-assessment of the financial results for 1977-78 has been attempted with reference to "resource generation", Budget Estimate figures are retained in the above statement, as a more accurate revised forecast can be made only after receipt of the Revised Estimates from the Zonal Railways.

[Ministry of Railways (Rly. Board) O.M. No. 77-B(RCC)-4230 dt. 7-12-77]

Recommendation (S. No. 3 para 1.38)

The Committee also note that the losses on Social Burdens borne by the Indian Railways have risen from Rs. 169 crores in 1970-71 to Rs. 282 crores in 1974-75 (estimated). The Railways anticipate the loss in the year 1975-76 to be of the order of Rs. 138 crores.

Reply of Government

Attention is drawn to the written reply given to point No. 5 arising out of the evidence of the Railway Board before the Railway Convention Committee on the 25th/26th March, 1975, quoted in para 1.39 of the 9th

Report. Taking into account the factors explained therein, the comparative figure of losses for 1970-71 should be Rs. 159.42 crores.

The figure of Rs. 138 crores for the year 1975-76 was only a rough estimate—that too excluding cost of health services, RPF, Police services etc.—as explained in the oral evidence given in May, 1975 (quoted in para 1.43 of the 9th report). The quantum of losses on social burden as per the revised estimate presented to the Parliament in March, 1976 works out to Rs. 264.54 crores for the year 1975-76.

[Ministry of Railways O.M. No. 75-B(RCC)-4230 dt. 28-9-76]

Further information called for by the Committee

It is observed from the Explanatory Memorandum on the Railway Budget for 1976-77 (page 100) that the estimated financial effect of Social Burdens on Indian Railways for 1975-76 would be Rs. 165.19 crores. The rough estimate furnished earlier to the Committee for 1975-76 was Rs. 138 crores.

Reply of Government

As mentioned in the record of oral evidence by the fiinancial Commissioner before the Railway Convention Committee on page 15, para 1.43, an estimate of loss of Rs. 138 crores for 1975-76 was based on the data available at that point of time viz., May, 1975. It was further clarified that a better picture would be available by February, 1976.

The revised assessment of Rs. 165.19 crores was made in February, 1976, and given in the Budget documents for 1976-77. The difference between the two figures was due to the following:—

(i) The former was based on the Budget Estimates, and the latter on the Revised Estimates, of earnings and expenditure in 1975-76.

(ii) In the meanwhile, the procedure for apportionment of expenditure between coaching and goods was rationalised *vide* Board's letter No. 75-CA(Stat)/Chg/87 dt. 24-9-1975. The goods services were allocated a higher share as compared to the previous years.

Between the Budget Estimates stage and Revised Estimates for 1975-76, the estimate of the volume of freight traffic to be handled was revised downwards from 131480 NTKMs to 130875 NTKMs, at the same time the estimated expenditure attributable to freight traffic increased by 16.20 per cent from Rs. 933.42 to Rs. 1084.60 crores, due to both increases in the cost of inputs and in the share of goods services. In the result the loss on account of social burdens increased to Rs. 165.19 crores.

The figures of actual quantum of effect of social burdens for 1975-76 will be available only in about February, 1977, after the closure of the annual accounts.

The break-up of the figures of Rs. 138 crores and Rs. 165.19 crores referred to above is furnished below:—

Break-up of losses on account of Social Burdens during 1975-76.

(Rs. in crores)

	May, 1975	February, 1976
(A) Less on coaching service (suburban & non-suburban)	129.8	122.92
(B) Loss on low-rated commodities:		
Foodgrains	..	10.75
Fodder	3.52	7.16
Coal	..	6.96
Edible salt	0.65	5.31
Oil seeds	..	2.89
Fruits and Vegetables	1.28	2.86
Gur, shakker and Jagree	0.96	1.81
Firewood and charcoal	0.99	1.62
Ores (other than iron and manganese ores)	..	1.13
Edible oils	..	0.51
Limestone and dolomite	..	0.29
Molasses	..	0.29
Sugarcane		0.09
Organic manure	0.03	..
(C) Losses on freight concessions and relief measures	0.70	0.60
TOTAL	137.93	165.19

[Ministry of Railways O.M. No. 75-B(RCC)-4230 dt. 23-11-76]

Further Information called for by the Committee

Please state the break-up of losses on account of social burdens during the year 1975-76 based on actuals and during 1976-77.

Reply of Government

Losses on account of social burdens for 1975-76 *and* 1976-77

(Rs. in crores)

	1975-76 Estimated	1975-76 Actual	1976-77 Estimated
A. *Low rated Commodities* . .	41·87	62·90	66·65
Foodgrains . .	10·75	22·45	27·04
Coal .	6·96	4·44	..
Fodder . . .	7·16	7·59	6·75
Ores other than iron ore and manganese ore	1·13	2·03	1·97
Gypsum, Limestone and dolomite	0·29	0·33	
Firewood & Charcoal	1·82	2·63	2·92
Sugarcane .	0·09	0·14	..
Fruits & Vegetables	2·86	4·96	2·53
Salt	5·31	6·61	8·46
Gur, Shakkar, Jagree	1·81	2·29	3·54
Molasses	0·29	0·58	0·81
Bamboo	..	2·29	1·95
Oilseeds	2·89	3·06	3·07
Edible Oils	0·51	1·34	2·17
Livestock		2·16	2·44
B. Loss on coaching services (suburban and non-suburban) passenger traffic parcels, luggage etc. . . .	122·92	125·01	116·68
C. Loss on freight concessions and relief measures	0·60	0·60	0·10
TOTAL . . .	165·19	188·51	183·43

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230 dt. 31-10-77]

Recommendation (S. No. 4, Para No. 1.139)

The Committee observe that the Indian Railways, like any other railway system elsewhere in the world, are as much a commercial enterprise as a public utility service. This dual character of the Railways naturally limits their commercial freedom and gives rise to certain obligations which, but for their public service character, they would not have been called upto to bear. As an inevitable consequence, the Railways have to bear certain losses arising out of such obligations. Such losses alone which are distinct from commercial deficit would constitute a social burden on the Railways. Losses arising from the continued running of unprofitable services needed by the public or charging uneconomic fares/rates on certain traffic in the interest of the community at large are some illustrative instances of social burdens.

Reply of Government

The observation is noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230 dt. 28-9-76]

Recommendation (S. No. 7, Para No. 1.142)

"The Committee consider that the Railways will have to look within and find out that what more they can do for the trade and industry and the public at large to earn their good-will rather than what the public revenues can do for them. It is high time the Railways realised that it is only the customer satisfaction that will bring more business to them and augment their earnings. The Committee need hardly empasise that the Railways should take vigorous and effective steps to plug all loopholes and prevent the colossal loss of revenue through pilferages, thefts and ticketless travelling. Further, while the Railways claim that there is no shortage of wagons there is a general complaint by the trading and business community that wagons are not made available in time and in adequate number. The Committee, cannot, therefore, over-emphasise the need for making wagons readily available to meet the genuine requirements of the trade. Likewise in the matter of provision of passenger services, the Railways are still a long way off in making travel reasonably comfortable and free from overcrowding and vexatious reservation problems. It is imperative that the Railways streamline their functioning and manage the operations in such a way that they are looked upon as the most economic, competitive, efficient and reliable mode of transportation in the country. This should not, however, be interpreted to mean that the Railways should be precluded from getting any compensation for the losses on services rendered by them in the larger public interest such as continued operation of uneconomic branch lines and suburban services etc."

Reply of Government

The Railways are alive to the need to provide customer satisfaction and it is precisely out of this realisation that a Marketing and Sales Organisation was set up on all Zonal Railways as far back as 1967. An important function of this organisation is to devise and introduce customer oriented services tailored to suit the needs of Railways users and generaly to improve the quality of service rendered to them. Among the important customer oriented services, introduced by Railways in recent years are the container services providing door-to-door pick up and delivery of goods, mostly high rated; the Freight Forwarder Scheme and Mobile Booking Service, under which traffic is booked at the premises of customers, opening of out Agencies in areas not served by rail etc.

2. With a view to plugging all loopholes and losses of revenue due to pilferage, thefts and ticket-less travelling, Railways have taken various measures. Important among them are:—

Against Thefts and Pilferages

(i) Escorting of goods trains in respect of commodities like iron and steel, foodgrains, sugar, oil seeds etc. on vulnerable sections; patrolling by Railway Protection Force armed personnel of major yards, collection of crime intelligence and conducting of surprise raids with a view to tracking down criminals and receivers of stolen goods; detention of criminals and receivers of stolen property under MISA; insistence on provision of dunnage to protect wagon flap doors in cases of wagon loaded with vulnerable commodities etc.

(ii) Intensified supervision and carefully fallying of packages during loading and unloading operations; instensified supervision at break of gauge transhipment points and repacking points etc.

As a result of these and several other measures taken by Railways the number of claims received during the last quarter of 1975 has dropped by 20,000 as compared to the figures of corresponding period of the previous year.

Against Ticketless Travelling

(i) Concentrated checks, very often with an element of surplus, by large number of Ticket Examiners, Railway Protection Force personnel, Government Railway Police Force and accompanied by Railway Magistrates are being made at stations.

(ii) Magisterial drives in coordination with State Governments are also being conducted. These joint drives have been very successful on sections where ticketless travelling had been rampant.

(iii) Services of volunteers from among students, Railway staff, social service organisations like Bharat Sewak Samaj etc. have also been utilised in the drive against ticketless travel.

As a result of the ticket checking drives undertaken during the period from July to December, 1975, an amount of Rs. 169.5 lakhs was realised as Railway dues and Rs. 18.82 lakhs as judicial fines.

3. It is the constant endeavour of the Railways to ensure quick availability of wagons to the trade with a view to achieving maximum loading and thereafter to ensure fast transit of consignments. There has been a spectacular improvement on the Railways in these respects during the period July, 1975 to January, 1976 when record loading was achieved in successive months. During this period a record daily average loading of 23765 wagons on the Broad Gauge was attained as compared to 21790 wagons during the corresponding period of the previous year. In January, 1976, the daily average loading on the B.G. exceeded 25,000 wagons which was the highest loading in a month till that time. The daily average loading on the metre gauge was also at a high level of 5400 wagons during the same period. As a result of the improved loading, wagon demands are now current. Special attention is being paid to faster running of goods trains and running of Super Express Goods trains on the trunk routes has been streamlined. The faster transit, improved wagon availability and wagon turn round has contributed to the better utilisation of railway's assets and enabled the Railways to be ahead of traffic demands. All possible efforts are being made to maintain the tempo of freight operations on the Railways.

4. With a view to providing more comfortabe travel to passengers and to prevent overcrowding on long distance trains a number of new trains have been introduced, the loads of existing trains have been augmented and their runs extended. The frequency of weekly/bi-weekly trains has also been increased to the extent feasible. For second class passengers a new standard of comfort for long distance travel has been achieved by the introduction of Jayanti Janata trains on the following routes:—

(i) New Delhi-Cochin/Mangalore

(ii) New Delhi-Muzaffarpur

(iii) Delhi-Ahmedabad

(iv) New Delhi-Secunderabad

(v) Bombay VT-Cochin.

These trains provide mostly reserved accommodation with a dining or pantry car for service of food and facility of bed & linen on payment of a nominal charge.

5. The system of making advance reservation without any time limit was introduced w.e.f. 15-4-1975 in all classes and by all trains originating from important stations like Bombay, Delhi, Calcutta, Madras, Hyderabad/Secunderabad (BG), Lucknow, Ahmedabad and Gauhati for the

convenience of the passengers. The scheme has been widely appreciated by the passengers and the possibility of extending the scheme to all stations and by all trains is under examination. A scheme of making the entire accommodation, as "Reserved" on selected important trains running on busy trunk routes has been introduced with a view to affording much needed facilities to the long distance passengers and to prevent overcrowding. This scheme too has been appreciated by the travelling public.

6. Strict measures have been initiated to curb the activities of unsocial elements in concerning and blackmarketing of Railway reservations. A large number of unauthorised agents have been prosecuted and they are now not functioning openly as before. Railway administrations are conducting surprise checks at important reservation centres, at stations and in trains to ensure proper booking and reservation of tickets and utilisation thereof by genuine passengers. Reservation procedures and arrangements at important stations have been streamlined and reservations are now available to passengers without difficulty.

7. The Committee's observations that the Railways should streamline their functioning and manage the operations in such a way that they are looked upon as the most economic, competitive, efficient and reliable mode of transportation in the country are noted and the Railways will try their utmost to achieve these objectives. Steps already taken, as explained above, will go a long way in achieving them.

[Ministry of Railways (Raiyway Board) O.M. No. 75-B (RCC)-4230 dated 28-9-76]

Further information called for by the Committee

The information furnished in the reply may please be brought up-to-date.

The Railways are alive to the need to provide customer satisfaction and it is precisely out of this realisation that a Marketing and Sales Organisation was set up on all zonal Railways as far back as 1967. An important function of this organisation is to devise and introduce customer oriented services tailored to suit the needs of Railway users and generally to improve the quality of service rendered to them. Among the important customer oriented services, introduced by Railways in recent years are the container services providing door-to-door pick up and delivery of goods, mostly high rated; the Freight Forwarder Scheme and Mobile Booking Service, under which traffic is booked at the premises of customers, opening of Out Agencies in areas not served by rail etc.

2. With a view to plugging all loop-holes and losses of revenue due to pilferage, thefts and ticketless travelling, Railways have taken various measures. Important among them are:—

(a) *Against thefts and Pilferages.*

(i) Escorting of goods trains in respect of commodities like iron and steel, foodgrains, sugar, oil seeds etc. on vulnerable sections, patrolling of major yards by Railway Protection Force armed personnel, collection of crime intelligence and conducting surprise raids with a view to tracking down criminals and receivers of stolen goods.

(ii) Intensified supervision and careful tallying of packages during loading and unloading operations; intensified supervision at break of gauge transhipment points and repacking points etc.

As a result of these and several other measures taken by Railways the number of new claims registered started coming down from the year 1975-76 and a substantial improvement was noticed in the year 1976-77 in that the number of new claims came down by 2,55,844 as compared to the previous year. The improving trend continued during the first seven months of 1977-78 and the number of claims received dropped by 14,420 when compared with the corresponding period of the previous year.

(b) *Against Ticketless Travelling*

As a result of the concentrated efforts made by the railways to check ticketless travel, 11.87 lakh cases of ticketless or irregular travel were apprehended during the period 1-4-1977 to 30-9-1977 and a sum of Rs. 154.22 lakhs was realised as railway dues. Besides, railway dues to the tune of Rs. 61.41 lakhs were also realised on 8.36 lakh cases of unbooked luggage detected during the above period. In addition, a sum of Rs. 8.55 lakhs was realised as judicial fine.

The drive against ticketless travel is being continued with vigour.

3. It is the constant endeavour of the Railways to ensure quick availability of wagons to the trade with a view to achieving maximum loading and thereafter to ensure fast transit of consignments. There has been a spectacular improvement on the Railways in these respects during the period December, 1976 to June, 1977, when record loading was achieved in successive months. During this period a record daily average loading of 27,720 wagons on the Broad Gauge was attained as compared to 25,112 wagons during the corresponding period of the previous year. In February, 1977, the daily average loading on the B.G. was 28,038 wagons and it was the highest loading in a month till that time. The daily average loading on the metre gauge was also at ahigh level of 7179 wagons during the same period. As a result of the improved loading, wagon demands are now current. Special attention is being paid to faster running of goods trains and running of Super Express Goods trains on the trunk routes

has been streamlined. The faster transit, improved wagon availability and wagon turn round has contributed to the better utilisation of railway's assets and enabled the Railways to be ahead of traffic demands. All possible efforts are being made to maintain the tempo of freight operations on the Railways.

4. With a view to providing more comfortable travel to passengers and to prevent overcrowding on long distance trains a number of new trains have been introduced, the loads of existing trains have been augmented and their runs extended. The frequency of weekly/bi-weekly trains has also been increased to the extent feasible. For second class passengers a new standard of comfort for long distance travel has been achieved by the introduction of Jayanti Janata trains between New Delhi-Cochin/Mangalore, New Delhi-Muzaffarpur, Delhi-Ahmedabad and Bombay V.T.-Cochin.

These trains provide mostly reserved accommodation with a dining or pantry car for service of food and facility of bed and linen on payment of a nominal charge.

Besides, it is now the policy of the Railways that the additional long distance trains to be introduced in the coming years shall all be class-less "Janata trains". Accordingly, 135/136 Madras-Madurai Vaigai Express, 91/92 Tatanagar-Muzaffarpur-Tri-weekly Express, 69/70 Ajmer-Kacheguda bi-weekly Express, 29/30 Tirupati-Hyderabad Rayalseema Express and 59/60 Bombay-Howrah bi-weekly Gitanjali Express have been introduced with only second class accommodation. The second class coaches in 135/136 Vaigai Express have been provided with upholstored seats and those in 59/60 Gitanjali Express with cushioned berths.

5. The following steps have been taken to provide a better reservation service to passengers:—

(i) Efforts are made to reduce the gap between the demand and supply by introducing new trains, augmenting the loads of existing trains, extending their runs, increasing the frequency of weekly/bi-weekly trains and running holiday specials on important routes to clear the traffic.

(ii) The time-limit for advance reservation has been made six months at all stations and by all trains, to avoid blocking of accommodation by anti-social elements and providing a wider choice to bonafied passengers for planning rail journeys well in advance.

(iii) Reservation procedures and arrangements at important stations have been streamlined by opening addition booking windows, reservation counters, etc. to afford a better service to passengers.

6. Checks have been intensified with the help of anti-fraud squads, Vigilance Organisation, G.R.P. and R.P.F. to detect anti-social elements and Railway staff indulging in malpractices regarding reservation. Strict action is taken against the defaulters to improve matters.

7. The Committee's observations that the Railways should streamline their functioning and manage the operations in such a way that they are looked upon as the most economic, competitive, efficient and reliable mode of transportation in the country are noted and the Railways will try their utmost to achieve these objects. Steps already taken, as explained above, will go a long way in achieving them.

[Ministry of Railways (Railway Board) O.M. No. 77-B(RCC)-A230 dt. 7-12-77]

Recommendation (S. No. 8, para No. 1.143)

The Committee find that most of the foreign Railways are bearing social burdens resulting from the operation of certain types of services, fares and freight policies and provision of staff amenities. The social burdens generally carried by these Railways include losses arising from (i) unremunerative though socially desirable operations (ii) concessional fares and freight rates for specified categories of users and commodities (iii) restraint in the matter of raising freight rates and fares etc. to match the cost of inputs. The Committee also note that Railways abroad receive financial assistance from the concerned Governments to meet broadly the following social burdens:—

(i) losses from unremunerative passenger service continued to be operated in public interest (Britain, France, Canada) and/or short distance traffic (Germany).

(ii) losses from charging uneconomic fares and freight rates in line with Government's policy (Britain, Germany, France).

(iii) Cost of operation and maintenance of crossing (Germany)

Recommendation (S. No. 9, para No. 1.144).

In addition, some of these foreign Railways receive compensation in a number of other forms like subsidy for payment of interest (as in the case of German and Japanese Railways) writing down of capital liability (as in the case of British Railways), payment of local taxes at reduced rates (as in the case of Japanese and West German Railways) and subsidies to cover revenue deficits (as in the case of Japanese, German and British Railways).

Reply of Government

The observation is noted.

[Ministry of Railways (Railway Board) O.M. No. 75-B(RCC)-4230 dt. 28-9-76]

Recommendation (S. No. 10, para 1.145)

The Committee consider that before any compensation to meet the losses incurred by the Railways on uneconomic services is contemplated, it is necessary that a proper costing methodology is evolved to estimate as correctly as possible the losses incurred by them on account of the various social burdens. The Railways in their own interest should urgently evolve a methodology of costing their services which will receive an all-round acceptance and will enable them to determine with maximum accuracy the losses relatable strictly to the social burdens carried by them.

Reply of Government

It is submitted that every effort has been and continues to be made to evolve a proper methodology for assessing the losses incurred by the railways on account of various social burdens.

The losses incurred by the uneconomic branch lines are arrived at by carrying out an annual review of the working of each branch line. This review takes into account (a) the total earnings of the branch line proper and the additional earnings arising on the main line due to the existence of the branch line, and (b) the total cost of operation of the branch line plus the cost of operation on the main line traffic for which credit is given to the branch line. The methodology used has been reviewed in the light of the various recommendations of the Uneconomic Branch Lines Committee and detailed instructions have been issued laying down the method of assessing the capital cost, earnings and expenses for evaluating the viability of each Branch Line.

The losses incurred on suburban services, carriage of low rated commodities etc. are determined on the basis of traffic costing. As already advised to the Committee, the methodology of traffic costing has been continuously improved and refined using various statistical and other analytical techniques and taking into account the changes in operating and other conditions from time to time. Certain changes of considerable significance have been made during the last one year. In this connection, attention is invited to the reply to Recommendation No. 25 of this report.

The methodology for costing the passenger services has also now been worked out *vide* reply to Recommendation No. 11 of this report.

Traffic costing is still more of an art than a science and this is so not only on Indian Railways but railways around the whole world. It is, however, considered that the methodology evolved enables the railways to determine with sufficient accuracy the losses relatable strictly to social burdens carried by the railways.

[Ministry of Railways (Railway Board) O. M. No. 75-B (RCC)-4230 dt. 28-9-76].

Further information called for by the Committee

It has been stated that the methodology evolved enables the Railways to determine with sufficient accuracy the losses relatable to Social Burdens carried by the Railways.

Please state the details of losses relating to Social Burdens as computed on the aforementioned basis during the last three years, year-wise.

Reply of Government

A statement is enclosed giving the actual figures of losses relatable to social burdens during the years 1973-74 and 1974-75 based on the figures of actual expenditure and earnings.

In so far as the year 1975-76 is concerned, the estimated social burdens have been indicated in the Explanatory Memorandum (page 100) to the Railway Budget 1976-77. The figures of actual expenditure and the quantum of social burdens, etc. for 1975-76 will be available only in November, 1976 after the closure of annual accounts.

[Ministry of Railways (Railway Board) O.M. No. 75-B(RCC)—4230 dt. 23-11-76]

TABLE-I **Loss incurred by the Railways during* 1973-74 & 1974-75.

(Rs. in crores)

	Earlier assessment		Assessment on the Basis of actual expenses and earnings booked during the year.	
	1		2	
	1973-74	1974-75	1973-74	1974-75
A. Low rated traffic	115·40	45·61	122·36	84·58
Foodgrains	49·67	34·50	43·95	41·59
Coal	33·25	..	44·97	21·16

	1		2	
Fodder including oil cake	5·40	4·31	5·16	6·75
Ores	13·29	0·62	13·02	1·32
Gypsum limestone dolomite and other stones	1·18		4·79	
Firewood & Charcoal	2·74	1·45	2·82	1·68
Sugarcane	2·41	0·10	0·27	0·32
Fruits & Vegetables	2·07	1·50	1·98	2·21
Salt	2·18	1·19	2·43	2·53
Gur Shakker, Jagree	1·58	1·18	1·73	1·35
Molasses	0·03		0·08	0·39
Bamboo	1·60		1·16	
Organic Manure		0·05		0·01
Ground nuts				0·16
Other oil seeds		0·71		2·11
B. Loss on coaching services (Suburban and non-suburban passenger traffic, parcels, luggage etc.) .	95·06	153·50	77·61	127·75
C. Freight concessions on export trade, relief measures etc.	4·00	4·80	4·00	4·80
TOTAL .	214·46	203·91	203·97	217·53

*Including depreciation and dividend liability.

Recommendation (S. No. 14, para 2.41)

The Committee observe that the Railways charge concessional fares for travel to and from hill stations and also give concessions to students, sportsmen, artists, Defence personnel, blind persons, etc. The value of such concessions is estimated to be of the order of Rs. 13 to 18 crores per year. The Committee recommend that while such travel concessions may continue, the Railways should be reimbursed the cost thereof. With this end in view, the necessary financial arrangements may be worked out by Government.

Reply of Government

Noted. Action is being initiated in consultation with the concerned Ministries.

[Ministry of Railways (Railway Board) O.M. No. 75-B (RCC)-4230 dt. 28-9-76]

Further information called for by the Committee

It has been stated that action is being initiated in consultation with the concerned Ministries. Please state—

(a) when the action was initiated by the Ministry of Railways;

(b) which Ministries/Departments have been consulted; and

(c) the time likely to be taken before the financial arrangements are worked out by Government.

Reply of Government

In the first instance, the matter has been taken up with the Ministry of Finance for their views on the subject, since the kind of assistance contemplated by the Committee can only be given by the General Exchequer. Further action in the matter will be taken on receipt of the views of the Ministry of Finance. The other Departments concerned of the Government of India have been kept informed.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 23-11-76]

Further information called for by the Committee

Please indicate the latest position.

Reply of Government

The monetary value of travel concessions allowed to different categories of persons for various purposes is being worked out and is likely to be finalised shortly. Thereafter, the views of the Railway Convention Committee would be communicated to the various Ministries/State Governments and concerned bodies with the request to reimburse the cost of these concessions to the Railways.

[Ministry of Railways (Rly. Board) O.M. No. 77-B(RCC)-4230 dt. 25-10-77]

Recommendation (S. No. 15, Para 2.42)

The Committee note that with progressive dieselisation and electrification of passenger services, it is possible to carry, with the same assets on the same line capacity, a larger volume of traffic and thus earn more revenue. It has also been claimed that coaching services would become less unprofitable if more traffic is available on sections where trains are not fully occupied or where it is possible to run more trains within the available section capacity to meet the commensurate unsatisfied demand. The Committee desire that Railways should take concerted measures for augmenting their passenger earnings.

Reply of Government

Consistent with the availability of requisite resources by way of rolling stock, line/terminal capacity etc. continuous efforts are being made to introduce additional trains and extend the runs of existing trains to meet the requirements of traffic on difficult sections. During the years 1975-76 and 1976-77 so far, a total of 78 trains were introduced and the runs of 66 trains were extended. 22 pairs of trains were dieselised thus augmenting the accommodation by 2/3 coaches on each train. During 1975-76, the number of passengers originating, the passenger kilometres, and the passenger earnings have gone up as a result of these efforts. As compared to the year 1973-74, the percentage increase in the number of originating passengers in 1975-76 was 10.8 and the passenger kilometres was 7.69. The passenger earnings in 1973-74 was Rs. 367.15 crores and in 1975-76 (approximate actuals) was Rs. 514.11 crores.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee.

Please furnish updated data/information given in the earlier reply.

Reply of Government

During the years 1976-77 and 1977-78 so far, a total of 214 trains were introduced and the runs of 150 trains were extended. During 1976-77, the number of passengers originating, the passenger kilometres, and the passenger earnings have gone up as a result of these efforts. As compared to the year 1973-74, the percentage increase in the number of originating passengers in 1976-77 was 24.4 and the passenger kilometres was 20.8. The passenger earnings in 1973-74 was Rs. 367.15 crores and in 1976-77 was Rs. 569.29 crores.

[Ministry of Railways (Rly. Board) O.M. No. 77—B(RCC)—4230 dt. 7-12-77]

Recommendation (S. No. 16, Para No. 2.43)

The Committee would in this connection like to lay stress on the imperative need of augmenting the seating capacity of passenger coaches on which aspect the Railways have lately started bestowing their attention. The Committee are constrained to observe that although the railways have been incurring losses on coaching services for a long time, they did not pay serious attention till recently to improve the carrying capacity of the coaches. Had the railways been vigilant in the matter, it should have been possible for them to design suitable coaches or modify the existing coaches with the help of the RDSO. The Committee urge that all out efforts should be made to improve the carrying capacity of coaches and to make them quite comfortable and safe in order to attract more passenger traffic, particularly long distance traffic, within a time bound programme. The Committee recommend that the perspective plan as well as the progress made in implementation thereof, should be mentioned in the Annual Reports of the Ministry of Railways.

Reply of Government

1. Carrying capacity of short distance coaches (day coaches) has been increased from 48 to 60 in Chair Cars and in II class it has been increased from 80 to 90.

1.1 In case of BG I class the capacity has been increased to 26 berths instead of 22 berths in the earlier design.

1.2. A new design of BG Air-conditioned 2-tier sleeper car with 48 berths has been introduced.

1.3. Similar coaches of self-generating type for use in Mail and Express trains are also proposed to be manufactured with a carrying capacity of 46 berths.

1.4. In order to increase the carrying capacity of short distance main line coaches which are generally over-crowded on certain heavily patronised sections, it is proposed to introduce Broad Gauge Double Decker coaches with a carrying capacity of 146 passengers. Only one prototype is as yet under manufacture and only after the requisite trials/passenger reaction is assessed and a decision to be taken for further manufacture.

2. It will be observed that the coach carrying capacity has been increased in a large number of cases. All these coaches are safe. However, certain amenities are apt to get sacrificed while the carrying capacity is increased, *e.g.* in the double decker coach the number of passengers per lavatory has increased to 37 as against 23 ordinarily catered for. But because double decker is primarily meant for short distance run, it is anticipated that it would not cause much inconvenience.

Depending upon the availability of funds to the Railways the future construction of coaches would be according to the above design, and any further improvements in designs resulting in increased carrying capacity of coaches and progress made in implementation thereof will be highlighted in the Annual Report as recommended by the Committee.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 28-9-76]

Further information caller for by the Committee

Please state the progress made in the introduction of double-decker coaches and their manufacture.

Reply of Government

One prototype BG Double Decker Coach was turned out of the shops by Integral Coach Factory, Perambur in May, 1976. The coach was subjected to osciliation trials etc. to assess its suitability and riding qualities. Thereafter, it has been in service on Madras-Jolarpettai Section to ascertain passenger reaction. Steps are being taken to provide insulation to the roof of the coach, so that it could be put into service in the electrified Bombay-Poona Section for ascertaining passenger reaction on Deccan Queen Express.

A further order for 12 BG Double Decker Coaches has been placed on ICF for manufacture and they are expected to be turned out by ICF before the end of the current year (1977-78).

[Ministry of Railways (Rly. Board) O.M. No. 77—B(RCE)—4230 dt. 7-12-77]

Recommendation (S. No. 17, Para No. 2.44)

17. 2.44. The Committee note that the passenger fares are charged at telescopic rates. They feel that in the larger interest of unity and integrity of the country, the fares may continue to be charged on telescopic basis.

Reply of Government

The observations of the Committee have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 18, Para 2.45)

It has been claimed that there is an element of subsidy involved in the fares of 3rd class (now 2nd class) passengers who constitute the bulk of travelling public. The Railways have urged that the losses that they incur as a result of charging fares which are not economic *vis-a-vis* the cost of operations should be made good to them. The Committee, however, observe that according to the Ministry of Railways the question of assessing the quantum of shortfall in the fares charged as against the cost of operation, class-wise, could be examined only after finalisation of the coaching cost study. The Committee find that the Railway in Britain, West Germany and France have been receiving some kind of assistance for unremunerative passenger services. The Committee recommend that Government should evolve a financial arrangement in the light of findings of the costing study and the economics of operation of various classes of travel in consultation with the Ministry of Finance and Comptroller and Auditor General, whereby the Railways are compensated in some equitable manner for the unavoidable losses that they incur on second class passenger traffic only.

Reply of Government

Noted. Necessary action is being taken in the matter.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee.

Please state:

(a) whether Government have accepted the recommendation;

(b) whether the Railways have finalised the costing study and economics of operation of the various classes of travel and the details thereof;

(c) whether Government have worked out in the light of findings of the above study the necessary financial arrangement whereby the Railways are compensated in some equitable manner for the unavoidable losses they incur on second class passenger traffic;

(d) if so, the details thereof; and

(e) if the financial arrangement has not yet been worked out, the reasons for the delay.

Reply of Government

(a) The matter has been taken up with the Ministry of Finance for their views on the subject since the kind of assistance contemplated by the Committee can only be given by the General

Exchequer. Further action on the matter will be taken on receipt of the views of the Ministry of Finance.

(b) The methodology for costing of coaching services has been finalised and the unit costs of operation of the various classes for B.G. and M.G. are under compilation. The economics of operation of various classes of travel will be available when the unit costs are developed.

(c), (d) and (e). Further action will be taken after the economics of operation of the various classes have been worked out.

[Ministry of Railways (Rly. Board) O.M. No. 77-B(RCC)-4230 dt. 23-11-76]

Further information called for by the Committee.

The latest position may be indicated.

Reply of Government

A high-level committee consisting of the representatives of the Ministry of Shipping and Transport, Ministry of Finance, Planning Commission, Office of the Comptroller and Auditor General of India has been constituted with Additional Member, Finance, Railway Board as its Chairman and the Committee is expected to start the deliberations shortly. While the Ministries of Shipping and Transport, and Finance are represented by Joint Secretaries, the Planning Commission is represented by the Consultant on Transport and the Office of the Comptroller and Auditor General of India is represented by the Joint Director (Railways).

Recommendation (S. No. 19 Para 2.67)

The Committee note that the Railways have been losing heavily on suburban services they operate in the metropolitan cities of India and the loss on such services which was Rs. 12 crores in 1970-71 had gone up to Rs. 19 crores in 1974-75. The primary reason for such loss is the specially low rates of the monthly and quarterly season ticket fares which were introduced by the Company Railways originally operating in these areas as a measure of concession to the commuters who have to travel by suburban trains daily for attending offices, factories, schools, colleges etc. The Committee also note that season ticket fares have been exempted from periodic increases in fares and that such increases, if any, were only marginal. A rough computation made in this regard by the Railways indicates that if the concessional season tickets are withdrawn, the losses on suburban services would be more than covered without entailing any reduction in the volume of traffic. Alternatively, if the suburban fares (including concessional season ticket fares) are increased more or less to the level of bus fares, the losses would be eliminated. The Committee understand that a detailed assessment in this regard is, however, yet to be made. The Committee further note that the British and French Railways receive grants from their Governments for unremunerative passenger services which meet a social need. Likewise, the West German Railways receive federal grants to cover losses on short distance passenger traffic.

Reply of Government

Noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee

It has been stated that necessary action is being taken in the matter.

(a) Please state the precise action taken in the matter so far; the date when the action was initiated may also be specifically indicated;

(b) Please also state whether a high-powered Committee to go into the question of subsidising the Railways so as to cover unavoidable losses on passenger traffic has been constituted as recommended by the Railway Convention Committee;

(c) If so, the composition of the Committee and its precise terms of reference; and

(d) When is the report required to be submitted to Government?

Reply of Government

(a) In the first instance the matter has been referred to the Ministry of Finance for their views, who are concerned with the overall financial position of the whole country. Further action can appropriately be taken only after hearing from them. The reference has been made to the Ministry of Finance on 20-11-1976.

(b) (c) & (d) These aspects will be considered when the views of the Ministry of Finance on the main issue have been received.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 23-11-76]

Recommendation (S. No. 20 Para 2.68)

The Committee are of the opinion that it is the responsibility of the State Governments, local authorities, public and private sector undertakings and other major industrial and business concerns to provide residential accommodation to their employees (who form the bulk commuters) near their place of work or in the alternative to provide them suitable transport facilities. It is obvious that if the offices, industries etc. and residential colonies are rationally located, the burden on transport would be minimum. The phenomenal increase in suburban traffic is a pointer to the fact that no integral planning has taken place in this vital sphere. It is only as a legacy of the olden company days that the Indian Railways continue to carry this ever-increasing burden. The Committee agree with the contention of the Ministry of Railways that the continuous deterioration in their financial position since 1966-67 has now brought them to a stage when it is no longer possible for them to bear the losses on suburban services. The Committee consider that it would be only equitable if the losses on this account are pegged to 1965-66 level-the last year in which the Railways earned a surplus and what ever losses are incurred over and above that level should be borne by the State Governments, local authorities etc. on an agreed basis. At the same time, the Committee realise that a proposal like this bristles, with difficulties in the present situation when the finances of the State Governments and local authorities are none too happy. The Committee, therefore, recommended that the entire question of subsidising the Railways so as to cover the unavoidable losses on passenger traffic, suburban as well as non-suburban, should be remitted to a high powered Committee comprising the representatives of the Ministries of Railways, Transport and Finance the C. & A.G., the State Governments and local authorities concerned This committee may be entrusted with the task of working out a practicable financial arrangement to subsidise the Railways keeping in view the practice obtaining in Britain, France, West Germany etc. in this behalf.

Reply of Government

Noted, necessary action is being taken in the matter.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated. 28-9-76]

Further information called for by the Committee

The latest position may be indicated.

Reply of Government

A high-level committee consisting of the representatives of the Ministry of Shipping & Transport, Ministry of Finance, Planning Commission, Office of the Comptroller & Auditor General of India has been constituted with Additional Member, Finance, Railway Board as its Chairman and the Committee is expected to start the deliverations shortly. While the Ministry of Shipping and Transport and Finance are represented by Joint Secretaries, the Planning Commission is represented by the Consultant on Transport and the Office of the Comptroller & Auditor General of India is represented by the Joint Director (Railways).

[Ministry of Railways (Railway Board) O.M. No. 77-B(RCC)-4230 Dated. 25-10-77]

Further information called for by the Committee

Please state the terms of reference of the high-level committee consisting of representatives of the Ministry of Shipping & Transport, Ministry of Finance, Planning Commission, etc., and when it is likely to submit its findings.

Reply of Government

Th terms of reference of the high-level committee are to review the entire question of subsidising the Railways so as to cover unavoidable losses on passenger traffic, suburban as well as non-suburban, and to work out a practicable financial arrangement to subsidise the Railways keeping in view the practice obtaining in Britain, France, West Germany etc., in terms of recommendations No. 18 and 20 of the 9th Report of Railway Convention Committee, 1973 under reference.

The committee is expected to submit its findings in mid 1978.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 Dated. 7-12-77]

Recommendation (S. No. 22, Para No. 2.69)

The Committee would once again emphasise that whatever subsidy or grant is ultimately decided upon, should only be given to make good unavoidable losses after ensuring that the Railways also improve their performance and efficiency and effect all possible economies in their operation. The subsidy should in no case dilute the financial discipline imposed on the Railways nor place a perminum on inefficient service and make the Railways complacent about their responsibility as the sole rail carries to provide more efficient and economic service to the public at large. The Committee consider that it would be but appropriate that both the detailed basis and the quantum of such subsidy are brought before Parliament and Parliament's specific approval taken before any such payments are made.

Reply of Government

Noted. The subsidy, if any, given to the Railways will be specifically brought to the notice of Parliament.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated. 28-9-76]

Recommendation (S. No. 23, Para 3.44)

The Committee note that a substantial portion of the social burden of the Railways was till recently on account of certain essential commodities like foodgrains, coal, ores and other minerals, important industrial raw materials, fodder, oil cakes, sugarcane etc. which were accorded preferential treatment in the matter of movement and were charged considerably at lower rate. The losses occasioned by the low rated commodities increased from Rs. 52 crores in 1970-71 to Rs. 73 crores in 1973-74. With the substantial upward revision in freight rates in 1974-75, these losses were estimated to come down to Rs. 45 crores. A further increase in the freight rates of foodgrains w.e.f. 1st April, 1975 is expected to neutralise the loss of about Rs. 35 crores anticipated on this account in 1975-76. Similar increases in the freight charges of iron ore and manganese ore meant for export, coal, limestone, dolomite, bamboos and molasses are expected to offset the losses on the carriage of these commodities. The Committee observe that at present only a few items like fodder, salt, sugarcane, charcoal, fruits and vegetables, gur, jaggery etc. which constitute only about 6.8 per cent of the total originating tonnage, continue to be carried at freight rates below cost. The Ministry of Railways consider that with the substantial increase and rationalisation of freight rates in 1975-76, "it can be reasonably expected that if the traffic picks up and this is accompanied by more intensive use of the Railway assets and provided prices are held under control, freight services would become economically more viable. However, it may not always be possible to ensure that each individual commodity pays for its cost of transportation."

Reply of Government

The estimated loss on account of carriage of low rated commodities for 1973-74 furnished to the Railway Convention Committee earlier was provisional as already explained in the written reply to Point No. 5 arising out of the evidence of the Railway Board before the Railway Convention Committee on 25/26 March, 1975 quoted in para 1.39 of their 9th Report. The figures of losses on carriage of low rated commodities for the years 1973-74 and 1974-75 work out to Rs. 115.40 crores and Rs. 45.61 crores respectively.

The anticipations of prices remaining under control during the year 1975-76 did not materialise mainly because of payment of additional instalments of dearness allowance and increase in the price of coal. These cost escalations have resulted in the costs of carriage of foodgrains, coal, oilseeds, edible oils, limestone, dolomite and molasses also exceeding the corresponding freight receipts. The estimated loss on carriage of low rated commodities for the year 1975-76 is Rs. 41.67 crores.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 28-9-76]

Further information called for by the Committee

It is observed that the estimated loss on low rated commodities was Rs. 41.67 crores during 1975-76.

Please furnish a break up of the actual losses incurred on the carriage of low rated commodities during 1975-76, commodity-wise, together with the anticipation during 1976-77.

Reply of Government

The estimated loss of Rs. 41.67 crores on low rated commodities during 1975-76 as stated in Explanatory Memorandum (page 100) of Budget Papers was based on revised estimates of level of Expenditure and Traffic inputs during the year.

Details of actual input of traffic commodity-wise and actual expenditure booked for 1975-76 will not be available before November, 1976 *i.e.* until the accounts are closed. Actual losses incurred during 1975-76 and the anticipation during 1976-77 would be assessed thereafter.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 23-11-76]

Further information called for by the Committee

Please furnish the latest figures for 1976-77 regarding the losses on low-rated commodities.

Reply of Government

Based on the revised estimates of expenses and tariff projections, the estimated losses on low-rated commodities during 1976-77 work out to

Rs. 66.65 crores as per break-up given below:—

Commodities	Rs. in crores
Foodgrains . . .	27·04
Fodder . . .	6·75
Ores other than Iron ore and Manganese ore	1·97
Firewood and charcoal .	2·29
Fruits and vegetables .	5·53
Salt . . .	8·46
Gur, Shakker and Jagree . .	3·54
Molasses . .	0·81
Bamboo .	1·95
Oilseeds . .	3·07
Edible oil .	2·17
Livestock . . .	2·44
TOTAL	66·65

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 Dated 7-12-77]

Recommendation (S. No. 24, Para No. 3.45)

The Committee also note that the Railways are required in certain cases to quote concessional rates under orders of the Railways Rates Tribunal and that the question of filing an application before the Tribunal under Section 41A of the Indian Railways Act for revoking their earlier orders to quote special rates, is actively under consideration of the concerned Railways. The Railways, however, continue to quote in respect of certain specified commodities special station-to-station rates which are stated to be in the interest of the Railways. The Committee stress that these rates should be systematically reviewed to make sure that they really subserve the commercial interest of the Railways and do not involve them in any loss.

Reply of Government

Instructions already exist to the effect that the Railways should review the station to station rates periodically and make adjustments herein as may be called for. The recommendation for a review of all station to station rates has again been noted and communicated to all the Railways for implementation.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 28-9-76]

Further information called for by the Committee

(a) Please state the decision taken on the question of filing application before the tribunal under S. 41A of the Indian Railways Act for revoking their earlier orders.

(b) Please also state whether any such applications have been filed and if so, the results thereof.

(c) Please state the results of the latest review of the station to station rates bringing out clearly whether these really subserve the commercial interest of the Railways and do not involve them in any loss. (Please give information of Railway zone-wise).

Reply of Government

24. (a) & (b). Only one station to station rate quoted under orders of the Railway Rates Tribunal is at present in force. This special rate is quoted for salt meant for chemical industries booked from Atirampattinam to Mettur Dam, for Mettur Chemical and Industrial Corporation Limited, Mettur Dam. The Ministry of Railways have since approved of the proposal of the Southern Railway Administration to file an application before the Railway Rates Tribunal under Section 41-A of the Indian Railways Act, 1890, for revoking the orders of the Tribunal. The application is to be filed by the Southern Railway shortly.

(c) The Railway Administrations have powers to quote station to station rates subject to the condition that the rate quoted cover the dependent cost of haulage. As such there should be no case of any special rate resulting in any loss to the Railways. However, the Railway Administrations have been directed to review all the station to station rates and to confirm that the special rates in force subserve the commercial interest of the Railways and do not involve them in loss. Replies received from the zonal Railways are summarised below:—

Railways	Brief Remarks
1	2
Central Railways	Station to station rates subserve commercial interest of the Railways and do not involve any loss.
Eastern Railway .	No concessional rate is quoted.
Northern Railway . . .	Quotation of station to station rates have resulted in increase in earnings.

1	2
North Eastern Railway . . .	Quotation of special rates have resulted in increased earnings and did not involve in any loss.
Southern Railway . . .	Station to station rates have resulted in promoting traffic and subserved commercial interest of the Railways and have not resulted in any loss.
Western Railway . .	Station to station rates subserved commercial interest and do not involve in any loss.

Confirmation from South Central, South Eastern and Northeast-Frontier Railways is awaited. The Committee will be advised on receipt of replies from these Railways.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 23-11-76]

Further information called for by the Committee

(a) Please state whether the application to be filed by the Southern Railway before the Railway Rates Tribunal under Sections 41A of the Indian Railways Act L. 1890 for revoking the order of the Tribunal has been filed and if so, the outcome thereof.

(b) Please also state whether confirmations that the special station to station rates in force subserve the Commercial interest and do not involve the Railways in any loss have since been received from the South-Central, South-Eastern and Northeast Frontier Railways and if so, the details thereof.

Reply of Government

(a) An applicaion under section 41A of the Indian Railways Act, 1890, for revision of the orders of the Railway Rates Tribunal dated 30-3-1972, has been filed by the Southern Railway on the 12th May, 1977. The application is still under consideration of the Tribunal.

(b) The South Central and South Eastern Railways have advised as under:—

South Central: Since the station to station rates quoted cover the cost of haulage leaving enough margin of profit and have also realised additional earnings, they have subserved the commercial interests of the Railways.

South Eastern: No station to station rate for goods traffic was quoted. Special rates were, however, quoted for orange and mango traffic by coaching trains. There was substantial increase in mango traffic as compared to the previous year. The special rate really subserved the commercial interests of the railway and traffic could be diverted from road to rail. In the case of orange traffic, clearance was less as majority of the traffic was cleared by super fast goods trains newly introduced by this railway.

Northeast Frontier: No reply has so far been received in spite of D.O. reminders. The special rates for tea traffic have been extended by the Railway to remain in force upto 31-3-1978.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 Dated 7-12-77]

Further Reply of Government

(b) The position in regard to station to station rates in force over South Central Railway and South Eastern Railway have already been furnished. The position regarding the special rates in force over the Northeast Frontier Railway is given below:—

Northeast Frontier Railway—Station to station rates were quoted involving a reduction of 15 per cent in the tariff rates for tea traffic in wagon loads from New Bongaigaon (BG) to Howrah/Calcutta area from 19th July, 1975 and from all MG stations east of Rangiya to Siliguri (MG) with effect from 26th June, 1975.

By the end of October 1975 it was seen that the level of loading of tea traffic over the Northeast Frontier Railway did not pick up even with the introduction of special rates mentioned above. With a view to attract more tea traffic to rail, it was decided to increase the quantum of concession and also extend the special rate to a large number of loading stations on the Northeast Frontier Railway. Thus station to station rates involving a reduction of 30 per cent in the tariff rates from all stations of the Northeast Frontier Railway to stations in Calcutta area were quoted from 1st December, 1975 effective upto 31st January, 1977. As a result of a review, it was found that the impact of this concession on the tea traffic from stations situated west of Rangiya to stations in Calcutta area was not encouraging; hence the special rates were not extended beyond 31st January, 1977 for these stations.

During the review, it was also found that the response from the stations of Tinsukia Division of this Railway to Stations in Calcutta area was encouraging. The Concession was therefore extended to remain in force beyond 31-1-77 in respect of all stations of Tinsukia Division. The station to station rates at 30 per cent reduction in the normal tariff rate fully cover the cost of haulage.

In addition, station to station rates were quoted from New Gauhati to Idgah (at 25 per cent reduction with effect from 31st October, 1975) and from New Gauhati to Kanhan and Ghatkeswar (at 25 per cent reduction with effect from 27th January, 1975. These special rates cover the haulage cost and due to favourable impact, they are being continued with modification in rates from time to time.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 Dated 16-2-78].

Recommendation (S. No. 25 Para 3.46)

The Committee further note that Railways are developing costing techniques to determine the unit cost of transportation of freight traffic and that they are making efforts to do traffic costing as accurately as possible. The Committee feel that the costing techniques need to be further refined so that the cost of carriage of various commodities is determined on a scientific basis and the freight structure is rationalised accordingly. The Committee would, therefore, like this study to be completed at the earliest.

Reply of Government

Costing techniques developed for freight traffic aim at determining the expenditure for each of the various facets of operation, *viz.* terminal, marshalling, line haul, transhipment and repacking and identifying with the aid of appropriate statistical techniques of sampling, etc the units of output, variation in which most affects the expenditure. Costs of these various facets of operation per unit of output have been developed and, utilising these unit costs, the cost of carriage of various commodities is being worked out.

Traffic costing is still more of an art than a science not only in India but all over the world. However, the methodology used and the techniques employed are being constantly reviewed and refinements effected from time to time based on experience, transportation characteristics and other performance factors. Recently, the procedure for distribution of expenditure between the two primary services, *i.e.*, goods and coaching has been revised based on the review made by a Committee. Some of the existing sub-detailed Account heads have been further divided to enable separate recording of expenses identifiable to coaching or goods services. Stream-wise costing has also been undertaken for commodities like Coal, Iron Ore, which study takes into account the specific transportation characteristics of the traffic and other particulars like modes of traction etc. Based on modifications and other refinements effected, a profitability study of certain selected commodities (during 1975-76) has also been made for guidance. The basis of costing will continue to be reviewed from time to time and based on the experitise acquired, refinements and modifications carried out.

The question of rationalising the freight structure to make it more and more cost oriented has been constantly engaging the attention of the Ministry of Railways. In fact, the process of adjusting the freight rates to bring them closer to cost started right from 1st April, 1970, from which date a rationalised freight structure was brought into force which involved increase n rates for almost all the commodities. Further in the revised Freight Structure introduced from 1st April, 1970, the increases made in the rates for long distance bulk traffic were much higher than those made for similar traffic for short distances. Moreover the classification of low rated commodities such as timber, bidi leaves, fire-wood, charcoal, chemical manures etc. were also raised from that date.

During the years from 1971 to 1973, the freight rates in respect of low rated commodities (with some exceptions) were increased. This has been done by raising the lower rate levels gradually, with the result that the lowest class level at 25 in 1970 has been adjusted to class level 32.5 on and from 1st April, 1973.

The cost study made during 1973 revealed that with the increasing distances, the revenue curve tapered down more steeply than the cost curve and with the increasing costs of operation the gap between the costs and earnings, particularly in respect of major commodities in bulk, got wider and wider. It became, therefore, necessary not only to introduce increases in the freight rates but also to adjust the telescopic taper suitably in respect or rates applicable to long hauls. A revised Freight Structure was, therefore, evolved and brought into effect on the from 1st April, 1974.

Further corrections to the taper in the telescopic basis was effected on and from 15th September, 1974 and 1st April, 1976 with the levy of supplementary charge at a higher level hauls beyond distances of 500 Kms.

Apart from the general revision in the freight structure as explained in the foregoing paragraphs, the classification of low rated commodities have been enhanced on a selective basis from time to time. For example, the classifications of raw materials for the manufacture of paper and for paper products were enhanced from 1st September, 1974. Again with effect from 1st November, 1975, the classification of commodities such as sand, stones, timber, pig iron etc. were enhanced.

It will thus be observed that the Ministry of Railways are contiuously reviewing the Freight Structure with a view to bringing them closer to costs.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-
4230 Dated 28-9-76]

Further information called for by the Committee

Please furnish the terms of the Railway Freight and Fares Enquiry Committee set up in September, 1977 and the likely date of submission of its report.

Reply of Government

The terms of reference of Rail Tariff Enquiry Committee, 1977, are as follows:—

(a) To examine the structure of fares, rates and other charges for public traffic carried by passenger trains and/or goods trains, in all its aspects, and ancillary and incidental matters such as packing conditions and booking and delivery of, and payment for, traffic;

(b) To examine the Structure of fares, rates and other charges for post office mails and military traffic carried by passenger trains and/or goods trains, as also ancillary and incidental matters;

(c) To examine any other cognate matters that may be referred to the Committee by the Ministry of Railways; and

(d) To recommend the modifications which should be made bearing in mind, among other relevant considerations, the interests of the common man, the requirements of developing economy, and the importance of making the Railways financially viable and the possibility of increased operating efficiency; and

(e) Any other matters connected with the rationalisation and simplification of the freight and fare structure on the Indian Railways and any other incidental matters relating thereto.

The committee is expected to submit its report within a period of two years.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 dt. 7-12-77.]

Recommendation (S. No. 26 Para 3.47)

The Committee would also stress that the Railways should take concerted measures to bring down the unit cost of transport of goods so as to earn not only a reasonable return on the investments but also to generate adequate surpluses to finance their investment plans and cover in part the losses on coaching services.

Reply of Government

Noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee

Please state:

(a) the concrete measures taken by the Railways to bring down the unit cost of transport of goods; and

(b) the extent of reduction brought about as a result of the above measures during each of the last two years.

Reply of Government

(1) The most important economy measure would be strick control over growth of staff which accounts for over 60 per cent of the working expenses of the Railways.

It will be seen from the table below that the increase in staff has been much less than the increase in the throughput.

Year	No. of open line staff	Index	Traffic units moved (millions)	Index
1960-61	1124,929	100·0	165·345	100·0
1965-66	1296,247	115·2	213,230	120·0
1968-69	1303,098	115·8	232,080	140·4
1973-74	1376,907	122·4	258,018	156·6
1974-75	1386,100	123·2	261,091	157·9

(2) Another pertinent indicator is the increasingly better utilization of assets which will be clear from the table attached as Annexure.

(3) Several steps have been taken in the last few years to reduce the stores balances and exercise strict control over Inventory Management on Railways. The turn over ratio of the closing balances to the annual issues (excluding fuel) has been improved from 85 per cent in the year 1971-72 to 44 per cent in the year 1975-76 in the open line Railways and from 54 per cent in the year 1971-72 to 41 per cent in the year 1975-76 in the three Railway Production Units. This has resulted in optimum utilization of plan funds from where inventories are funded.

2. The above significant results have been made possible on account of the detailed steps taken by the Railways in the field of staff, cost, fuel economy, economy in stores, stores purchase and general control over working expenses. The details of the measures taken are enumerated below:—

Steps taken to control Staff Costs

(i) A ban has been imposed on the creation of extra posts in offices, and relaxations therefrom are given by the Board only in very exceptional circumstances.

(ii) Extra operational staff is sanctioned only on demonstrable justifications on the basis of increase in traffic.

(iii) Additional posts required for the maintenance of new assets are sanctioned after a general review has been made to determine if the requirements cannot be met from within the existing sanctioned strength.

(iv) Work study methods and operational research techniques have been adopted to reduce the staff strenth to the extent possible.

(v) Restrictions have been imposed on the filling up a vacancies in the lowest grades.

(vi) Improved methods of maintenance of track *viz.*, measured shovel packing, directed track maintenance, and use of tie-tempers have been introduced. Long welded rails are also now being used. These measures are expectd to reduce the staff content of track maintenance cost.

(vii) Incentive scheme in Workshops has also been extended with a view to increase productivity and lower unit staff costs.

(viii) Introduction of the use of computers.

(ix) The Efficiency Bureau of the Railway Board makes an annual study of the trends of staff on Zonal Railways and based thereon restrictions are placed on the creation of additional posts even for maintenance and operational purpose.

Economy in Fuel

Railways have also taken the following steps to economise expenditure on fuel:—

(i) A special drive has been launched to keep locomotives in optimum efficiency.

(ii) Trip rations have been carefully fixed and cases of excess consumption are taken up.

(iii) Surplus locomotives have been withdrawn and kept in good storage.

(iv) Staff have been trained in better driving and optimising the use of fuel. Awards are given to engine drivers for consistently good fuel performance.

(v) Thefts and pilferages of coal and diesel oil are being minimised.

(vi) A full-fledged Fuel Economy Organisation has been set up on the Railways to undertake the fuel economy work on each Zonal Railway.

(vii) A special organisation has been set up under the Chief Mining Engineer at Dhanbad to ensure quality control on supplies of loco coal.

(viii) Trials and experiments are being conducted by the R.D.S.O. to improve the design features of locomotives to effect reduction in coal consumption.

(ix) Convesion from low tension to high tension supplies of electric current.

(x) Steps have been taken to economise on power consumption by switching off lights and fans at stations, etc., during periods of lull in traffic.

(xi) The substitution of incandescent lamps by flourescent and H.P.M.V. lamps.

Economy in Stores Utilisation and Management

(i) Increased utilization of scrap.

(ii) Reclamation of components.

(iii) Minimisation of pilferages.

(iv) Use of alternate material in place of non-ferrous components and fittings.

The working expenses of the Railways are analysed in detail after the close of the year taking each Railway as a working unit making due allowance for increase in costs during the year after the preparation of the budget. The expenditure is broken into items which are controllable and those which are not controllable. Items of expenditure which are controllable in relation to the output of the Railway are analysed and where the expenditure is in excess of the performance the Railways are told to control the expenditure on such items and effect savings so that the operating ratio is maintaind at a reasonable level.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76.]

ANNEXURE

TABLE

Salient statistics on utilisation of assets

		1960-61	1965-66	1968-69	1973-74	1974-75	1975-76
1. NTKMs per goods loco day in use—	B.G.	65,011	75,762	83,111	83,265	90,287	97,644
	M.G.	27,782	35,499	37,289	42,339	1,51,659	1,45,486
2. Engine KMs per day per engine in use—	B.G.	182	187	197	201	202	219
	M.G.	169	174	178	181	182	189
3. Wagon KMs per wagon day—	B.G.	76·9	73·2	72·5	67·2	70·3	77·8
	M.G.	51·6	60·1	58·8	50·8	53·7	56·4
4. NTKMs per wagon day—	B.G.	998	940	905	837	907	94
	M.G.	405	510	503	482	528	545
5. NTKMs per route KM per annum—	B.G.	2763,682	3403,872	3590,312	3423,744	3770,777	4169,648
	M.G.	542,982	757,975	769,046	731,505	779,062	818,371
6 Average Net Train load (tonnes)—	B.G.	656	725	739	745	778	782
	M.G.	298	347	358	408	422	413
7. Net tonne KMs per goods train hour—	B.G.	10,808	12,202	13,200	13,966	14,599	15,018
	M.G.	4,232	5,047	5,340	4,616	6,669	6,423

Further information called for by the Committee

Please update the data/figures given in the earlier reply furnished to the Committee with suitable explanatory notes wherever necessary.

Reply of Government

The up-dated data/figures are as under:

(i) *Increase in Staff* vis-a-vis *increase in throughout*

Year	No. of open line staff	Index	Traffic units moved (millions)	Index
1960-61 .	1124,929	100·00	165,345	100·00
1965-66 .	1296,247	115·2	213,230	120·0
1968-69 .	1303,098	115·8	232,080	140·4
1973-74 -	1376,907	122·4	258,018	156·6
1974-75 .	1386,100	123·2	261,091	157·9
1975-76 .	1401,782	124·6	297,135	179·7

(ii) Salient statistics of better utilisation of assets are given in the annexure.

(iii) The turn over ratio of the closing balances of stores (excluding fuel) to the annual issues in 1976-77 was 36 per cent in the open line Railways against 85 per cent in 1971-72 and 44 per cent in 1975-76. In the three Railway Production units the ratio in 1976-77 was 36 per cent against 54 per cent in 1971-72 and 41 per cent in 1975-76.

The latest figures indicate continuance of the trend of less increase in the Saff than in the throughout, better utilisation of assets and also reduction in the ratio of closing balances of stores.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)-4230 Dated 27-12-77]

ANNEXURE

TABLE

Salient Statistics on utilisation of assets

		1960-61	1965-66	1968-69	1973-74	1974-75	1975-76	1976-77 (Provisional)
1. NTKMs per goods loco day in use—	B.G.	65,011	75,762	83,111	83,265	90,287	97,644	110,484
	M.G.	27,782	35,499	37,289	42,339	51,659	45,486	49,015
3. Engine KMs per day per engine in use—	B.G.	182	187	197	201	202	219	243
	M.G.	169	174	178	181	182	189	196
3. Wagons KMs wagon day—	B.G.	76·9	73·2	72·5	67·2	70·3	77·8	81·2
	M.G.	51·6	60·1	58·8	50·8	53·7	56·4	59·1
4. NTKMs. per wagon day	B.G.	998	940	905	837	907	944	1,019
	M.G.	405	510	503	482	528	545	570
5. NTKMs per route K.M. per annum	B.G.	2763,682	3403,872	3590,312	3423,744	3770,777	4169,648	4353,197
	M.G.	542,982	757,975	769,046	731,505	779,062	818,371	872,446
6. Average Net Train load (tonnes)	B.G.	656	725	739	745	778	782	796
	M.G.	298	347	358	408	422	413	413
7. Net tonne KMs. per goods train hour—	B.G.	10,808	12,202	13,200	13,966	11,599	15,018	16,292
	M.G.	4,232	5,047	5,340	4,616	6,669	6,423	6,556

Recommendation (S. No. 27, Para No. 3.48)

"The Committee have already pointed out in their Eighth Report as well as in Chapter-I of this Report that the goods traffic has not increased over the last ten years in spite of heavy investments. There is, therefeore, paramount need for attracting more traffic to the Railways and this can be done only by improving the quality of service and inspiring confidence in the public about the safe and quick movement of goods entrusted to the care of the Railways. The Committee are surprised that the Railways do not have any precise idea of the total volume of goods traffic generated in the country and the percentage of traffic of different types which they are able to attract. This is indicative of the fact that the Railways have not paid close and detailed attention to the study of the pattern and requirements of goods traffic as a whole so as to take concrete measures to attract traffic, particularly highrated traffic. Considering the extent of investments made and the under-utilised resources, the Committee feel that the measures taken for attracting traffic such as use of containers, introduction of quick transit services, freight forwarder scheme etc. are hardly sufficient. The Committee are convinced that if the Railways made a systematic and all out effort to improve the quality and reliability of goods services, they can attract a larger percentage of even highrated traffic so as to augment their earnings."

.. **Reply of Government**

The Committee's observations that if the Railways make a systematic and all out effort to improve the quality and reliability of goods services, they can attract a larger percentage of even highrated traffic so as to augment their earnings, is noted. As already stated in reply to Recommendation No. 7 para No. 1.142, the Railways are already taking several steps to improve the quality and reliability of their goods service, with tangible results.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230 dt. 28-9-76.]

Recommendation (S. No. 28, Para No. 3.49)

The Committee would like the Ministry of Railways to concentrate their attention on improving the quality of service. The Committee would in this connection point out that under the ten year financial rehabilitation plan (1973—82), the Japanese National Railways would be able to achieve financial equilibrium by improvement in efficiency and technological progress alongwith such financial measures as increases in freight rates and fares. As the Indian Railways have already reached the breakeven point in respect of practically all commodities by increasing the freights, it is essential that this situation is not only stablished but improved upon, by toning up the efficiency of operation and effecting all possible economics.

Reply of Government

The observations of the Committee are noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B (RCC-4239 dt. 28-9-76]

Further information called for by the Committee

Please state the precise action taken by the Railways in furtherance of the recommendations of the Committee that Railways should concentrate their attention in improving the quality of service.

Reply of Government

As already stated in reply to Recommendation No.7, the Railways are already alive to the need to provide customer satisfaction and it is precisely out of this realisation that they set up a Marketing and Sales Organisation on all Zonal Railways in 1967. The functions of this Organisation are to conduct market research for prospecting and development of traffic, canvassing additional traffic for Railways, studying the pattern and movement of traffic by rail and by road, maintaining close liaison with trade & industry to meet their requirements ascertaining their difficulties and to provide necessary assistance to meet their transport needs, specially through customer-oriented services. Among the important customer-oriented services introduced by Railways in recent years are the Container Services providing an integrated inter-model door-to-door pick up delivery service practically free from delays and damages, the Freight Forwarder Scheme and Mobile Booking Service and opening of Out Agencies in areas not served by railways etc.

2. Further, with a view to improving the quality of service and inspiring confidence in the public about the safe and quick movement of goods, the Railways have also taken the following important measures:—

(a) *Against thefts and Pilferages*

(i) Escorting of goods trains in respect of commodities like iron and Steel, Food grains, Sugar, Oil Seeds, etc. On vulnerable Sections, patrolling of major yards by Railway Protection Force armed personnel, collection of crime intelligence and conducting of surprise raids with a view to tracking down criminals and receivers of stolen goods.

(ii) Intensified supervision and careful tallying of packages during loading and unloading operations; intensified supervision at break of gauge transhipment points and repacking points etc.

(b) *Quick Movement of Goods*

It is the constant endeavour of the Railways to ensure quick availability of wagons to the trade with a view to achieving maximum loading and thereafter to ensure fast transit of consignments. There has been a spectacular improvement on the Railways in these aspects during the period December, 1976 to June, 1977, when record loading was achieved in successive months. During this period a record daily average loading of 27,720 wagons on Broad Gauge was attained as compared to 25,112 wagons during the corresponding period of the previous year. In Feb. 1977 the daily average loading on the BG was 28,038 wagons which was the highest loading in a month till that time. The daily average loading on the M.G. was also at a high level of 7179 wagons during the same period. As a result of improved loading, the wagon demands are now current. Special attention is being paid to faster running of goods trains and the running of Super Express Goods trains on the Trunk routes has been streamlined. Faster transit and improved wagon availability has enabled the Railways to be ahead of traffic demands.

(c) *Quick Transit Service*

Quick transit service has been introduced between principal Commercial Centres, under which delivery of goods within a fixed period is guaranteed at a nominal surcharge of 5 per cent on the freight. This surcharge, which was higher-to payable at the time of booking of goods, is now payable, only after the goods are delivered in time. About 300 stations are covered by this service.

(d) Important high profit yielding commodities susceptiable to diversion to road have been exempted from the purview of operational restrictions and quota limitations. 75 goods sheds on Indian Railways have been declared guarenteed wagon supply stations and traffic booked from these goods sheds is exempted from quota limitations and operation restrictions.

(e) Claims Prevention Organisation has been re-vitalised and strengthened to minimise the incidence of claims as also to deal effectively with the claims arising out of damage or loss of goods. The movement of smalls is also being reorganised on the Indian Railways to ensure better customer satisfaction.

[Ministry of Railways (Rly. Board) O.M. No. 77-B (RCC)-4320, dt. 7-12-77]

Recommendation (S. No. 29, Para No. 3.50)

The Committee have no doubt that the Railways realise that there are limits upto which the freight rates on various commodities can be raised so as to align them to the cost of inputs, or an excessive increase can result in diverting the traffic to other modes of transport. The Railways have, therefore, to take a pragmatic and realistic view based on costing economics and the long term interests of the Railways and the country.

Reply of Government

The recommendation is noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B (RCC)-4230 dated 28.9.1976].

Further information called for by the Committee

The Committee have recommended regarding freight rates on commodities that the Railways have to take a pragmatic and realistic view based on costing economics and the long-term interests of the Railways and the country.

(a) Please state in precise terms the existing policy of the Railways in regard to freight rate structure and how far it is based on costing economics.

(b) It is also observed that the losses due to carriage of low-rated commodities amounted to Rs. 62.90 crores in 1975-76.

Please state whether this aspect is also kept in view in determining the freight rates for various commodities.

Reply of Government

The present policy of the Ministry of Railways in regard to freight structure continues to be governed by the twin principles of what the traffic can bear and the cost of service with the result that the loss in the transport of low rated traffic would, to the extent possible, be met from the profits earned by the transport of high rated traffic.

As a result of review made in 1970, it was found that because of the shift in the pattern of traffic, it was no longer possible to produce sufficient surplus revenues from the transport of high rated commodities so as to compensate the loss in the transport of low-rated traffic. Efforts were, therefore, made in 1970 and in subsequent years to enhance freight rates more in respect of low rated commodities than in the case of high-rated commodities with a view to making the freight rates more and more cost oriented. However, certain essential commodities of mass consumption had to be exempted from the general increase in freight rates made in 1974 and 1976 in order to ensure that the effect of freight increase had as minimal an effect as possible on the family budget of the common man.

The Government have since appointed a High-Power Committee, *viz.*, Rail Tariff Enquiry Committee, 1977, to make a comprehensive examination of freight structure in all its aspects and to make recommendations for its modification. The question of losses in the transport of low-rated commodities will be duly taken into account by the Committee while formulating their recommendations for modification in the present Freight Structure.

[Ministry of Railways (Rly. Board) O.M. No. 77-B (RCC)—4230 dt. 7-12-77.]

Recommendation (S. No. 30, Para No. 3.51)

In case concessional tariffs become necessary in respect of any commodity for export, industry etc., the Committee feel that it is for the authorities concerned to make good the difference.

Reply of Government

The recommendation of the Committee is noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee

It has been stated that the recommendation of the Committee that the authorities concerned should make good the difference in cases where concessional tariffs become necessary in respect of any commodity for export, industry, etc. has been "noted". Please confirm that the recommendation has been accepted by Government for implemenation.

Reply of Government

In respect of commodities for export, the concessional tariff rates, which were in force, have been withdrawn for all commodities w.e.f. 1st April, 1975. No concession in freight is at present allowed by the Railways for any commodity solely on the consideration of export. As regards concessional tariff rates for any specific industry of commodity, it is to be mentioned that no such concessional tariff rate is in existence in favour of any particular Industry or commodity excepting in a solitary case where special rate for salt from Attriampattmam to Mettur Dam has been quoted under the orders of the Railway Rates Tribunal. Even here, the Railway Board have directed the Railway Administration to file an application before the Railway Rates Tribunal under Section 41-A of the Indian Raliways Act, 1890, for revoking the Tribunal's orders.

The Railway Administrations have powers to quote station to station rates in competition with other modes of transport. These rates are quoted purely with the objective of securing additional net revenue for the Railways *i.e.,* on commercial considerations. Sometimes, under emergent circumstances where public interest is involved, the Railways are obliged to quote concessnonal rates for transport of fodder and to permit free carriage of relief gift-articles to areas affected by natural calamities such as flood, drought etc. This is undertaken on specific requests from the State Governments and subject to the condition that these consignments are booked to Government agencies/officials for free distribution. Hence these special rates deserve to be considered on a special footing, as these are in the overall interest of the community.

It will thus be seen that the recommedation contained in Sl. No. 30 has not only been noted by the Government but is also being generally noted upon.

[Ministry of Railways (Rly. Board) O.M. No. 75-B (RCC)-4230 dt. 23-11-76.]

Recommendation (S. No. 32 Para No. 4.76)

The Committee note that out of the 202 branch lines of the Indian Railways as many as 127 branch lines are deamed as uneconomic and the losses on such lines which stood at Rs. 7 crores in 1969-70 have risen to Rs. 14 crores in 1974-75. The Committee have in an earlier chapter of this Report recommended that the methodology for determining losses on various services rendered by the Railways needs to be improved so as to find an all-round acceptance. The Uneconomic Branch Lines Committee (1969) have observed in their Report that the formula adopted by certain railways in estimating main line earnings does not bear scrutiny. The Committee would like the matter to be thoroughly examined and early action taken to refine the methodology for assessing the overall financial position of working of the branch lines.

Reply of Government

The above recommendation of the Committee has been accepted by the Ministry of Railways. In the matter of crediting the share of main line earnings to the branch lines, specific guidelines have been notified to the Railways. The Railways have also been told to take into account the actual circumstances pertaining to each branch line and to use their discretion in assessing the earnings on a rational basis so that correct results are reflected.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Recommendation (S. No. 33 Para No. 4.77)

The Committee note that the Ministry of Railways have taken certain steps to improve the earnings and reduce the working expenses of the uneconomic branch lines, such as strengthening of track of certain narrow gauge lines, converting some of the narrow gauge lines into broad gauge, replacement of overage stock etc. and introducing diesel traction on certain sections. The Committee further note that the Railways have not found it possible to fully implement the recommendations of the Uneconomic Branch Lines Committee as these involve heavy investment of the order of Rs. 300 crores and there are grave doubts about such lines becoming viable even after conversion/extension†dieslisation and other improvements.

Reply of Government

The observation of the Railway Convention Committee has been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Recommendation (S. No. 35, Para No. 4.79)

The Committee observe that the State Governments were approached to render assistance in improving the working and financial results of the uneconomic branch lines but have not received any substantial assistance. The losses on these branch lines, instead of coming down, are in fact on the increase. The Committee note that according to the State Governments, paucity of traffic in several cases is due to the shortcomings of the services rendered by the Railways *e.g.*, slow trains, corruption, supply of wagons not being prompt, delays at transhipment points, thefts and pilferages, claims not being settled promptly etc. The Committee would like the Ministry of Railways to take note of these shortcomings and effect improvements so as to make the branch line services more popular and thereby augment their earnings.

Reply of Government

Necessary action is being taken to effect improvements as per the Recommendation of the Railway Convention Committee.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Further information called for by the Committee

Please furnish a detailed note indicating the concrete action taken to remove the short-comings in the running of the uneconomic lines, pointed out e.g. slow trains, corruption, supply of wagons not being prompt, delays at transhipment points, thefts and pilferages, claims not being settled promptly, and to effect improvement in the operations. Please also state the results achieved as a result of measures taken.

Reply of Government

A detailed note indicating the concrete action taken on the shortcomings in the running of uneconomic lines is attached.

Raising the speeds of trains depends on various factors such as strengthening of tracks, Slow trains utilisation of heavier locomotives, better wagons and coaches etc. The track is being strangthtened to raise the speed of trains. Movement of locomotives with heavy axle loads is being undertaken on a programmed basis depending on the availability of funds and materials. Similarly locomotives, coaches, wagons etc. are also being replaced as and when they become available as per programme.

Corruption:

The problem of eradicating corruption in the Railways including Uneconomic Branch Lines has been receiving the constant and sustained attention of the Ministry of Railways. Pursuant to recommendations made by the high level Santhanam Committee (1962-63) a full-fledged vigilance organisation functions in the Railway Ministry as well as in the Zonal Railways. This organisation is entrusted with the responsibility of combating the evil of corruption and malpractices on the Railways and bringing to book Railway servants indulging in corrupt practices.

2. The Railway Vigilance looks into all complaint containing specific allegations of corrupt practices (except anonymous and pseudonymous complaints) irrespective of the status of the complainant and where the allegations are substantiated, it also pursues the cases to their finality. In addition to investigation into specific allegations received by it, the organisation also takes preventive measures by way of surprise checks, including examination of records, existing rules, procedures and practices with a view to locating and eliminating or minimising opportunities for corruption.

3. The Vigilance activity was intensified during the Emergency period During the one year of Emergency, 324 vigilance cases in regard to gazetted officers only were received back after advice from Central Vigilance Commission. As a result of this, in 2 cases, prosecution proceedings are being initiated and in 31 cases, major penalty proceedings are being progressed. There are 53 cases in which minor penalty proceedings have been undertaken and in other 83 cases, other departmental action has been taken.

4. The Railway is laying great stress on preventive checks and their quality and frequency has been intensified on all the Railways including

Uneconomic Branch Lines. There were 12,000 checks carried out during 1975 as compared to 9,800 only during the year 1974. This drive is meant for giving sufficient momentum to anti-corruption activity and the results are already showing in making available a better and more honest service to rail users.

5. Great stress has also been laid on the disposal of vigilance cases. During the year 1975, cases of 54 gazetted officers and 1288 non-gazetted officers involved in vigilance investigation were finalised. The corresponding figures for the year 1974 were 31 gazetted officers and 1059 non-gazetted officers. The number of complaints disposed during the year 1975 was 9859 (482 gazetted officers and 9377 non-gazetted officers) as against 7827 during the year 1974. This higher rate of disposal was achieved without any augmentation of staff strengths. The matter regarding disciplinary action against the guilty officers was also followed up by a special drive.

6. A good deal more could be secured and with this end in view the honest and whole-hearted cooperation from the Railway users and the general public is solicited. Members of the public having genuine complaints or information about corrupt practices or malpractices on Railways are welcome to contact the officers of the Vigilance Organisation for action being taken on such complaints/information for this purpose. The addresses and telephone numbers of the Vigilance Officers in the various Railways are available in the time-table published by the Zonal Railways and are also displayed at important stations.

Supply of wagon and operation

As far as operations are concerned, there was improvement in the working of branch line trains, in keeping with the general improvement in the functioning of railways. All quotas and restrictions on the movement of traffic have been lifted over all routes and break-of-gauge transhipment points including uneconomic branch lines. Improved operation has enabled railways to increase loading progressively as indicated below:—

Year	Daily average wagon loading (No. of 4-wheeler wagons)	
	B.G.	M.G.
1974-75 . . .	21378	5284
1975-76 .	238882	5508
1976-77 (April to July)	24375	5946

Supply of wagons is being made promptly including on the uneconomic branch lines bringing down the outstanding registrations from 135468 on B.G. and 166016 on M.G. at the end of 1974-75 to 2569 on B.G. and 1462 on M.G. at the end of July, 1976.

Theft and Pilferage:

Railways are already alive to the problem of thefts and pilferages on All Indian Railways including Uneconomic Branch Lines.

Railways have taken special steps after the proclamation of emergency, like arranging massive raids at black spots, weeding out of railway employees of questionable integrity and conduct including RPF personnel through termination of services and compulsory retirements, detention of habitual criminals and receivers of stolen railway property including some railway employees under the preventive laws and strict vigilance. These security measures have been adopted on the Railways, universely including uneconomic branch lines.

As a result of the efforts made by the Railways to curb the incidence of thefts and pilferages of booked consignments, incidence of losses on the uneconomic branch lines has shown a declining trend, as the value of property (booked consignments) worth Rs. 21,97,594 was reported stolen during the period from 1-1-76 to 30-6-76 *i.e.* after the proclamation of emergency while property worth Rs. 38,51,173/- was reported stolen during the six months preceding the emergency *i.e.* from 1-7-75 to 31-12-75.

Prompt settlement of claims

In the wake of Emergency and the new direction given by the 20 Point Economic Programme, there is greater awareness among the Railwaymen about the paramount need for minimising the incidence of compensation claims due to loss, thefts and pilferages of the goods carried by the Railways. To augment this vigour for prevention of claims, various drivers are being organised on such as tightening of security arrangements and total enforcement of packing, lebelling and marking of consignments etc. on all Indian Railways including Uneconomic Branch Lines. The results of these measures are regularly analysed by holding regular meetings of the Chief Claim prevention officials of Railways with the Railway Board. In addition to intensification of normal claims prevention measures, the working of the Railway Protection Force has been galvanized the delinquent staff have been suitably punished, commercial irregularities have been rectified and supervision strengthened on all Indian Railways including uneconomic branch lines.

By and large claims for compensation are disposed of at a reasonable speed. However, in certain types of cases particularly those involving heavy amounts, settlement is prolonged for unavoidable reasons. For instance, claims arising from traffic booked over a number of Railways in succession and involving transhipment en-route take longer time to complete enquiries. Settlement in some cases is also held up on account of non-submission of essential documents such as original railway receipt, beejuck, letter of authority by claimants etc., which are essential for verification of claims. Delays also occur in cases where some criminal offences is suspected and the matter requires investigation by the police. It is the constant endeavour of the railways to settle claims as early as possible.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 23-11-76]

Recommendation (S. No. 36 Para No. 4.80)

The Committee also note that according to the Railways, the Narrow Gauge lines are not likely to pay their way in view of their inherent limitations of low speeds, breack-of-gauge, competition from roads etc.

Reply of Government

The Recommendation of the Railway Convention Committee has been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated. 28-9-76]

Recommendation (S. No. 37. para 4.81)

The Committee would like to refer in this connection to the observation of the Committee on Transport Policy and Coordination to the effect that a Branch Line should be viewed both as an entity, in itself and as part of a wider Railway network and it should be ascertained whether on either ground its retention is necessary and that the total transport requirements and facilities in the area served by the Branch Line should be examined with a view to determining the nature and extent of transport services that may be needed in the future. The Committee have further observed that in a developing economy there cannot be an undue rigidity in regard to means of transport so long as the overall requirements can be satisfactorily met. Therefore, where road transport has to be expanded to facilitate discontinuance of the Branch Lines, the Railways may consider in consultation with the Ministry of Finance and the State Government whether and in what form, they should participate or assist in the growth of road transport services.

Reply of Government

The recommendation of the Committee regarding participation or assistance in expansion of road transport to facilitate discontinuance of the Branch Lines, in consultation with the Ministry of Finance and the State Government has been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 28-9-76]

Recommendation (S. No. 38, Para No. 4.82)

The Committee further note that the Administrative Reforms Commission had also come to a more or less similar conclusion when they observed that the Railway Board should consider the closure of unremunerative lines wherever adequate alternative modes of cheaper transport existed and where such closure would not adversely affect the public interest including any important economic activity of the area. The Commission had emphasised that the question of continuance of unremunerative lines should be continously reviewed by the Railway Board so as to ensure that, as far as practicable, Railway Finances were utilised for running of commercially acceptable or potentially profitable lines and wherever running of uneconomic lines was continued in the public interest, the losses may be made good out of the public revenues, State or Central.

Recommendation (S. No. 39, Para No. 4.83)

The Committee feel that the whole question of continuing the operation of uneconomic branch lines calls for a critical and objective review with reference to the realities of the situation and keeping in view that the Railway finances are utilised in the best interest of the State and how far the existing alternative modes of cheaper transport could replace the uneconomic trains service. The Committee also recommend that the Railways should identify the branch lines which are marginally unremunerative and could be made economically viable with minimum investments and take concerted measures in close coordination with the State Governments, trade and industry, to improve their financial results.

Recommendation (S. No. 40, Para No. 4.84)

So far as the other branch lines are concerned, the Committee note that the State Governments are averse to the closure of even those lines which do not serve any purpose. The Committee consider that if such lines are to be continued indefinitely in spite of recurring losses and with no possibility of their becoming viable in the foreseeable future, the only alternative is that the authorities who desire these to be run, should share with the Railways the unavoidable losses.

Recommendation (S. No. 42, Para No. 4.86)

The Committee would like to point out that 1 per cent of the capital-at-charge of the Railways as on 31st March, 1964 is paid to the State Governments in lieu of the Passenger Fare Tax. Out of this, a fixed sum of Rs. 16.25 crores is paid annually to the States while the remaining is given as contribution towards States' share of Railway Safety Works, the total amount paid during the quinquennium 1969-70 to 1973-74 being of the order of Rs. 90.9 crores. It is only fair and equitable that the State Governments who are averse to closure of uneconomic branch lines, should come forward to meet the losses.

Reply of Government

Since the Railway Convention Committee have made positive recommendations for a critical and objective review regarding operation and closure of uneconomic branch lines, such a review is being undertaken and the matter is under active consideration in consultation with the State Governments concerned and other agencies involved.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated 28-9-76]

Further information called for by the Committee

Please state the progress made in the review regarding operations and closure of uneconomic branch lines.

Reply of Government

The Zonal Railways have been asked to make a quick review in respect of certain uneconomic branch line and to find out whether adequate modes of transport exist in those areas and also to indicate whether the closure of these lines will not affect the public interest including any important economic activity in the area. The Railways have also been asked to furnish statistical data regarding working expenses, earnings, etc. for the latest period. While reports have been received from the Railways in respect of most of these lines, reports in respect of some more lines are still awaited. As soon as complete reports are received, the State Governments concerned will be approached in the matter.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 7-12-77]

Recommendation (S. No. 41, Para No. 4.85)

The Committee observe that the only financial relief that the Railways are getting on uneconomic branch lines at present is the exemption from payment of dividend liability on the capital at charge of such lines amounting to about Rs. 4 crores per annum. In this connection, the Committee note that in Britain and Canada, Railways are given grants to compensate them for the losses incurred by them on un-remunerative lines.

Reply of Government

The observation is noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 43, Para No. 5.65)

"The Committee note that under the Separation Convention 1924, a distinction was made for the first time between 'Commercial' and 'Strategic Lines' and it was decided that losses, if any, in the working of the strategic lines would be borne by the General Revenues. This was a distinct departure from the then prevailing practice of securing definite guarantees from the local Governments to meet the losses on lines sponsored by them for construction by private investors."

Reply of Government

This is an observation only and is noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230 dt. 28-9-76]

Recommendation (S. No. 44, para 5.66)

Another major change in policy was effected 25 years later on the recommendation of the Railway Convention Committee, 1949 which urged the Railways to discard their restrictive attitude and take up construction of unremunerative lines as a necessary phase in the Planned development of the country. Such lines, if found necessary, were to be financed from the Development Funds that was newly created out of the surplus revenues of the Railways. It was also provided that in respect of such new lines which yielded a remunerative return after 5 years of construction, the cost should be written back from Development Fund to Capital.

Recommendation (S. No. 47, Para No. 5.69)

A reaffirmation of the policy laid down by the 1949 Convention is reflected in the Budget speech (1973-74) of the Minister of Railways wherein the emphasised that "the principle that transportation infra-structure must evolve along the pattern determined by the pre-existing economic viability needs to be modified to the extent that very often the creation of the infra-structure themselves lead to additional demand and increased commercial prospects" and that "in selected areas the calculus of short-term economic returns must yield place to the long-term benefits through a policy of deliberate developmental expenditure."

Recommendation (S. No. 48, para 5.70)

Apart from suggesting exemption, full or partial, from payment of dividend liability to the General Revenues during the period of construction and for a specified period after completion, the Minister of Railways stated that certain other possibilities such as participation of State Governments or local authorities in reducing the cost of construction by giving the land and labour content of construction free of cost, suitable adjustment upwards of fares and freight structure applicable to the newly constructed lines, and levy of fares and freights on a discontinuous basis as a set-off against telescopic structure of standardised fares and freights, could be considered to facilitate construction of new lines in backward areas.

Reply of Government

These observations have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 45, Para No. 5.67)

Considering that the number of new lines to be constructed which may not be able to pay their way, even after the development stage, would be few and far between and it may not be a heavy burden on the Railways to pay dividend to General Revenues on such lines, the Railway Convention Committee, 1954 recommended that all new lines(whether remunerative or unremunerative) should be financed from Capital, dividend being payable on the capital-at-charge of such lines at the average borrowing rate charged to commercial departments. At the same time, the Committee granted a moratorium in respect of the dividend payable on the capital invested on the new lines during the period of construction and upto the end of the fifth year of their opening for traffic, the deferred dividend being repaid from the sixth year onwards in addition to the current dividend out of the net income of the new lines. The Railway Convention Committee. 1965 further recommended that the account of deferred dividend on new lines may be closed after a period of 20 years from the date of their opening extinguishing any liability for deferred dividend not liquidated within that period.

Reply of Government

The observations of the Committee are noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 46 Para No. 5.68)

The Committee thus observed that the 1949 Convention introduced fundamental and far reaching changes in the policy for construction of new lines and that in pursuance thereof, the Railways have undertaken construction of 73 new lines since April, 1950. The Committee further note that out of these 73 lines, actual financial returns for 25 lines (including 6 still under construction) are not available, while out of the remaining 48 lines, 25 are unremunerative according to the latest available figures.

Reply of Government

The observations of the Committee are noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B (RCC)-4230. dt. 28-9-76]

Recommendation (S. No. 49, para 5.71)

The Committee further note that the Planning Commission are of the view that development of the backward areas is not necessarily to be achieved through construction of new railway lines. Rail transport is inherently better suited for long distances while the road transport has advantage of distribution of goods in small quantities over short distances. Accordingly, in taking up construction of new lines, priority is given to those lines which are project oriented and are required in connection with mineral development or heavy industries.

Recommendation (S. No. 50, para 5.72)

The Committee note the contention of the Ministry of Railways that in the present parlous state of Railways finance and the high cost of construction, they are not in a position to inject substantial capital investment in under-developed areas. The Ministry have accordingly suggested that they would be relieved of part of the financial burden if the land required for construction of new lines could be contributed free of charge by the State Governments or any other sponsoring authority. The Ministry have further suggested that the operating losses suffered by the Railways on such railway lines should be borne by general revenues initially for a period of 20 years whereafter the position may be reviewed every five years after opening and if the working results show any operating loss, the full exemption from dividend liability or bearing of operating loss by the general revenues could be suitably revised.

Recommendation (S. No. 51, para 5.73)

While the Committee generally agree with the approach enunciated above, they consider that in the present parlous state of Railway finances when they are heavily indebted to General Revenues, any further burden by way of additional dividend liability and recurring losses on such lines, is bound to be back-breaking and may in fact shatter the entire fabric of the Railways system in the country. Grant of further reliefs in this respect would, apart from vitiating the entire concept of dividend, be only an easy expedient to skirt the problem. On the other hand, the Committee recognise that the need for opening up backward areas is also urgent and pressing. In the situation, the only course left open to the Government, in the view of the Committee, is to enunciate a clear-cut policy whereunder the Central and State Governments would be willing partners in mobilising the capital needed for such lines and in sharing the losses in their operation. The Committee feel that such an approach would go a long way not only in curbing extravagant demands for new lines but would also result in meaningful rail-road co-ordination. As a corolary, State Governments should be willing for closure of patently uneconomic branch lines if other transport means adequate meet the developmental requirements of the area. The Committee have dealt with this aspect in greater detail in the Chapter on Uneconomic Branch Lines.

Reply of Government

These observations have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Further information called for by the Committee

The Committee have stated that "in the situation, the only course left open to the Government, in the view of the Committee, is to enunciate a clear-cut policy where under the Central and State Governments would be willing partners in mobilising the capital needed for such lines and in sharing the losses in their operation".

Please state in precise terms the present policy of Government in undertaking the construction of new lines.

Reply of Government

The Government have since accepted the recommendations of the public Accounts Committee made in their 71st and 191st Reports that a comprehensive policy may be framed and a plan may be drawn up for the construction of new railway lines in the backward areas of the country and the same may be presented to the Parliament. The policy to be followed regarding construction of new railway lines is under finalisation in consultation with the concerned Ministries.

[Ministry of Railways (Rly. Board) O.C. No. 77-B (RCC)-4230 7-12-77]

Recommendation (S. No. 52, Para No. 5.74)

"So far as the New Lines constructed, say during the last 15 years are concerned, the Committee desire that the financial results of working of such lines should be critically reviewed at least once in every three years and the results of such reviews should be suitably publicised so that public opinion as well as the State Governments concerned are better informed and are in a position to give positive suggestions to improve their working and augment the earnings."

Reply of Government

The recommendation of the Committee is noted.

[Ministry of Railways (Railway Board) O.M. No. 75-B (RCC)-4230 dt. 28-9-76]

Further information called for by the Committee

(a) Please state when the latest review of the working of each of the new lines constructed during the last 15 years was undertaken.

(b) Please furnish 3 copies of the above reviews.

(c) Please also state the decision taken in pursuance of these reviews.

(d) Please furnish a note indicating the manner in which the results of such review have been publicised and whether these were specifically brought to the notice of the State Governments.

Reply of Government

(a) & (b) The financial results of the working of the new lines are required to be prepared by the Railway Administrations for a period of 11 years from the date of opening under the extent instructions. In these reviews the capital cost incurred on the construction of the lines, the expected financial return and the actual return are also compared. During the last 15 years commencing from 1-4-1961, 37 new lines were opened to traffic.

In the attached statement, the date of opening, the estimated return and the actual return for the years 1973-74 and 1974-75 of these lines are indicated. In respect of a few lines, latest figures are not yet available. These will be obtained and furnished.

(c) In these reviews, variations between the anticipated earnings, working expenses and the actuals for the year are compared. Special steps being taken to develop the traffic and reduce the working expenses with a view to improve the viability of the line are also mentioned. These reviews, therefore, are in the nature of post-project appraisal of the investment on new lines.

(d) The Committee's recommendation No. 52 has been accepted and the results of the review for the year 1975-76 will be published in the 'Indian Railway Year Book' which will be presented to the Parliament along with other Budget Papers in February, 1977.

[Ministry of Railways (Railway Board) O.M. No. 75-B (RCC)-4230 dt. 28-9-76]

Sl. No.	Name of the line	Date of opening	Expected return	Percentage Actual return 1973-74	1974-75
1	2	3	4	5	6
	Central Railway				
1.	Diva-Panvel-Uran	31-1-66	(—)1·47%	7·06	1·46
2.	Panvel-Apte	9-4-66	..	(—)7·72	(—)7·73
3.	Butibore-Umrer	18-12-65	36·3%	63·44	97·74
4.	Singrauli-Katni..	7-2-72	(—)Loss	(—)8·14	(—)7·44
	Eastern Railway				
1.	Baraset-Hasnabad	9-2-62	(—)3·97%	(—)4·30	(—)10·98
2.	Bukhtiarpur-Rajgir	1-4-62	1·51%	2·14	(—)5·68
3.	Bondamunda-Nawagaon-Purnapani	19-6-62	42·75%	N.A.	N.A.
4.	Hatia-Nawagaon	27-12-64	9·27%	N.A.	N.A.
	Northern Railway				
1.	Robertsganj-Garhwa Rd.	19-10-63	2·35%	0·08 (1971-72)	—
2.	Madhopur-Kathua	20-1-66	0·03%	4·79	10·60
3.	Hindumalkot-Sriganganagar.	3-10-70	2·55%	28·52	23·42
4.	Singrauli-Obra.	31-3-70	9·74%	N.A.	N.A.
5.	Delhi Avoiding Line (DAL)	16-2-69	6·76%		
6.	Goods Avoiding Line (GAL)	15-11-66	18·4%		
7.	Kathua-Jammu	31-3-72	3·43%	N.A.	2·66
8.	Pokaran-Jaiselmer (Strategic)	28-1-68	(—)4·50%	15·81	10·36

1	2	3	4	5	6
		Western Railway			
1	Upaipur-Himmatnagar .	14-11-65	4·79%	0·12	1·85
2.	Jhund-Kandla . .	16-9-69	7·73%	15·14	32·85
3.	Dabla-Singhana . .	31-5-74	*7·64%	N.A.	N.A.
	*With 50% inflation of mileage.				
	N.A.—Not available.				
		Northeast Frontier Railway			
1.	Khejuriaghat-Malda . .	10-4-61	16·77%	10·39 (1971-72)	Completed period of 11 years.
2.	Rangapara North-North Lakhimpur-Murkongselek.	1-7-65	(—)1·55%	(—)6·93	N.A.
3.	Kalkalighat-Dharmanagar (Strategic) .	1-4-64	(—)0·75%	(—)1·1	N.A.
4.	Siliguri-Jogighopa (Strategic)	2-6-65	No traffic survey done.	(—)2·22	N.A.
		Southern Railway			
1.	Manmadurai-Virudhunagar .	25-5-64	7·3%	14·2	16·8
2.	Bangalore-Salem . .	14-1-69	3·80%	(—)0·72	— 0·50
3.	Renigunta-Tirupathi East . .	22-9-68	7·7%	N.A.	N.A.
4.	Tornagullu-Mundukulapenta .	Target—August, 76	10% (D.C.F.)		
		South Eastern Railway			
1.	Bauridand-Karonji	1-10-62	5·67%	(—)5·37 (1972-73)	Completed period of 11 years.
2.	Karonji-Jaynagar .	1-10-62	N.A.	N.A.	Completed period of 11 years.
3.	Champa Korba Extension . .	4-3-65	9·62%	(—)1·60 (1972-73)	
4.	Sambalpur-Titilagarh .	15-4-63	13·8%	15·42 (1972-73)	
5.	Bimlagarh-Kiriburu . .	16-4-63	4·70%	4·53 (1972-73)	
6.	Rl. link to Haldia Port. . .	16-1-69	8·25%	N.A.	N.A.
7.	Kotavalasa-Kirandul	1-11-68	3·22	12·96 (1972-73)	
8.	Cuttack -Paradeep	9-7-73	N.A.	N.A.	
9.	Ranchi-Bondamunda . .	27-12-64	24·98%	8·69 (1972-73)	
10.	Rourkela-Dumrao .	24-12-63	8·42	2·80 (1972-73)	

Further information called for by the Committee

It has been stated that the results of the review for the year 1975-76 "will be published in the 'Indian Railway Year Book' which will be presented to Parliament along with other Budget Papers in February, 1977.".

(a) Please state whether the results of the review have been so published and if not, the reasons therefor.

(b) Please also furnish the details of the review for the year 1975-76.

Reply of Government

(a) The results of the review for the year 1975-76 could not be published in the 'Indian Railway Year Book' as by the time the information could be obtained and prepared the main book had been sent to the Press for publication.

(b) During the last 15 years, commencing from 1-4-1961, 32 new lines were constructed. Out of these, the financial results of working of 11 lines have been critically reviewed. The results of this review and the steps taken to improve the financial position of these lines are given in the Annexure.

[Ministry of Railways (Railway Board) O.M. No. 77-B (RCC)—4230, dt. 7-12-77]

ANNEXURE

Sl. No.	Name of the line	Date of opening	Cost of Completion (Rs. in lakh)	Expected Return %	Actual Return 1973-74 %	Actual Return 1974-75 %	Actual Return 1975-76 %
1	2	3	4	5	6	7	8
1.	Sambalpur-Titagarh (E. E. Rly.)	15.4.63	2300.66	13.80	11.83	9·99	16·78

The viability of this line has sufficiently improved during the year 1975-76, when it yielded a return of 16.78 per cent, as against the anticipated return of 13.8 per cent. Working expenses have been further cut down to the viability of this line in the subsequent years.

1	2	3	4	5	6	7	8
2.	Rourkela-Dumrao (S. E. Rly.)	24.12.63	881.56	8.42	4.83	4.90	12.85

While the return of this line during the years 1973-74 and 1974-75 was not upto the expected level, during the year 1975-76, this line is yielding a return of 12.85 per cent, as against the anticipated return of 8.42 per cent. Efforts are being made to keep the working expenses as low as possible with a view to sustain the return.

3.	Kalkalighat-Dharmanagar (N. F. Rly.)	1.4.64	254.33	(—)0.75	(—)1.10	(—)3.75	(—)4.09

This line was constructed as a rail link to Tripura which became isolated after partition. The line basically serves the purpose of providing an infrastructure for the future development of the region. The Government of Tripura has several developmental projects in hand. Drilling operations are also going on in the region. Once these projects are set up, the earnings of this section will improve. The working expenses have been kept to the minimum by attending only to special repairs absolutely required on safety consideration.

4.	Manamadurai-Virudunagar (S. Rly.)	25.5.64	294.49	7.30	14.20	16.80	25.80

The earnings of this section are progressively increasing and presently the line is giving a return more than what was anticipated.

5.	Madhopur-Kathua (N. Rly.)	20.1.66	259.61	0.53	4.79	5.40	6.10

The return on this line is progressively increasing from year to year and is quite favourable when compared to the expected return.

6.	Rangapara North North Lakhimpur-Murkong Salek (N. F. Rly.)	26.1.66	3322.89	(—)1.49	(—)6.93	(—)9.75	(—)5.89

Though the return on this line has not come up to the expectations, the viability of the line has improved during 1975-76, as compared to the earlier years. This is a strategic line which passes through the backward region of Assam and merely serves as an infrastructure for stimulating the future economic growth in the region. While the traffic is likely to in-

1	2	3	4	5	6	7	8

crease as a result of proposed setting up of food processing plants and paper mills by Government of Arunachal Pradesh, this section faces stiff competition from road transport in respect of tea traffic. For reducing the working expenses, the cost of staff and expenditure on repairs and renewals has been kept to the barest minimum.

1	2	3	4	5	6	7	8
7.	Udaipur-Himatnagar (W. Rly.)	12.4.66	1321.53	4.79	0.12	1.85	2.19

Though the return of this line is gradually picking up, it has still not reached the level of expectation. This is because of stiff road competition, the site of Zinc Smelter Plant originally planned to be set up at Zawar having been shifted to Debari on the Udaipur-Malvi section and the traffic on account of iron ore not materialising, as the ore found in the area was of an inferior type. The working expenses are kept to the minimum by adopting economy measures, such as commercial working being attended to by the operating staff, and there being no night working on the section.

1	2	3	4	5	6	7	8
8.	Bangalore-Salem (S. Rly.)	14.1.69	1309.90	3.83	(—)0.72	(—)0.50	(—)0.40

The anticipated traffic on this line could not materialise because of stiff competition from road transport. A close watch on the earnings and expenses is, however, being kept to improve the financial position of the line. The concerned officers and the field staff have been instructed to canvass traffic to the maximum extent. The expenses are also kept to the barest minimum.

1	2	3	4	5	6	7	8
9.	Jhund-Kandla (W. Rly.)	30.12.69	1730.99	7.73	15.14	32.85	44.49

This section has proved to be highly remunerative and has yielded a return of 44.49 per cent in 1975-76, as against the anticipated return of only 7.73 per cent. The IFFCO traffic and the salt traffic from Gandhidham to various stations materialised on this section was much more than anticipated. It is expected that the present rate of return will be maintained.

1	2	3	4	5	6	7	8
10.	Singrauli-Katni (C. Rly.)	7.2.72	2642.16	(—) 1.85	(—) 2.14	0.48	(—)0.57

This line was constructed essentially for movement of coal from Bengal/Bihar and Singrauli Coal Fields to Western and Central Regions. The area served by this line is potentially rich in coal and high grade lime stone. The traffic on this line is likely to increase as a result of National Coal

1	2	3	4	5	6	7	8	..

Development Council developing another coal mine and the Cement Corporation of India setting up a Cement Factory. The working expenses of this line have been cut down by operating only 9 of the 15 stations. The booking of traffic is managed by the operating staff and no commercial staff has been posted. Efforts are being made to cut down the working expenses.

11, Kathua-Jammu (N. Rly.)	2.10.72	1466.87	3.43	1.07	2.66	3.99

This line has been treated as a national investment and is exempted from payment of dividend to the General Revenues. During the 3rd year of its opening, it has yielded a return of 3.99 per cent, as against the anticipated return of 3.43 per cent.

Recommendation (S. No. 53, Para No. 5.75)

So far as restoration schemes are concerned, the Committee note that these are financed from the Depreciation Reserve Fund with no dividend liability. The Railway Convention Committee, 1971 had pointed out in paragraph 2.17 of their First Report on Accounting Matters that contributions to the Depreciation Reserve Fund were made in an *ad-hoc* manner on the basis of 'rough' estimates of accrued depreciation—arrear as well as current. The Committee had desired that the matter may be examined by an expert Working Group so that the depreciation requirements could be assessed on a scientific and rational basis. The Report of the Working Group appointed in pursuance of the above recommendation of the previous Convention Committee, is still awaited.

Reply of Government

The information regarding Government's decisions on the recommendations of the Working Group on Depreciation has already been advised to the Railway Convention Committee.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 54, Para No. 5.76)

The Committee observe that the Depreciation Reserve Fund had a closing balance of Rs. 195.74 crores as on 31st March, 1975 (Revised Estimates). They would nevertheless like to point out that so far as restoration schemes are concerned, a material change in the situation might have occured in certain cases with the development of road transport during the intervening period and that many such schemes may now prove to be a further drain on Railway finances without any commensurate benefit to the development of the economy of the area. The Committee, therefore, desire that the Ministry of Railways should examine such proposals in great depth and take specific approval of Parliament by treating it in the same manner as a "New Service" before committing their scarce resources. Where the concerned State Governments or other authorities come forward to meet the capital cost and share the losses, the matter should be fully gone into and the full financial implication mentioned in the Budget documents while seeking Parliament's approval.

Recommendation (S. No. 55, Para 5.77)

So far as conversion schemes are concerned, the Committee note that projects for conversion from narrow gauge or metre gauge to broad gauge are generally taken up when the sections get saturated and additional investments are needed in order to carry the traffic expected to move over them. There are, however, many stretches of such lines where break-of-gauge acts as a 'disincentive' for setting up industries. The Ministry of Railways feel that such projects could be treated on the same footing as construction of new lines which though financially unremunerative, might be necessary for the development of backward areas.

Recommendation (S. No. 56, Para 5.78)

The Committee note that the Zonal Railways are presently engaged in making forecasts of traffic of individual lines which could be considered for conversion under the Corporate Plan. The Committee trust that full details and financial implications of the conversion proposals to be incorporated in the perspective Corporate Plan would be worked out in depth and fully gone into. The Committee would also like to emphasise that the Railways should carefully assess the operational requirements and overall economics of each projects before committing their resources. In case it is found that a project would not be financially remunerative, the sponsoring authorities might be asked to share the capital cost and the operating losses on an equitable basis as in the case of new lines proposed to be constructed in backward areas. Full facts and financial implications should be invariably indicated clearly and in sufficient detail in the Budget papers while seeking Parliament's prior approval.

Reply of Government

The observations have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 Dated. 28-9-76]

Further information called for by the Committee

Please confirm that

(a) the recommendation of the Committee that specific approval of Parliament should be obtained for restoration schemes by treating them in the same manner as "New Service", has been accepted by Government;

(b) the suggestion that conversion schemes should be treated on the same footing as construction of new lines which though financially unremunerative, might be necessary for the development of backward areas, has been accepted by Government;

(c) the suggestion that the sponsoring authorities might be asked to share the capital cost and operating losses on an equitable basis has been accepted by Government.

Reply of Government

(a) It is confirmed that specific approval of Parliament will be obtained for restoration schemes as suggested by the Committee.

(b) A gauge conversion is taken up;

(i) when a section becomes saturated and is incapable of handling additional traffic as in the case of Barabanki-Samastipur and Viramgam/Okha/Porbandar projects.

(ii) when the magnitude of the transhipment involved is such that it is uneconomical or is not feasible at all as in the case of Viramgam/Okha/Porbandar projects.

(iii) when they are needed for providing speedy and uninterrupted means of communication to areas which have potential for growth as in the case of New Bongaigaon-Gauhati conversion project and Ernakulam-Trivandrum project.

Detailed traffic surveys are carried out to determine the traffic potential and the financial viability of each project. While the financial viability of the project on a long term basis is an important consideration, lack of financial returns on a short-term basis is not allowed to come in the way, in the case of projects where traffic justification exists. As regards conversion of N.G./M.G. lines where break-of-gauge acts as a 'disincentive' for setting up industries, it is confirmed that such projects will be treated on the same footing as construction of new lines which though financially unremunerative, might be necessary for the development of backward areas.

(c) As regards the suggestion that the sponsoring authorities might be asked to share the capital cost and operating losses on an equitable basis, the speech made by Minister of Railways while presenting the Budget for 1973-74 covers this concept.

Steps are also taken to reduce the losses of the Railways by securing participation of the State Governments in the capital cost of the projects. It has been suggested to them to give land and the labour component of the projects free of cost and in some cases to participate in the construction and operation of the projects on a percentage basis. Inflation of the chargeable kilometreage is also considered in order to improve the earnings till such time the lines become remunerative.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 57, Para No. 5.79)

In paragraph 16 of their Sixth Report, the Railway Convention Committee had recommended that 50 per cent (instead of 25 per cent as hithertofore) of the capital outlay in the years 1974-75 and 1975-76 on works-in-progress other than those pertaining to strategic lines, North-East Frontier Railway (Commercial), over-capitalisation, ore lines, Jammu-Kathua and Tirunelveli-Kanyakumari-Trivandrum lines, new lines and P. & T. line wires, may be exempted from payment of dividend for a period of three years. This recommendation has since been approved by Parliament.

Reply of Government

The recommendation, as approved by Parliament, has been implemented from 1974-75. While calculating dividend payable to General Revenues for this year, dividend relief was taken on 50 per cent of capital outlay on works-in-progress other than that pertaining to outlay on strategic lines, Northeast Frontier Railway (Commercial), over capitalisation, ore lines, Jammu-Kathua and Triunelveli-Kanyakumari-Trivandrum, new lines and P. & T. wires.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 58, Para No. 5.80)

Having regard to the difficult financial position of the Railways and also taking into consideration the long period of construction/gestation of Railway investment in general the Committee recommend that 50 per cent of the outlay on capital works-in-progress, other than those specified above, may continue to remain exempted from payment of dividend for a period of three years in each case, during the entire period of the Fifth Plan *i.e.* 1974—79.

Reply of Government

This has been noted for implementation during entire period of Fifth Plan *i.e.* 1974—79.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 59, Para No. 6.44)

The Committee observe that the number of Railway staff has gone up from 9.14 lakhs in 1950-51 to 14.31 lakhs in 1973-74 *i.e.* by 56.5 per cent whereas the wage bill has shot up from Rs. 114 crores to Rs. 570 crores *i.e.* by over 400 per cent during this period. The cost per employee has gone up from Rs. 1263 to Rs. 4033 during the last 23 years *i.e.* by 208 per cent. In the year 1973-74, the Railways are stated to have spent Rs. 41 crores on provision of health and medical facilities, subsidised housing and educational assistance to children of Railway employees besides Rs. 21.42 crores on the Railway Protection Force and Rs. 56.29 crores towards concessional travel facilities to their staff by way of passes and privilege ticket orders. Thus the total cost of staff including various facilities and benefits provided to them amounted to Rs. 688 crores constituting about 63 per cent of the total working expenses (Rs. 1082.78 crores) of the Railways including depreciation and miscellaneous expenses.

Reply of Government

The observations of the Railway Convention Committee have been noted by the Ministry of Railways.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 60, Para No. 6.45)

While it is true that expenditure on provision of health, medical and educational facilities and on the Railway Protection Force should normally be a charge upon the revenues of the State Governments as all these are State subjects, it would be too much to assume that the latter with their tight financial position would be ordinarily willing or able to undertake these responsibilities at least, in the near future. On the other hand, as is well known, the Central Government have been advancing loans and grants to the State Governments to finance the Plan expenditure under these heads besides directly running a number of institutions providing such facilities. Moreover, leading public undertakings provide similar facilities/amenities to their staff. The Committee, therefore, consider that as things stand at present, there is no case for the Railways to be treated on a different footing in this matter. The question of any re-imbursements on these social overheads would not, therefore, arise.

Reply of Government

The views of the Railway Convention Committee have been noted by the Ministry of Railways.

[Ministry of Railways (Railway Board) O.M. No. 75-B (RCC)-4230 dated 28-9-76]

Recommendation (S. No. 61, Para No. 6.46)

On the other hand, the Committee share the view of various knowledgeable persons that the Railways are overstaffed. They would, therefore, like to emphasise the imperative need to effect economies in this direction. They would urge the Railways to undertake extensive work studies in their various field and headquarters organisations at all levels with a view to achieving economy consistent with efficiency. It is also necessary that the staff, particularly the supervisory staff, are made cost-conscious. This should not only form part of their training programme but their performance should be judged on the basis of their success in achieving best results at minimum cost.

Reply of Government

The above recommendation is noted. It may, however, be stated that the Board are fully siezed of the problem of keeping a tight control on staff on the Railways and instructions issue from time to time asking the Railways to exercise tighter and greater managerial control on staff strength at Divisional and Zonal level.

In this context instructions have also issued in keeping with Government's policy that there should be a complete ban on filling up of all vacancies (except typists and stenographers) in non-technical and non-operational posts arising out in normal course except by transfer, promotion, deputation or adjustment of staff rendered surplus as a result of S.I.U. report or otherwise. Any relaxation in this ban would be subject to Cabinet approval. The posts which are lying vacant for over six months are, however, not to be filled.

Apart from these periodical economy reports are received from Railways/Production Units showing *inter-alia* the staff position on railways and economies effected therein.

Supervisory staff are deputed for short courses on 'Management and Supervision' at the Railway Training Institutes. The course content lays emphasis, *inter-alia*, on finance mangement to make the trainees cost-conscious. Their performance is evaluated annually, amongst other things, on their success in achieving higher productivity at lesser cost.

[Ministry of Railways (Rly. Board) O.M. 75-B(RCC)—4230 dated 28-9-76]

Recommendation (S. No. 62, Para No. 6.47)

So far as the question of financing the construction of staff quarters is concerned, the Committee agree with the Railways' suggestion, concurred in by the Ministry of Finance, that the cost of construction of staff quarters may be charged to Capital during the 5th Plan period, dividend on such capital being payable only if the Railways have surplus after discharging other dividend obligations.

Reply of Government

The Government have accepted the above recommendation and implemented the same through the Revised Estimates for 1975-76 and the Budget Estimates for 1976-77.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 63, Para No. 6.48)

The Committee would like to stress that while the Railways should make earnest efforts to provide quarters to all the staff, they should give priority to essential categories of staff. The Committee urge the Railways to prepare a perspective plan for construction of quarters so that within a specified period of time, the staff falling in essential categories and other low-paid staff are provided with railway quarters. In drawing up the Plan Railways should give priority to construction of Quarters in places and areas where other accommodation is not available.

Reply of Government

It is the policy of the Railways to construct quarters on a programmed basis for the essential staff and other low paid staff. Attention is also paid to staff posted at way-side stations and areas where private accommodation is scarce. However, considering the large number of staff and meagre availability of funds, it will take many years to provide quarters to all the staff. In this connection, it may be stated that at the start of the First Five Year Plan, *i.e.* on 31-3-1951, there were about 3.18 lakhs of quarters on the Indian Railways and the Staff strength was about 9.14 lakhs. The percentage of staff housed at that time worked out to about 35. The position as now obtained on 31-3-1975 is that out of 14.41 lakhs employees, 5.44 lakhs have been accommodated in Railway quarters, *i.e.* 38 per cent. In other words, although 2.26 lakhs of additional quarters were constructed since 1951-52, at an approximate expenditure of Rs. 150 crores, the overall improvement in the housing position has been only 3 per cent.

2. On the Railways, construction programme for quarters largely caters to the need of low paid staff. An analysis of quarters constructed during the last 5 years, *i.e.* from 1970-71 to 1974-75, will highlight this fact. During this period a total number of 26,221 quarters were constructed on the entire Indian Railways. Out of these, 14,387 were for class IV and 11,425 for Class III staff.

3. The total number of staff and those housed as on 31-3-75 are indicated below:

category	Total Staff	Staff Housed	Yet to be Housed	Cost of providing qrs. fo- the balance Staff @Rs. 20,000 per unit excluding cost of land
	(in Lakhs)			(Rs. in crores)
Essential	7·35	4·13	3·22	644 (approx)
Others	7·06	1·31	5·75	1150 ,,
TOTAL	14·41	5·44	8·97	1794 ,,

As per the above statement the percentage of essential and other staff housed are 56 and 19.5 respectively.

4. The number of quarters constructed and amounts spent under 'Staff Quarters' during the Plan periods are as under:—

Period	No. of qrs. constructed	Expenditure
I Plan	38,703	N.A.
II Plan .	57,803	Rs. 38 crores
III Plan	71,570	Rs. 44 crores
Annual Plans (3 years) (1966-67 to 1968-69)	25,529	Rs. 18 crores
IV Plan	27,674	Rs. 31 crores

5. In the Fifth Five Year Plan, an outlay of Rs. 40 crores has been earmarked under the Plan Head 'Staff Quarters'. However, due to difficult financial position, outlays during the first 3 years *i.e.* 1974-75, 1975-76 and 1976-77 have been only to the extent of Rs. 4.19 crores, Rs. 4.03

crores (Revised Estimates) and Rs. 7 crores (Budget), thus leaving a balance of Rs. 24.8 crores for the last two years of the Plan *i.e.* @ Rs. 12.4 crores per year. But considering the financial position of the Railways, allotments higher than Rs. 10 crores per year may not be feasible at least for the next few years. This amount will only suffice to sustain, or only marginally improve, the present level of satisfaction commensurate with the expected increase in staff strength in the immediate future. Thus any perspective Plan for increasing the housing percentage of railway staff can meaningfully be drawn only as and when higher Plan outlay can be made available for the Plan Head 'Staff Quarters' by the Planning Commission.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 64, Para No. 6.49)

The Committee would also urge that the Railways should adopt modern cost saving techniques in construction so that the cost of construction of quarters is kept low. For this purpose, the Railways should evolve suitable architectural designs of low-cost houses in consultation with the Ministry of Works and Housing, the research institutions engaged in this work, the Public Sector Corporations, particularly the Life Insurance Corporation, the Delhi Development Authority and other leading bodies in the Centre and States etc. who have considerable experience of providing large scale housing. As far as possible, the representatives of workers may also be consulted in this regard.

Reply of Government

1. Noted.

2. A Committee of experts, with the Additional Member (Works) Railway Board as Chairman and 3 Chief Engineers of Zonal Railways and the Director/Research, RDSO as Members, has already been entrusted with the task of evolving norms and specifications for effecting further economy in construction costs.

The Committee is expected to complete its deliberations shortly, after which suitable instructions will be issued to the Railways and production units.

[Ministry of Railways (Rly. Board) O.M. No. 75—B(RCC)4230 dt. 28-9-76]

Further information called for by the Committee

Please state whether the Committee of experts entrusted with the task of evolving norms and specifications for effecting further economy in construction costs of staff quarters, has since finalised its report. If so, please furnish 3 copies of the report of this Committee together with statement showing the action taken/proposed to be taken on the recommendations contained therein.

Reply of Government

The Committee of Experts have drawn up an interim report and the comments on the same have been invited. The Committee's report not only deals with the construction of quarters but also it covers all facets of construction activities on the Railways in its Civil Engineering Department. It covers track and bridges also. The Railways have been in touch with the National Buildings Organisation and the various Research Institutions in the country in order to achieve economic and efficient construction. A further progress report shall follow soon.

The Ministry of Railways attach great importance to the efficient and economic construction of its projects.

With the economic development, the quantum of construction work in the country will increase manifold in the years to come. We will not be able to fulfil this gigantic task without bringing major changes in our present construction practices. In view of the huge investment in construction, huge savings can be effected, even if the cost is reduced by small percentage.

It is necessary to undertake a critical examination of the Policy, Organisation and Management of Construction Activity with a view to bring about such changes that would result in improvements in planning, administration, organisation and management of construction, as well as the entire gamut of business aspects of construction activities.

[Ministry of Railways (Rly. Board) O. M. No. 75—B(RCC)—4230 dt. 23-11-76]

Further Information called for by the Committee

(a) Please state whether the Committee of experts has given its final report; if so, please state their main recommendations and the follow-up action taken thereon.

(b) It has been stated in the reply that comments on an interim report of the committee of experts have been invited and that the Railways have been in touch with the National Building Organisation and the various Research Institutions in the country in order to achieve economic and efficient construction. It has been further stated that 'a further progress report shall follow soon'.

Please state the latest position.

(c) It has also been stated in the reply that it is necessary to undertake a critical examination of the policy, organisation and management of construction activity.

Please state whether such an examination has been undertaken by the Ministry of Railways.

Reply of Government

(a) The Committee of Experts has finalised its Report, three copies of which are enclosed. The Summary of Conclusions and Recommendations is contained in Chapter VII (pp. 34 to 44). Copies of the Report have been sent to the Zonal Railways for their guidance.

(b) The report has been finalised after taking into account the comments of the Zonal Railways and the information which could be obtained from the National Building Organisation and other institutions. As already stated in (a) above, the Report has since been finalised.

(c) The report of the Experts Committee has made an examination of all the aspects of economy in construction costs including policy, organisation and management of construction activity.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)—4230 dt. 7-12-77.]

Recommendation (S. No. 65, Para 7.1)

In conclusion, the Committee like to observe that they have recommended *inter-alia* the following:—

(i) Government should evolve a financial arrangement in the light of findings of the costing study of the economics of operation of various classes of travel in consultation with the Ministry of Finance and Comptroller and Auditor General whereby the Railways are compensated in some equitable manner for Second Class passenger traffic only (*vide* paragraph No. 2.45).

(ii) The entire question of subsidising the Railways so as to cover the unavoidable losses on passenger traffic, suburban as well as non-suburban, should be remitted to a high powered Committee comprising the representatives of the Ministries of Railways, Transport, Finance, Comptroller and Auditor General, the State Governments and local Authorities concerned, and that Committee might be entrusted with the task of working out a practicable financial arrangement to subsidise the Railways keeping in view the practice obtaining in Britain, France, West Germany etc. in this behalf (*vide* paragraph No. 2.68).

(iii) While the various travel concessions to students and other categories of personnel (estimated to be of the order of Rs. 13 to 18 crores per annum) may continue, the Railways may be reimbursed the cost thereof through a suitable financial arrangement to be worked out by Government in that behalf (*vide* paragraph No. 2.41).

Reply of Government

Noted. Necessary action is being taken in the matter.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Recommendation (S. No. 67, Para No. 7.3)

"The Committee also consider that the Railways will have to look with and find out what more they can do for the trade and industry and the public at large to earn their good-will rather than what the public revenues can do for them. The Committee urge the Railways to streamline their functioning and manage the operations in such a way that they are looked upon as the most economic, competitive, efficient and reliable mode of transportation in the country (*vide* para 1.142). The Committee need hardly stress that the Railways as the premier undertaking in Government Sector should play an effective and leading part in the implementation of the programme for development announced by the Prime Minister. Some signs of improved performance and earnings on the Railways are already visible. The Railways should redouble their efforts to attract and move more and more traffic by efficient use of their resources so that they snap back to the position of 1965-66 when they had surplus after meeting all the social obligations".

Reply of Government

In this connection reply to recommendation No. 7 para 1.142 may please be seen.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Recommendation (S. No. 68, Para No. 7.4)

The Committee consider that Government should take an overall view with reference to (i) the financial position of the Railways as revealed in the Balance Sheet and the Profit and Loss Accounts and (ii) their liabilities, obligations and responsibilities not only in relation to payment of Dividend to the General Revenues but also the position of the balances in the Development Fund, Revenue Reserve Fund and the Depreciation Reserve Fund and then determine, a reasonable quantum of relief to be afforded to the Railways which, in any case should not exceed the amount borrowed by the Railways from the General Revenues. The actual relief to be paid to the Railways should be clearly indicated in the Budget documents with necessary supporting data and details so that Members of Parliament have adequate opportunity to go into it before it is approved.

Reply of Government

Noted. The reilef, if any, given to the Railways will be clearly indicated in the Budget documents with supporting data and details and specifically brought to the notice of Parliament.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

Recommendation (S. No. 69, Para No. 7.5)

The Committee would like to emphasise that whatever subsidy or grant is ultimately decided upon, should only be given to make good unavoidable losses after ensuring that the Railways also improve their performance and efficiency and effect all possible economies in their operation. The subsidy should in no case dilute the financial discipline imposed on the Railways nor place a premium on inefficient service and make the Railways complacement about their responsibility as the sole rail carriers to provide more efficient and economic service to the public at large (*vide* paragraph No. 2.69).

Reply of Government

Noted.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76.]

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES.

NIL

CHAPTER IV

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

Recommendation (S. No. 6, Para No. 1.141)

The Committee consider that there is still a vast scope for improvement in the Railway planning and operations. The Committee have dealt with this matter in detail in their 8th Report on "Railways' Fourth and Fifth Five Year Plans and other Ancillary Matters." The Committee need hardly point out that the Railway planning has been unrealistic over the last two Plan periods inasmuch as while heavy investments in augmenting capacities were made according to the forecasts of freight traffic, there was a wide gap between the traffic forecasts and their actual materialisation. This is evident from the fact that while a heavy investment of Rs. 3,868 crores was made by the Railways in the Third and Fourth Plans and in the three inter-plan years, the traffic materialisation has belied all expectations. While it was only somewhat higher in the first year of the Fourth Plan as compared to the traffic carried at the end of the Third Plan (208 million tonnes as against 203 million tonnes), there was a considerable slideback in the subsequent years so much so that at the end of the Fourth Plan it was as low as 185 million tonnes against a target of 264.5 million tonnes set initially. (This was 18 million tonnes less than the freight traffic carried at the end of the Third Plan). Thus the huge deficits incurred by the Railways are in the main attributable to the steep increase in their dividend liability arising out of heavy investments made without corresponding increase in traffic. This underwrites the need for observing utmost circumspection in the matter of making further investment in the Railways.

Recommendation (S. No. 66, Para 7.2)

The Committee wish to point out that the social burdens on the Indian Railways are not a new phenomenon and in spite of bearing such obligations the Railways were showing surplus till 1965-66. The Committee are of the view that there is still a vast scope for improvement in the Railway planning and operations. The Railway planning has been unrealistic over the last two plan periods. While heavy investments in augmenting capacities were made according to the forecasts of freight traffic, there was a wide gap between the traffic forecasts and their actual materialisation. This resulted in marked increase in the dividend liability arising out of heavy investments without corresponding increase in traffic earnings. This underscores the need for observing utmost circumspection in the matter of making further investments on the Railways (vide paragraph Nos. 1.140 and 1.141).

Reply of Government

Railway-planning in India is basically derivative planning and the materialisation of traffic on the Railways has a direct relation to the achievement of planned production targets in various sectors of the economy. Planning on the Railways is done in close co-ordination with user Ministries, public sector undertakings and under the overall co-ordination and guidance of the Planning Commission, who lay down targets of production for other key sectors of the economy. To the extent production targets in different sectors of economy fail to materialise, traffic generation on the Railways gets affected.

Investment on the Railway system for freight traffic is planned and provided on the basis of the anticipated work load, for which purpose a correct picture of work load is not "tonne" but "tonne kilometres", which is a product of the quantum of traffic carried and the distance over which the same was carried. While it is true that materialisation of freight traffic in terms of tonnes lifted has not been at the level anticipated in the last few years, the picture is quite different when judged in terms of net tonne kilometres as indicated below:—

Year	Net tonne kilometres (in billion)	Increase over 1960-61
1960-61	87·7	..
1965-66	116·9	33%
1968-69	125·1	43%
1972-73	136·5	56%
1975-76	148·0 (prov.)	68%

Another important area of investment is for meeting the requirements of passenger traffic. The growth of passenger traffic in the last few years has been phenomenal and despite operations being far from normal in 1973-74 a growth of about 27 per cent in passenger kilometres was registered against the provision of only 19.8 per cent made in the plan

(Annexure I). Besides, investments have also to be made for Railways' development programmes, for replacement of assets, for undertaking minor unremunerative operating improvements, for passenger amenities and staff welfare etc. which do not add to the capacity to handle additional traffic. From a rough estimate made (Annexure II) it would be observed that only about 32 per cent of the total planned expenditure between 1961-62 and 1973-74, could, at best, be attributed to the generation of capacity for handling freight traffic against an increase of 56 per cent NTKms. during the period. Before investment decisions are taken, a very close scrutiny is undertaken on the Railways and requisite consultations are also held with the Planning Commission who are aware of the latest developments in different sectors of the economy.

Regarding the deficits incurred by the Railways it may be pointed out that the deficits have mainly been due to imbalance in earnings and expenditure arising out of the policy of price restraint and increased staff and material cost on the one hand and non-materialisation of the anticipated levels of traffic due to sluggish economy on the other. The wage bill of the Indian Railways which stood at Rs. 214.5 crores in 1961-62 went up to estimated Rs. 925.4 crores in 1975-76 (more than four fold increase). Prices of stores and material, including fuel, which account for 25 per cent of operating expenses, have also risen phenomenally during the past few years, while there has been a policy of price restraint for freight rates and passenger fares, as would be indicated from the table below:—

	1960-61 base year	1973-74	1974-75
Average revenue per Passenger Km.	100	146.5	176.7
Average revenue per NTKm	100	148.0	179.9
Cost of Staff	100	218.6	280.3
Cost of Fuel :	100		
Coal		190.2	244.3
Mineral oils		236.2	390.7
Electric		161.7	203.5

While the deficits in the years 1973-74, 1974-75 and 1975-76 were of the order of Rs. 115.50 crores, Rs. 113.83 crores and Rs. 62.8 crores, the increased dividend liability was only of the order of Rs. 9.41, 16.56 and 10.78 crores respectively.

In the planning and operations in a large and complex organisation like the Railways scope always exists for bringing about improvements. With the adjustments made in the freight rates and passenger fares during the past two years to make them more cost oriented and with the economy picking up in the wake of emergency the prospects are certainly better now. The budget for 1976-77 projects a surplus of Rs. 8.98 crores, and with the trend of performance in the first quarter of the current year, it would appear that the Railways have turned the corner.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 of 28-9-76]

Annexure I

Statement showing growth of Passenger traffic on the Indian Railways.

(figures in Billions)

Year	Passanger Killometres			Percentage increase during each plan period.		
	Suburban	Non-suburban	Total	Sub-urban	Non-suburban	Total
1960-61	11·770	65·895	77·665			
1961-62	13·268	68·617	81·885			
1962-63	13·561	70·430	83·991			
1963-64	14·460	74·128	88·588			
1964-65	15·791	77·698	93·489			
1965-66	17·164	79·130	96·294	45·8	20·1	24·0
1966-67	18·469	83·676	102·145			
1967-68	19·068	88·095	107·163			
1968-69	19·515	87·425	106·940	13·7	10·5	11·1
1969-70	22·163	91·219	113·382			
1970-71	22·984	95·136	118·120			
1971-72	24·250	101·079	125·329			
1972-73	26·596	106·931	133·527			
1973-74	28·037	107·627	135·664	42·6	23·1	26·8
Overall increase				95·7	63·3	74·7

Annexure II

Estimate of plan expenditure for Generating Freight carrying capacity.

(Rs. in crores)

Item	Third Plan (1961-66)	Inter-Plan period (1966-69)	Fourth Plan (1969-74)	Total (1961-74)
1. Total Plan expenditure . .	1686	763	1420	3869
2. Less non-capacity generating expenditure :				
(a) D.R.F. .	360	254	494	1108
(b) D.F.. .	131	64	97	292
(c) O.L.W.R.	53	27	35	115
(d) Investment in Road Services.	8	5	13	26
(e) Electrification . .	81	36	70	187
(f) Inventories . . .	76	2	77	155
TOTAL (2) . .	609	388	786	1783
3. Total Expenditure on capacity generation (1-2) . . .	1077	375	634	2086
4. Less estimated expenditure on Rolling stock for passenger traffic :				
(a) Coaches. . . .	76	60	112	248
(b) Locos	32	15	34	81
TOTAL (4) . .	108	75	146	329
5. Balance estimated expenditure (3-4)	969	300	488	1757
6. Less Proportionate expenditure on items connected with passenger traffic	282	87	156	52
7. Estimated expenditure on freight traffic (5-6)	687	213	332	1232
8. Percentage of expenditure on the generation of freight carrying a capacity to total expenditure .	41	28	23	32

Further information called for by the Committee

It is observed from the statement at Annexure II of the reply that the entire withdrawals from the D.R.F. amounting to Rs. 1108 crores during 1961—74 have been shown under the head non-capacity generating expenditure. According to the Summary of Rules of Allocation of Railway Expenditure (*vide* Annexure A of Memorandum X for the Railway Expenditure (*vide* Annexure A of Memorandum X for the the Depreciation on Reserve Fund bears *inter-alia* the full cost of replacement and renewal of Railway assets including the improvement and inflationary elements thereof.

(a) Please state whether the Ministry of Railways have worked out the cost relatable to the improvement element of the new assets acquired on replacement account during the period under review i.e. 1961—74, and if so, the details thereof.

(b) To what extent has the improvement element in such new assets generated additional freight capacity on the Railways?

Reply of Government

The major charge under DRF is expenditure on replacement of rolling stock and track renewals. While replacing the rolling stock with improved type of rolling stock, the element of improvement is adjusted, as replacement is not done on "like-to-like basis". For example, while replacing main line steam goods locomotives by diesel goods locomotives, 2½ steam locomotives are equated to one diesel. Similarly, in case of replacement of shunting steam engines by diesels 1.25 steam locomotives are equated to one diesel locomotive. On the same lines, while replacing 4-wheelers with BOX wagons which represents an improved wagon design, 2¼ 4-wheelers are equated to one BOX. Therefore, the improvement element does not contribute to increased capacity.

Similarly, in the case of track renewals, the changeover from 90 lb rails to 105 lb. rails on the main lines and trunk routes is necessitated on account of higher axle loads and faster speed of mail and express trains. Also with such increased loads, speeds and the higher density of traffic, the effect on the track structure would be such that without such higher track standards, to maintain the track structure to the required standards would be difficult and also prohibitively costly. It would be appreciated that this does not contribute to increase in the freight carrying capaciy.

The cost specifically relatable to the improvement element of the new assets acquired on replacement account has not been worked out by the Ministry of Railways. For the reasons stated above, this would also not be relevant to the generation of additional freight capacity.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dated 23-11-76.]

Further information called for by the Committee

It is observed that the entire Open Line Works (Revenue) (OLWR) expenditure of Rs. 115 crores during 1961—74 has been shown as non-capacity generating expenditure. It is noted that OLWR bears (i) the cost of works, other than those relating to amenities and other railways users, whether new additions, improvements of replacements and renewals estimated to cost not more than Rs. 25,000 (ii) the cost of unremunerative works for improvement of operational efficiency costing not more than Rs. 3 lakhs each, and renewals as are not chargeable to Capital, Depreciation Reserve Fund, Development Fund or Ordinary Revenue under the rules.

Please state the extent to which the new additions, improvements, etc., under this head of expenditure have led to creation of additional freight carrying capacity.

Reply of Government

As far as works (other than passenger amenities) costing individually not more than Rs. 25,000 are concerned, these are in the nature of minor works which by their very nature cannot create any additional freight carrying capacity. For example, these may cover provision of staff quarters at staff locations, electrification of approach to cabins (involving an element of improvement), improvements of wells provided for staff etc. These improvements do not contribute to increase in carrying capacity.

As regards unremunerative operating improvements costing less than Rs. 3 lakhs, the very fact that these are unremunerative indicates that these do not enable the railways to increase its traffic carrying capacity. For example, provision of watering arrangements, providing an auto-exchange or yard communications arrangements do constitute operating improvements but are unremunerative and do not contribute to generation of additional capacity. At best, these are in the nature of removal of operational drags.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dated 23-11-76.]

Further information called for by the Committee

It is also observed that the entire expenditure of Rs. 187 crores on electrification projects during 1961—74 has been shown under non-capacity generating expenditure. Admittedly, one benefit of electrification is that it greatly increases line capacity. In fact, the Committee had been informed earlier that on a single line section this increase could be as high as 50 per cent or more if coupled with signalling improvements.

Please clarify the reasons for including the expenditure on electrification under non-capacity generating expenditure.

Reply of Government

Electrification of a section is generally preceded by dieselisation. If at all, there is only a marginal difference in the capacity between diesel and electric traction because the permissible load and the speeds under two tractions are more or less comparable.

2. As such, electrification projects are taken up primarily on consideration of saving in working expenses and not on consideration of increase in transport capacity, because the alternative of diesel traction is always available in such cases. In working expenses, electric traction is more economical as compared to diesel traction while it entails heavy capital investment. As such, electric traction is justified only on high density sections where the saving in working expenses makes the high capital investment worthwhile. It is for this reason that even the financial/economic evaluation of electrification projects is based on saving in working expenses, as compared to diesel traction, for a given volume of traffic and not on additional traffic.

3. It is in this context that the expenditure on electrification has not been treated as expenditure for generating additional capacity. We have not been able to connect any earlier reference from the Ministry of Railways in which the Committee had been informed that on a single line section the increase in capacity as a result of electrification, coupled with signalling improvement, can be as high as 50 per cent.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76.]

Further information called for by the Committee

It is observed that the entire expenditure of Rs. 155 crores on inventories during 1961—74 has been shown under the head of non-capacity generating expenditure.

Please state how much of this is relatable to generation of additional capacity for freight traffic as distinguished from that incurred on maintenance of existing assets.

Reply of Government

Inventories represent (a) the value of stores held in stock for ultimate issue to meet the requirements of repairs, maintenance and construction (b) the value of work in progress in the railway workshops which are carrying out repairs, maintenance, of railway assets (c) the value of stock held as well as the work in progress held in the production units and in shops engaged in the manufacture of new assets.

After manufacture, the full expenditure incurred on manufactured assets is reflected in the cost of the assets. Similarly the value of stores issued to works and value of works carried out in shops are fully reflected in the cost of the finished work. These are charged to capital, DRF, DF or OLWR depending upon the nature of the work/asset.

In the circumstances, it would not be correct to apportion any expenditure under inventories to generation of additional capacity.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76.]

Further information called for by the Committee

An amount of Rs. 525 crores has been shown as proportionate expenditure on items connected with passenger traffic in the statement at Annexure-II of the reply.

Please state the criteria and methodology adopted for apportioning expenditure on common items connected with both passenger traffic and freight traffic. Please also furnish a break-up of the expenditure on each main head with supporting explanatory remarks.

Reply of Government

The apportionment of expenditure as indicated in item 6 of Annexure-II, referred by the Committee has been done as follows:—

Out of the total expenditure on capacity generation indicated *vide* item 3 of Annexure-II, the expenditure on coaching and goods rolling stock on additional account was first deducted. The balance amount would relate to expenditure on line capacity for both passenger and goods traffic. As this expenditure is common and cannot be seg regated for the passenger and goods services, this has been apportioned to passenger traffic on the basis of about 45 per cent for the III Plan and Inter-Plan period and 50 per cent for Fourth Plan. The percentage of 45 per cent and 50 per cent has been adopted keeping in view the percentage of passenger kilometres. The total traffic units (*i.e.* passenger kilometres plus Net tonne kilometres) at the end of the relevant period.

It may be emphasised that this exercise is in the nature of a broad analysis to clarify the point that only a portion of the total expenditure incurred generates capacity for freight traffic.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76.]

Further information called for by the Committee

Please state whether the break-up given in the statement at Annexure-II was at any stage submitted for the concurrence of the Planning Commission/ Ministry of Finance. If so, their comments thereon may please be furnished.

Please also state whether the break-up of the estimates of Plan expenditure under various heads as given in the Annexure-II has been vetted by Audit. If so, please furnish Audit comments, if any.

Reply of Government

The general analysis furnished to the Committee was undertaken to clarify the impression that the entire investment on the railways is related to generation of line capacity. The main purpose was to bring out that only a part of the investment generates capacity for carrying additional freight traffic.

It was not, therefore, necessary to obtain the concurrence of Audit/ Planning Commission/Ministry of Finance for a general analysis of this nature.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76.]

Further information called for by the Committee

Please furnish a detailed note regarding the methodology adopted in arriving at the freight traffic targets for the Third Plan, Inter-Plan years, Fourth and Fifth Plan periods, bringing out *inter alia*, the projections furnished by the user Ministries, commodity-wise, the reasons for scaling down their projected quantum of traffic, the final targets fixed and the actual materialisation. Please also indicate clearly whether the anticipated leads of traffic were worked out, the views of the Planning Commission and the distortions that came to notice in the actual performance, etc.

As desired by the Committee, a detailed note regarding the methodology adopted in arriving at the freight traffic targets for the Third Plan, Inter-Plan years, the Fourth and the Fifth Plan periods is atached.

Note

GENERAL

1. The general methodology adopted for arriving at the freight traffic targets has been that in the first instance production and rail transport demand estimates for the Plan period are obtained from the user Ministries in regard to major commodities. These are analysed and reviewed in consultation with the Planning Commission based upon which traffic forecasts are developed. In undertaking such analysis empirical data of past growth pattern is also utilised. However, the final traffic forecasts are decided by the Planning Commission as they are in the best position to take an overall view keeping in view the developments envisaged in different sectors of the economy.

1.1 The traffic forecasts so developed are specified in respect of major commodities such as coal, raw materials and finished produce from steel plants, iron ore for export, cement, railway materials, etc. A more general forecast is adopted in regard to the remaining traffic based upon past trends. As over the years different commodities have gained importance in the traffic mix, the number of commodities for which specific traffic targets are fixed have been steadily increased. For example, starting from the Fourth Plan, specific traffic forecasts were made in regard to foodgrains, fertilisers and POL which were earlier being clubbed along with other general goods traffic during the Third Plan period.

1.2 Apart from increasing the number of commodities for which specific exercise to forecast traffic targets is undertaken, other sophistications have also been introduced in the planning methodology during the successive plans. During the Third Plan period, no separate working group for freight traffic on the Railways was constituted. However, a Working Group for coal production and transport was constituted under the aegis of the Ministry of Steel and Mines on which the Railways were also represented. During the Fourth Plan two Working Groups on Railways were constituted, one for passenger traffic and the other for freight traffic. The various important user Ministries and the Planning Commission were represented on the Working Group for Freight Traffic which ensured close collaboration in working out freight traffic targets. In the case of Fifth Plan, in addition to separate Working Groups for Passenger and Freight Traffic, another Working Group for Railways' Development Programme was also constituted. At the instance of the Planning Commission, Working Groups were also up by other important user Ministries *e.g.* Coal, Steel, POL, etc. to determine realistic production targets of major commodities. On these Working Groups the Railway Ministry was also represented.

1.3 It will, therefore, be seen that a systematic attempt has been made to make the methodology of planning in general, and the methodology of forecasting of freight traffic targets in particular, more sophisticated during the successive plans.

1.4 However, it bears repetition that after the traffic estimates have been worked out by the Working Group on Freight Traffic, the final targets have to be fixed by the Planning Commission taking into account the developments in the associated sectors of the economy.

PROJECTIONS & ACTUALS

mission. This was the result of an upward revision of estimates in respect fixed and actual materialisation of traffic for the Third Plan, Inter-Plan, Fourth Plan and the Fifth Plan, these are indicated in the attached statements.

MEHODOLOGY FOR FIXING TRAFFIC TARGETS

3. In the light of the general comments given above and the factual data given in the attached statements, the following comments are offered regarding the methodology adopted for arriving at freight traffic targets for different plan periods:

3.1. *Third Plan*:

At the time of formulation of the Third Five Year Plan there was considerable uncertainty in regard to production targets in the major industrial sectors. As has been mentioned above, no separate working group for freight traffic on the Railways was constituted. However, in February 1960, the Planning Commission indicated rail transport requirements of 238.8 million tonnes by 1965-66 as per commodity-wise details furnished in the attached statement. This became the basis for the traffic forecast prepared in October, 1960 after discussions with the Planning Commission. In March, 1961, the traffic forecast of 238.8 million tonnes was revised to 248.9 million tonnes in consultation with the Planning Commission. This was the result of an upward revision of estimates in respect of raw materials and coal for steel plants, coal for the general public and railway material and certain variations in production estimates in case of other items.

3.2. The Third Five Year Plan which was finalised in March, 1961, however, noted as under:—

> 'The Development Programmes for coal and certain other important industries have not yet all been worked out in full detail. As their exact nature and requirements become clear, it will be possible to coordinate the railway programme with them more closely so as to ensure that they move forward in harmony and their phasing and implementation are carefully synchronised. Furthermore, since the overall estimates of traffic can only be

treated as tentative at this stage, they will be subject to constant review in the light of the actual trends in traffic from year to year.'

3.3. In January 1962 on the basis of certain studies made the traffic forecast for the last year of the Third Plan under went a further upward revision to 264 million tonnes. The increase was made under coal (five million tonnes) and general goods traffic (10.1 million tonnes) mainly on account of higher production estimates.

3.4. In November, 1963 at the time of mid-plan appraisal of Third Plan it became clear that the production targets visualised in respect of certain major commodities *e.g.* coal, steel and cement were not likely to materialise and therefore, the overall traffic target at the end of the Third Plan was reduced to 245 million tonnes in consultation with the Planning Commission.

3.5. *Inter-Plan Years, i.e.* 1966-67 *to* 1968-69:

During the Inter-Plan years the normal process of a Five Year Perspective Plan was not in operation. The procedure adopted for formulation of annual plans was generally followed. The initial traffic targets from year to year were formulated by the Railways taking into account the past trends of traffic and the information made available by the concerned Ministries. It may be emphasised here that the information available on production targets at the time of formulation of traffic targets is quite often not complete; nor is it available in sufficient detail. The annual traffics targets were finally fixed in consultation with the Planning Commission and taking into account the best estimates of production targets available from the user Ministries.

3.6. *Fourth Five Year Plan*

During the Fourth Plan, as has been stated above, for the first time the Working Group on Railways for freight traffic was constituted and the important user Ministries were represented on the same. The traffic estimates furnished by the user Ministries to the Working Group on Freight Traffic, alongwith the traffic forecast for other general goods and Railway material aggregated to a level of 290.8 million tonnes. During discussion with the Planning Commission, the traffic targets in respect of certain major commodities such as coal, iron ore for export were significantly reduced. The traffic target for "Other goods" was also scaled down by about 4.7 million tonnes. As a result the overall traffic target for the Fourth Plan was fixed at 264.7 million tonnes as against the estimates of the Working Group on Freight at 290.8 million tonnes.

3.7. When the mid-term appraisal of the Fourth Plan was under preparation, it had become clear that traffic was not likely to materialise to the originally anticipated level. In consultation with the Planning Commission, therefore, the traffic target was reduced to 240.5 million tonnes.

3.8. *Fifth Five Year Plan*:

As regards the Fifth Plan, the Working Group for Freight Traffic on which the user Ministries were represented, projected a traffic level of 335 million tonnes for 1978-79. The Railways considered this target as highly optimistic in view of the past experience and growth trend during the earlier plan periods. The Railways suggested a more conservative target of 280 million tonnes. This was discussed at length at various meetings held with the Planning Commission as well as the representatives of various user Ministries and in the Draft Fifth Five Year Plan the Planning Commission laid down the target as 300 million tonnes of freight traffic to be transported by the Railways during the last year of the Plan. When the mid-term review of the Fifth Plan was undertaken in May, 1976, it became apparent that the original traffic targets were not likely to materialise. Therefore, while finalising the Fifth Plan in the later part of 1976, the Planning Commission fixed a traffic target of 250—260 million tonnes.

Anticipated leads of traffic

4. As regards anticipated leads of freight traffic, it may be pointed out that no estimates regarding the likely leads of traffic are furnished by the user Ministries or the Planning Commission. As far as the Third Plan is concerned, no definite presumptions were made regarding any increase in the average lead of traffic. It was generally assumed that the lead will remain the same as obtaining at the time of the formulation of the Plan i.e. 561 kms. At the end of the Third Plan, however, it was found that the average lead had, in fact, gone up to 576 kms. with still higher increase in some important commodities.

4.1. When the Fourth Plan was formulated, an average lead of 623 kms. was adopted for working out the Rolling Stock requirements. At the time of the revision of the Fourth Plan in January, 1971, when the traffic target of originating traffic was reduced to 240.5 million tonnes, the lead adopted was 630 kms. During the years of the Fourth Plan, actual lead went up to 678 in 1972-73 but at the end of the Plan (1973-74) the same came down slightly to 662 kms.

4.2. For the Fifth Plan, the Rolling Stock requirements (for 280 million tonnes exercise) against an overall traffic target of 300 million tonnes were calculated on the then prevailing lead of about 670 kms. At the time, the traffic targets were scaled down to 260 million tonnes (250 million tonnes for Rolling Stock), an average lead of 678 kms. was adopted. The Planning Commission had, however, felt that the average lead may be around 660 kms. The actual leads, however, are as under:—

1974-75	683 Kms
1975-76	664 ,,
1976-77	656 ,,
1977-78	685 ,, (anticipated)

5. In summing up, the Railways would like to assure that they are fully conscious of the need and their own responsibility in arriving at realistic estimates of traffic. However, this has necessarily to be done in consultation with the user Ministries and the Planning Commission.

[Ministry of Railways (Rly. Board) O.M.
No. 77-B(RCC)-4230 dt. 7-3-78]

COMMODITY-WISE FREIGHT TRAFFIC

(In million tonnes)

Commodity	3rd Plan					Inter-Plan					
	Projections by P. C. Oct. 60	Original Plan (Mar., 61)	Estimates Jan. '62	Midterm appraisal Nov. '63	Actuals during 3rd Plan	1966-67 Tar.	1966-67 Act.	1967-68 Tar.	1967-68 Act.	1968-69 Tar.	1968-69 Act.
1	2	3	4	5	6	7	8	9	10	11	12
1. Steel Plant Traffic											
(a) Finished Products	8·5	8·4	8·4	7·1	6·3	6·8	6·3	6·5	6·4	6·6	6·8
(b) Raw materials to Steel Plants (excl. coal)	21·9	26·1	26·1	19·8	17·4	18·7	16·5	16·5	17·4	17·7	18·3
Total Steel Plant traffic	30·4	34·5	34·5	26·9	23·7	25·5	22·8	23·0	23·8	24·3	25·1
2. *Coal For*											
(a) Steel Plant } (b) Washeries }	@	18·7	18·7	15·5	12·0	13·0	12·1	12·3	16·7	12·7	18·7
(c) Railways	22·4	22·3	22·3	24·0	20·3	18·3	19·5	19·5	18·8	19·1	17·8
(d) Power Houses and others	@	50·4	55·4	49·5	34·4	37·7	34·2	36·7	30·9	38·4	32·1
TOTAL COAL	82·4	91·4	96·4	89·0	66·7	69·0	65·8	68·5	66·4	70·2	68·6
3. Iron ore for export	@	11·2	11·2	8·0	5·2	7·2	6·3	8·3	6·8	9·5	8·0
4. Cement	12·2	12·2	12·2	18·5	8·6	9·9	8·9	9·6	9·4	9·8	9·4
5. Foodgrains } 6. Fertilisers } 7. P. O. L. } 8. Other goods }	@	76·7	86·8	87·9	78·2	82·9	79·9	82·9	74·8	79·5	77·5
9. Railway material	21·3	22·9	22·9	22·9	20·7	20·7	17·9	17·9	15·4	16,3	15·4
GRAND TOTAL	238·8	248·9	264·0	245·2	203·1	215·2	201·6	210·2	196·6	209·6	204·0

@Break-up not available.

COMMODITY-WISE FREIGHT TRAFFIC

(In million tonnes)

Commodity	4th Five Year Plan: Estimates given by Ministries to W. G.	Original target	Revised target	Actual	5th Five Year Plan: Estimates given by Ministries to W.G.	Original target	Revised target	Actual for 1976-77 (3rd year of Fifth Plan)
1	2	3	4	5	6	7	8	9
1. Steel Plan traffic								
(a) Finished Products	10·4	10·0	8·0	6·1	12·0	11·5	10·0	9·9
(b) Raw materials to Steel Plants (Excl. Coal)	28·5	27·7	21·0	15·9	35.0	35.0	27·0	23·2
TOTAL S/PLANT TRAFFIC	38·9	37·7	29·0	22·0	47·0	46·5	37·0	33·1
2. *Coal for*								
(a) Steel Plants } (b) Washeries	31·3	28·0	20·5	17·0	32·0	32·0	N.A.	22·9
(c) Railways	15·0	15·0	15·0	14·8	13·0	13·0	N.A.	14·9
(d) Power Houses & Others	51·3	41·4	42·0	30·3	79·0	63·5	N.A.	44·5
TOTAL COAL	97·6	84·4	77·5	62·1	124·0	108·5	98·0	82·3
3. Iron Ore for Export	23·2	16·0	16·0	8·5	27·0	18·5	19·0	9·9
4. Cement	12·4	12·6	13·2	10·0	21·0	18·0	14·0	13·7
5. Foodgrains } 6. Fertilizers } 7. P. O. L. } 8. Other Goods	100·7	96·0	85·8	74·3	104·0	96·5	85·0	88·5
9. Rly. material	18·0	18·0	18·0	8·0	12·0	12·0	7·0	11·6
GRAND TOTAL	290·8	264·7	240·5	184·9	335·0	300·0	260·0	239·1

Further Information called for by the Committee

Please furnish a statement showing the break-up expenditure during 1961—74 incurred on the items of planned expenditure which may be classified directly and indirectly attributable to generation of additional freight carrying capacity.

Reply of Government

The expenditure under the following plan heads only directly contributes towards generation of freight carrying capacity on the Railways:—

(i) Rolling Stock

(ii) Line Capacity Works

(iii) Signalling and Safety

(iv) New lines.

It may, however, be mentioned that all the expenditure under the abovementioned Plan heads is not related to generation of capacity for carrying freight traffic only as will be seen from the following:—

(i) In case of rolling stock only wagons and locomotives—for freight traffic on additional account alone contribute to freight carrying capacity. But this Plan head also provides for rolling stock on replacement account for freight traffic as also rolling stock for passenger traffic traffic, both on replacement and additional account.

(ii) Line capacity works such as additional crossing stations, doublings, gauge conversions, additional yards and terminals capacity, etc. generate additional capacity. However, line capacity works are undertaken both for freight as well as passenger traffic and it is not possible to precisely apportion the expenditure between the two.

(iii) Some of the signalling works like provision of tokenless block working, automatic signalling, centralized traffic control, contribute towards additional capacity. However, a major portion of the expenditure under the plan head 'Signalling and Safety' pertains to replacement of over-aged assets, provision of adequate communuication facilities (like micro-wave) and safety works like track circuiting, etc.) which do not contribute towards generation of additional capacity for movement of freight traffic.

(iv) Only project oriented new lines (as distinct from lines taken up for development of backward areas or on strategic considerations) generate additional freight carrying capacity.

Indirectly, part of the expenditure on 'Workshops and Sheds' which is related to the maintenance of additional wagons and locomotives also contributes towards generation of capacity for freight traffic. However, the plan head 'Workshops and Sheds' incluudes a substantial expenditure on provision of improved facilities for maintenance of the existing freight and coaching stock as well as for coaches and locomotives required for additional passenger traffic and it is not possible to precisely apportion the expenditure between the two.

In the light of the foregoing a Statement showing break-up of actual expenditure item-wise which directly or indirectly contributed to the generation of additional freight carrying capacity during the years 1961—74 is appended below:—

(Rs. in crores)

	3rd Plan (1962-62 to 1965-66)	Inter Plan (1966-67 to 1968-69)	4th Plan (1969-70 to 1973-74)
1. Total Plan Expenditure	1685·83	762·71	1419·76
2. (a) Rolling Sotck (Total)	542·36	319·45	587·47
(b) RollingStock rofreight (Additional Account). (i.e. actual for fwagon sand 2/3rd for locos) .	333·00	110·00	175·00
3. Line Capacity Works	*320·48	128·44	224·97
4. Signalling & Safety	*37·77	32·15	60·88
5. Workshops & Sheds .	*47·59	13·26	19·48
6. New Lines .	@211·96	56·21	66·68
Total 2(b) & 3 to 6	950·80	340·06	547·01

*Total expenditure has been indicated as it is not possible to identify expenditure apportionable to freight capacity generation.

@Total expenditure on new lines has been indicated.

[Ministry of Railways (Rly. Board) O.M. No. 77-B (RCC)-4230 dt. 3-2-78]

Further Information called for by the Committee

(a) Please state whether there is any system of periodic assessment regarding the savings effected in working expenses on the electrified routes to assess the rate of return on the investment made, route-wise.

(b) If so, please furnish the results of the latest assessment made.

(c) If not, please state the reasons therefor.

(d) Please also furnish a statement electrified section-wise showing the following:

(i) The savings expected to be made in working expenses at the time of sanctioning the project; and

(ii) the actual savings made during the last three years.

Reply of Government

3. (a) & (b) There is no system of periodic assessment regarding the savings effected in the working expenses on electrified routes to assess the rate of return on the investment made route-wise. However, one study was done to assess "Economic-benefits of electrification at 25 kV system on Howrah—Rourkela section of S.E. Railway" in 1971. The results of this study indicate return of electric over steam as 15.2 per cent and electric over diesel as 17.27 per cent. The returns estimated in the estimates were much less than this.

(c) With increase in traffic density the rate of return on investment goes up and, therefore, there was no purpose in carrying out periodic assessments after the projected level of traffic had been achieved since calculation of the rate of return invloves considerable labour. Its use can only be judged if it helps decision making. Since for new projects, latest costs are taken and are thoroughly scrutinised both on the Railways and the Planning Commission, it was not considered worth-while to keep on calculating the rate of return periodically on this part of Railways investment.

(d) Since the work involved is laborious and complicated such an exercise can be taken up if desired by the Committee for any specific section and this may take considerable time to prepare. Since such reports would have to examine capital and running expenditure which would have been incurred, had electrification not been taken up and since each section has its own peculiarities of terrain, loads, types of locomotives employed, direct parallels cannot be drawn to obtain such savings from other section.

[Ministry of Railways (Rly. Board) O.M.
No. 77-B (RCC)-4230 dt. 3-2-78]

Further Information called for by the Committee

It has been stated that the deficits incurred by the Railways had mainly been due to imbalance in earnings and expenditure arising out of the policy of price restraint and increased staff and material cost on the one hand and non-materialisation of the anticipated levels of traffic due to sluggish economy on the other.

Please state the steps that the Railways are taking to bring down the administrative cost by better management procedures and rationalisation of Works Programmes.

Reply of Government

It may be mentioned that the Railway Convention Committee, 1973 in recommendation No. 26 of their Ninth Report on 'Social Burdens on Indian Railways' had also emphasised the need to bring down the unit cost of transport. Copies of the updated replies given to the Convention Committee bringing out the various measures taken to bring down the unit cost of transport are attached (Annexure).

2. Effecting of economies, reduction in expenditure, improvement in efficiency and elimination of wastage are a continuous and concurrent process. Besides conventional and time tested methods of effecting economies and improving productivity through budgetary reviews, etc., the modern management techniques like work study, method study, work measurement and operational research are also utilised on the Railways to bring about efficiency and securing economies.

3. *Budgetary reviews* : Apart from follow-up instructions on the directives on economy received from the Finance Ministry, covering *inter alia* ban on creation of new posts and on filling up of vacancies, economy in office expenditure, contingencies, overtime and travelling allowance, official entertainment, telephones, consumption of electricity, etc., specific directives are also issued from time to time on economy measures in areas special to railway working. In a circular on the subject to the Zonal Railway Administrations, issued in July, 1976, the following areas have been specifically listed where the Railway Administrations should explore scope for economies:—

(i) Employment of casual labour;
(ii) Payment of overtime;
(iii) Fuel consumption;
(iv) Transit losses of coal and fuel oil;
(v) Material imprests held with sheds, carriage and wagon Depots;
(vi) Collection of scrap in the Divisions and disposal thereof from the Depots/Divisions;
(vii) Disposal of ash in shops and sheds; and
(viii) Ballast train working.

Over-all economy in working expenses is also secured through economy cuts in the relevant budgetary allotments. Regular periodical reports on the amounts of recurring and non-recurring savings effected through economy measures are also obtained from the Zonal Railway Administrations.

It may be added that with the appointment of Chief Planning Officers on the Railways the process of planning and execution of works efficiently and with economy has received further fillip and produced some favourable results.

4. The following institutional arrangements also exist for bringing about efficiency consistent with economy:—

(a) *Organisation & Methods Cell in the Railway Ministry*

The Cell is responsible for introduction of various Administrative Reforms *e.g.* functional filing system, consolidation of orders on important subjects, review of returns/reports etc. in various branches of the Ministry, and conducting work studies—both method and work measurement—and suggest ways and means of improving methods and procedures of working etc.

In the recent past the following measures of economy have been introduced in the Railway Ministry by O & M Unit:—

(i) *Economy in stationery*

Quarterly quota was fixed for the consumption of paper, as a result of which it was possible to effect a compulsory cut of 30 per cent on this item.

(ii) Concrete measures like 10 per cent cut on travelling and daily allowances, a 10 per cent cut on contingencies and in the use of staff cars, telephones, etc. have been taken.

(b) *Work Study Organisation*

On all the Railways work study organisations exist. These organisations employ work study techniques to various facets of railway working with a view to securing economies and effecting operating improvements including exercising strict managerial control. The work studies combine the twin exercises of method study and work measurement and aim at the best possible use of human and material resources at Railways' disposal.

During the last two years a number of crash work studies on different railways have been undertaken by these organisations on various zonal railways. As a result of implementation of various recommendations, impressive gains have been registered which are appended below:—

Railway	Savings during 1975-76	Savings during 1976-77
	(In lakhs of rupees)	
Central	37·34	62·39
Eastern	79·13	12·72
Northern	28·63	65·73
Southern	..	3·42
South Central	83·84	116·33
South Eastern	29·29	7·66
Western	22·21	16·25
TOTAL	280·44	284·50

(c) *Staff Inspection Unit*

The Staff Inspection Unit was set up in the Ministry of Railways in 1973, with two separate cells on the Northern and Southern Railways to undertake studies of work measurement with the objective of reviewing the position of staffing on the Railways consistent with efficiency.

During 1976-77, the Unit in the Board's office had completed the studies of 4 technical directorates in the Ministry and the offices of the Chief Commercial Superintendent and the Accounts (Traffic) Branch of Central Railway. For the current year, the study of 5 directorates in the Board's office has been assigned to this Unit, of which it has been completed in 3 directorates and is in progress in another directorate. Besides, a study of the Faculty Members of the Railway Staff College, Baroda, was also undertaken in October, 1977. The two cells on the Railways take up studies on the basis of annual programmes approved by the Railway Board. The Reports of such studies are sent to the other zonal Railways for adoption and implementation of the various recommendations and improvements. Each such report thus results in significant savings on the other Zonal Railways also.

The economy achieved|anticipated as a result of the studies taken up is as follows:—

(Figures in lakhs of Rupees)

Studies made by	Savings achieved during 1976-77	Savings achieved/ anticipated during 1977-78 (As on October, 1977)
(i) SIU, Railway Board	1·16	1·59
(ii) SIU, N. Railway .	31·3	57·18
(iii) SIU, S. Railway	5·19	3·51

The figures for 1977-78 do not include the savings from the studies which are in progress. Besides these recurring savings, the study on 'Rationalisation of Rake Links on Ferozepur Division' completed by the SIU, Northern Railway, is expected to lead to a non-recurring savings of about rupees 3.44 crores.

The other Zonal Railways have also effected saving to the tune of Rs. 28.05 lakhs by implementing the recommendations made by Staff Inspection Units of Northern and Southern Railways.

(d) *Quarterly Economy Reports*

(i) Apart from these, quarterly economy reports are received from Railways|Production Units showing *inter-alia* the staff position on railways and economies effected therein. The following is the resultant savings during the last three years as a result of strict managerial control and various economy measures:

Year	Savings achieved
	(in lakhs of Rupees)
1974-75	73·84
1975-76	187·67
1976-77 .	159·57

As a result of these economy measures, the number of staff employed per million traffic units on the Railways has come down from 6.83 in 1960-61 to 4.74 in 1975-76.

(ii) The total amount of overtime allowance paid to the staff on the Zonal Railway Adiminstrations is as under:

Year	O/T Allowance(Rs.)
1974-75 .	10·08 crores
1975-76 .	11·67 crores
1976-77	10·34 crores (provisional)

It will be seen that during the year 1976-77, the expenditure on overtime has registered a decrease.

(e) *Efficiency Bureau Studies*

As a result of implementation of various recommendations made in the studies completed by Efficiency Bureau, a saving to the tune of Rs. 3.73 crores has been achieved during 1976-77.

(f) *Operational Research*

The Operational Research Cell was set up in the Ministry of Railways in February 1973 on the specific recommendations of the World Bank and Convention Committee, with a view to achieving greater efficiency in various areas of railway working by application of quantitative O.R. techniques. The Cell functions as a separate Directorate under the Chairman, Railway Board.

The Operational Research Cell undertakes studies of complex problem areas of railway working. These problems are generally of all India dimension and involve the use of total systems concepts, leaning heavily on that group of quantitative management techniques widely known as Operational Research methods. The Cell is thus research-oriented, employing very often the use of computers. The Cell also keeps active contract with academic and management institutions. It has participated jointly with some of the renowned institutions like the Indian Institute of Management, Ahmedabad, and the Birla Institute of Technology and Science, Pilani in conducting some of the studies.

Amongst the studies the O.R. Cell has completed so far are the following:

Diesel Loco Utilisation study on the Eastern Railway.

Study on Bhusaval Steam Loco Shed.

O.R. Study of Chairman Locomotive Works.

Delhi Area Simulation Study.

Production Scheduling in DLW Varanasi:

Jhansi Area Simulation Study.

A Study of Commuter Profile and Subsidised Rate of Season Tickets in Suburban Railways.

Reorganisation of Lower Parel Shops.

A Study of Coaching Terminal Facilities in Delhi Area.

Beside this, an O.R study of the Railway Hospital at Jhansi has been completed and its report is being finalised, and a system Study of the Railway Service Commissions working is in progress.

4. Most of the recommendations made in the report of the Operational Research Cell in regard to diesel utilisation on the Eastern Railway have been accepted by that Railway administration and are being implemented. Implementation of the recommendations made in this study are expected to result in avoidance of additional expenditure of the order of Rs. 227.93 lakhs on capital account and Rs. 10.93 lakhs per annum on revenue account. In regard to other O.R. studies, implementation thereof is under consideration of the respective railway administrations.

ANNEXURE

Action taken by Government on the recommendations contained in the 9th Report of the R.C.C. 1973—Points on which further information is desired.

Sl. No.	Sl. No. of Recommendation	Further information required
11	26	Please state : (a) the concrete measures taken by the Railways to bring down the unit cost of transport of goods; and (b) the extent of reduction brought about as a result of the above measures during each of the last two years.

Reply.

(1) The most important economy measure would be strict control over growth of staff which accounts for over 60 per cent of the working expenses of the Railways.

It will be seen from the table below that the increase in staff has been much less than the increase in the throughput.

Year	No. of open line staff	Index	Traffic units moved (Millions)	Index
1960-61	1124,929	100·0	165,345	100·0
1965-66	1296,247	115·2	213,230	120·0
1968-69	1303,098	115·8	232,080	140·4
1973-74	1376,907	122·4	258,018	156·6
1974-75	1386,100	123·2	261,091	157·9
1975-76	1401,782	124·6	297,135	179·7

(2) Another pertinent indicator is the increasingly better utilization of assets which will be clear from the table enclosed.

(3) Several steps have been taken in the last few years to reduce the stores balances and exercise strict control over Inventory Management on Railways. The turn over ratio of the closing balances to the annual issues (excluding fuel) has been improved from 85 per cent in the year 1971-72 to 44 per cent in the year 1975-

76 and 36 per cent in 1976-77 in the open line Railways and from 54 per cent in the year 1971-72 to 41 per cent in the year 1975-76 and 36 per cent in 1976-77 in the three Railway Production Units. This has resulted in optimum utilisation of plan funds from where taken are enumerated below:—

2. The above significant results have been made possible on account of the detailed steps taken by the Railways in the field of staff cost, fuel economy, economy in stores, stores purchase and general control over working expenses. The details of the measures taken are enumerated blow:—

Steps Taken to Control Staff Costs.

(i) A ban has been imposed on the creation of extra posts in offices, and relaxations therefrom are given by the Board only in very exceptional circumstances.

(ii) Extra operational staff is sanctioned only on demonstrable justifications on the basis of increase in traffic.

(iii) Additional posts required for the maintenance of new assets are sanctioned after a general review has been made to determine if the requirements cannot be met from within the existing sanctioned strength.

(iv) Work Study methods and operational research techniques have been adopted to reduce the staff strength to the extent possible.

(v) Restrictions have been imposed on the filling up of vacancies in the lowest grades.

(vi) Improved methods of maintenance of track, viz., measured shovel packing, directed track maintenance, and use of tie-tampers have been introduced. Long welded rails are also now being used. These measures are expected to reduce the staff content of track maintenance cost.

(vii) Incentive scheme in workshops has also been extended with a view to increase productivity and lower unit staff costs.

(viii) Introduction of the use of computers.

(ix) The Efficiency Bureau of the Railway Board makes an annual study of the trends of staff on Zonal Railways and based thereon restrictions are placed on the creation of additional posts even for maintenance and operational purpose.

Economy in Fuel

Railways have also taken the following steps to economise expenditure on fuel:—

(i) A special drive has been launched to keep locomotives in optimum efficiency.

(ii) Trip rations have been carefully fixed and cases of excess consumption are taken up.

(iii) Surplus locomotives have been withdrawn and kept in good storage.

(iv) Staff have been trained in better driving and optimising the use of fuel. Awards are given to engine drivers for consistently good fuel performance.

(v) Thefts and pilferages of coal and diesel oil are being minimised.

(vi) A full-fledged fuel Economy Organisation has been set up on the Railways to undertake the fuel economy work on each Zonal Railway.

(vii) A special organisation has been set up under the Chief Mining Engineer at Dhanbad to ensure quality control on supplies of loco coal.

(viii) Trials and experiments are being conducted by the R.D.S.O. to improve the design features of locomotives to effect reduction in coal consumption.

(ix) Conversion from low tension to high tension supplies of electric current.

(x) Steps have been taken to economise on power consumption by switching off lights and fans at stations, etc., during periods of lull in traffic.

(xi) The substitution of incandescent lamps by flourescent and H.P.M.V. lamps.

Economy in Stores Utilisation and Management.

(i) Increased utilization of scrap.

(ii) Reclamation of components.

(iii) Minimisation of pilferages.

(iv) Use of alternate material in place of non-ferrous components and fittings.

The working expenses of the Railways are analysed in detail after the close of the year taking each Railway as a working unit making due allowance for increase in costs during the year after the preparation of the budget. The expenditure is broken into items which are controllable and those which are not controllable. Items of expenditure which are controllable in relation to the output of the Railways are analysed and where the expenditure is in excess of the performance, the Railways are told to control the expenditure on such items and effect savings so that the operating ratio is maintained at a reasonable level.

[Ministry of Railways (Rly. Board) O.M. No. 77-B (Rce)—4230 dt. 3-2-78].

Enclosure to Annexure

TABLE

Salient statistics on utilisation of assets.

		1960-61	1965-66	1968-69	1973-74	1974-75	1975-76	1976-77 (Provisional)
1 NTMs per goods loco day in use—	B.G.	65,011	75,762	83,111	83,265	90,287	97,644	1,10,484
	M.G.	27,782	35,499	37,289	42,339	51,659	45,486	49,105
2 Engine KMs per day per engine in use—	B.G.	182	187	197	201	202	219	243
	M.G.	169	174	178	131	182	189	196
3 Wagons KMs per wagon day—	B.G.	76·9	73·2	72·3	67·2	70·3	77·8	81·2
	M.G.	51·6	60·1	58·8	50·8	53·7	56·4	58·1
4 NTKMs	B.G.	998	940	905	837	907	944	1,019
	M.G.	405	510	503	482	528	545	570
5 NTKMs per route KM per annum—	B.G.	27,63,682	34,03,872	35,90,312	34,33,744	37,70,777	41,69,648	43,53,197
	M.G.	5,42,982	7,57,975	7,69,046	7,31,505	7,79,062	8,18,371	8,72,446
6 Average Net Train load (tonnes)—	B.G.	656	725	739	745	778	782	796
	M.G.	298	347	458	408	422	413	413
7 Net tonne KMs per goods train hour—	B.G.	10,808	12,202	13,200	13,966	14,599	15,018	16,292
	M.G.	4,232	5,047	5,340	4,616	6,669	6,423	6,556

Recommendation: (S. No. 11 para No. 2.38)

The Committee note that the estimated losses on non-suburban passenger traffic which stood at Rs. 47 crores during 1970-71 have risen to Rs. 135 crores (approx.) in 1974-75 and the estimated loss on all the passenger services for the year 1975-76 would be Rs. 130 crores out of the aggregate loss of Rs. 138 crores estimated on account of Social Burdens. The Committee, however, find that the railways have not yet been able to complete their coaching cost study with the result that they have no means of assessing the quantum of shortfall in the fares charged as against the cost of operations, train-wise/classwise. In the absence of such a study, the Railway are not in a position to identify the coaching services or the sections which are unremunerative from the passenger traffic point of view. The Committee are at a loss to understand why the Railways, which have now been in the red for several years, have taken such a long time to finalise the coaching cost study. The Committee urged that the coaching cost study should be finalised without further delay so that the Railways are able to identify accurately the losses that they incur on train services or sections or classes of travel.

Reply of Government

The figures of estimated losses of Rs. 47 crores during 1970-71 and Rs. 135 crores (approx.) in 1974-75 represent the losses on total coaching services other than suburban passenger traffic and include losses on non-suburban passenger traffic, parcels, luggage, etc. and not loss on non-suburban passenger traffic only" as mentioned in the Recommendation. The loss of Rs. 130 crores for 1975-76, however, includes suburban services also. On the basis of the revised estimates for 1975-76 submitted to the Parliament in March 1976, the estimated loss for the year 1975-76 would be as under:—

Suburban passenger traffic.	21.30 cro s
Non-suburban passenger traffic.	crores
parcels, luggage etc.	
Total coaching losses	122.90 crores

The methodology for evolving coaching unit costs has been finalised and the zonal railways are working out the gauge-wise unit costs for the latest year for which final accounts are available namely 1974-75. When these unit costs are evolved, it will be possible to assess the economics of operation of mail/express and ordinary passenger trains—classwise. The possibility of assessment of individual train-wise and section-wise losses/profits will be kept in view.

[Ministry of Railways (Rly. Board) O. M. No. 75-B (Rcc)—4230 dated 28-9-76].

Further information called for by the Committee

It has been stated that the methodology for evolving coaching unit costs has been finalised:

(a) Please furnish a brief note explaining the methodology to be adopted for evolving coaching unit costs.

(b) Please state whether the Railways have worked out unit costs of operation of mail/express and ordinary passenger trains, train-wise/class-wise. If so, please furnish relevant data regarding profit/loss, train-wise/section-wise/class-wise.

(c) Please indicate the action taken or proposed to be taken to reduce the losses.

Reply of Government

(a) The basic approach adopted for developing the coaching unit costs is generally the same as for goods unit costs. The main components of coaching traffic are passenger, luggage, parcel and postal traffic and these are broadly categorised into two groups—Passenger traffic and Other Coaching traffic. The passenger includes EMU and other suburban services also but for the purpose of unit cost of passenger services suburban traffic has been excluded and studied separately.

The expenditure identifiable with coaching services is debited directly to them. The items of expenditure which cannot be straightaway allocated to either coaching or goods traffic, i.e., joint and common expenses apportioned between coaching and goods on appropriate basis (in the ratio of gross tonne KMs/total engine hours etc. spent on coaching and goods including the departmental traffic etc.) determined with the aid of statistical techniques and/ or sample surveys.

The unit costs for various facets of operation of coaching services are developed stage by stage as indicated below, with the help of certain ratios developed on the basis of sample surveys and statistical studies.

Stage 1: Apportionment of coaching expenses between "terminal" and "running".

Stage 2: Apportionment of running expenses between "passenger", "dining cars" and 'parcels" services.

Stage 3: Apportionment of terminal expenses between passenger, catering and parcel services, the passenger expenses being further divided into booking, ticket checking and collection, enquiry/reservation, special services and other miscellaneous terminal services. The catering services costs are also further divided into stationary units and dining cars.

Stage 4: Apportionment of running expenses of passenger services between mail/express and ordinary passengers. Similar bifurcation is made in respect of dining cars and parcels.

Stage 5: Each facet of terminal expenditure as arrived at under Stage 3 is further divided into mail/express and ordinary passenger services.

Stage 6: The running as well as terminal expenses allocated to mail/express and ordinary passenger services are further re-allocated class-wise to air-conditioned, 1st class etc. for passenger services.

The unit costs thus evolved are arranged to depict average costs (fully distributed) under Passenger, Parcel, Luggage and Postal and Catering Services and further split to bring out unit costs for Mail/Express and ordinary services, and by classes of travel service-wise, traction-wise excluding overheads for BG and MG., Overheads representing as a percentage are also indicated.

(b) The methodology of coaching costing has been finalised. The development of unit costs of operation of Mail/Express and ordinary trains class-wise on the Broad Gauge on the basis of this methodology is nearing completion. It would be possible to assess the profitability on broad basis of Mail/Express and ordinary trains, and also by classes of travel, after the unit costs have been developed.

(c) The loss in coaching services is attributable in part, if not entirely, to the following:—

(i) Inadequate, and often delayed, increase in fares to cover the rise in cost of inputs, particularly staff and fuel. Besides, the fares for second class ordinary passengers travelling upto 50 KMs are lower than the standard fares and the fair paid by those travelling in the 1 to 25 KM zone is particularly low. Season ticket holders travelling on the non-suburban sections enjoy concessional fares. Certain concessions are also extended to students, sportsmen, artists, cadets and officers of NCC, kisans and industrial labour travelling in parties, trained nurses and midwives, school teachers on educational tours, tourists going to hill stations etc. Military traffic is carried at below cost, the rates for post office mails hardly leave a margin of profit, and a variety of parcels are carried at half or quarter rates. Certain parcels e.g. milk, newspaper etc. are carried at even below goods rates.

The following figues of comparative increase in the average revenue per passenger KM on the one hand and increase in wages and input prices on the other, give a quantitative idea of the wide gap in the prices charged and paid by the Railways, which has resulted from the policy of price restraint and grant of concessions, in a period of rising prices.

1961—62-100

	1960-61	1965-66	1968-69	1973-74	1974-75
Average revenue per Passenger KM	92·4	123·3	134·1	146·5	176·7
Average cost per regular employees	97·3	126·3	158·9	218·6	280·3
Price of Fuel—..					
Coal .	99·3	121·8	161·2	190·2	244·3
Diesel .	98·1	125·0	141·0	236·2	390.7
Elect. .	97·0	124·9	143·3	161·7	203·5

Coaching operations could not doubt be made less unprofitable, if not financially viable, through suitable adjustments in the level and structure of fares. However, over half the total number of passengers travel in second class. While the fares for these classes have also been raised from time to time—to a lesser or greater extent—to meet part of the rise in costs, there is a limit to which the fares for low income passengers can be adjusted.

In this context, particularly, the Railways have been adopting a variety of measures to reduce the unit costs by securing a better utilisation of their assets and controlling avoidable expenditure. The table below reflects the extent of gains in productivity resulting from more efficient and intensive utlisation of assets:—

(Table attached)

The most important economy measure is strict control over growth of staff, which accounts for over 60 per cent of the working expenses of the Railways.

It will be seen from the table below that the increase in staff has been much less than the increase in the throughput.

Year	No. of open line staff	Index	Traffic units moved (millions)	Index
1960-61 .	1124,929	100·00	165,345	100·00
1965-66 .	1296,247	115·2	213,230	120·00
1968-69 .	1303,098	115·8	232,080	140·4
1973-74 .	1376,907	122·4	258,018	156·[illegible]
1974-75 .	1386,100	123·2	261,091	157·[illegible]

TABLE 8

Salient statistics on utilisation of assets.

		1960-61	1965-66	1968-69	1973-74	1974-75
1 NTKMs per goods loco day in use—	B.G.	63,011	75,762	83,111	83,265	90,713
	M.G.	27,782	35,499	37,289	42,339	51,657
2 Engine KMs per day per engine in use—	B.G.	182	187	197	201	202
	M.G.	169	174	178	181	182
3 Wagon KMs per wagon day—	B.G.	75·9	73·2	72·5	67·2	70·2
	M.G.	51·6	60·1	58·8	50·8	53·8
4 NTKMs per wagon day—	B.G.	938	940	905	837	911
	M.G.	405	510	503	482	528
5 NTKMs per route KM per annum—	B.G.	2,763,582	34,03872	3590,312	3,423,744	3,788,383
	M.G.	542,982	757,975	769,046	731,505	779,047
6 Passenger KMs per route per annum	B.G.	2,026,872	2377,364	2617,918	3360,903	3156,620
	M.G.	886,349	1061,576	1123,891	1286,825	1157,453

Further information called for by the Committee

(a) Please furnish a statement showing the actual loss on coaching services during 1975-76 and 1976-77, with the break-up of suburban services and non-suburban services.

(b) Please also state whether the coaching gauge-wise unit costs have been finalised for the years 1974-75 and 1975-76 and whether the economics of operation of mail/Express and ordinary passenger trains classwise have been assessed and if so, the details thereof.

(c) Please also update the various figures furnished in the earlier replies.

Reply of Government

(a) Figures in respect of actual coaching losses during 1975-76 are furnished hereunder:—

	Rs.
Suburban services	23·88 crores
Non-suburban services (Passenger, parcel and luggage etc.	101·13 crores
Total coaching losses	125·01 crores

Actual losses of coaching services for the year 1976-77 will only become available during the end of this year when the closed accounts of 1976-77, which are presently under analysis, are completed. Break-up of the estimated losses during 1976-77 is furnished below:—

Estimated losses—1976-77

	Rs.
Suburban passenger traffic	19·30 crores
Non-suburban (Passenger, parcels and luggage, etc.)	97·38 crores
TOTAL losses	116·68 crores

The Committee will be furnished, in due course, the actuals of 1976-77.

(b) Attention of the Committee is drawn to the Reply recently furnished to question No. 20(c) R.C.C. 1977, wherefrom it will be seen that the methodology for working out the unit cost of passenger services and evaluation of the economics of different classes of travel, servicewise is being tested and stabilised. However, a copy of the reply is enclosed for ready reference.

(c) The up-dated figures for 1975-76 and 1976-77 to the extent available are furnished for the information of the Committee:

1961-62=100

		1974-75	1975-76
Average revenue per passenger Kilometre		176·7	186·5
Average cost per regular employee		280·3	329·5
Price of fuel—	Coal	244·3	309·8
	Diesel	309·7	410·9
	Electric	203·5	236·8

Year	No. of open line staff	Index	Traffic units moved (millions)	Index
1960-61	1124,929	100·0	165,345	100·0
1974-75	1386,100	123·2	261,091	157·9
1975-76	1401,782	124·6	297,135	179·7

Salient statistics on utilisation of assets

		1974-75	1975-76	1976-77 (Provisional)
1. NTKMs per goods loco day in use—	B.G.	90,713	97,644	110,484
	M.G.	51,657	45,486	49,105
2. Engine KMs per day per engine in use—	B.G.	202	219	243
	M.G.	182	189	196
3. Wagon Kms. per wagon day—	B.G.	70·2	76·8	81·2
	M.G.	53·8	56·4	58·1
4. NITKMs per wagon day—	B.G.	911	982	1019
	M.G.	528	545	570
5. NTKMs per route KM per annum—	B.G.	3,788,383	4,167,599	4,353,197
	M.G.	779,047	818,371	872,446
6. Passenger Kms. per route per annum—	B.G.	3,156,620	3,675,912	4,019,968
	M.G.	1,157,453	1,400,867	1,515,098

(Copy of the reply referred to in reply at p. 131)

Question No. 20(C)

Classless Trains.

Have the economies of different classes of travel been worked out Train-wise and class-wise? Please furnish a detailed note.

REPLYS:—

The methodology for working out unit costs of Passenger services and the Economics of different classes of travel, service-wise (viz) Mail/Express and ordinary have been evolved. In fact that the end results have been derived based on expenditure and performance data of 1974-75. Anomalies and inconsistencies have however come to notice and hence a detailed examination has to be made to locate the areas of distortions in order that the final results are meaningful and the unit costs of passenger services could be put to managerial use.

The unit costs of passenger services for 1975-76 are now under consideration and relevant figures for 1976-77 will also have to be worked out in order to see whether a trend is established in respect of different classes of travel which fact will incidentally also establish the appropriatness of the methodology employed.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)—4230 dt. 7-12-77]

Recommendation (S. No. 12, Para No. 2.39)

In this connection, the Committee would like to reiterate the observations made by the Railway Convention Committee, 1971, in paragraph 2.16 of their Fourth Report to the effect that "they are averse to any losses on operation of higher classes being met by the Railways. They are of the firm view that travel in higher classes must pay its way".

Reply of Government

The observations of the Committee are noted. Detailed cost analysis of expenditure incurred on the operation and maintenance of different classes of coaches is in progress and on its completion, it would be possible to examine the question of revision of fares for upper classes as found necessary.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 13, Para No. 2.40)

The Committee would, therefore, emphatically urge the Ministry of Railways to ensure that the fare structure for air-conditioned and first classes is fixed on economic basis and there should be no question of claiming any subvention or compensation for providing travel facilities for the relatively affluent sections of the society .

Reply of Government

The observation of the Committee are noted. Detailed cost analysis of expenditure incurred on the operation and maintenance of different classes of coaches is in progress and on its completion, it would be possible to examine the question of revision of fares for A.C. and first class as found necessary.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76]

Recommendation (S. No. 34, Para No. 4.78)

The Committee note that the Railways are seized of the desirability of running diesel railcars on branch lines to provide compact and speedy passenger service. However, not much progress has so far been made in producing indigenously the power pack required for the diesel railcars. The Committee would like the Ministry of Railways to intensify efforts in this direction in consultation with the Ministry of Industry and Civil Supplies so as to locate a suitable power pack for running the diesel rail cars and have it manufactured on a trial basis in the first instance and after watching the results, introduce it more extensively so as to cater to the requirements of passenger traffic.

Reply of Government

24 BG Diesel railcars imported in 1958 are in service at present on the South Central and Northern Railways. Since these would soon become due replacement, the development of indigenous design of GB rail cars had been under examination for a number of years.

2. R.D.S.O. undertook a technical study on the comparative merits of various types of indigenous power packs and transmissions. R.D.S.O. also completed studies on economic of BG rail cars using technically acceptable indigenous power packs and transmissions.

3. In Sept. 69, R.D.S.O. submitted a report. One of the recommendations made by RDSO was the use of Ashok Leyland power Packs and allied transmissions which were most economical for diesel railcars having a maximum speed upto 100 kms.

4. The report submitted by RDSO was discussed in the Directors Committee's meeting on 7-11-69, in which the question of not only replacing the existing stock of rail cars but also the question of introducing Railcars on certain BG sections of the Railways was taken up for consideration. The Committee of Directors decided that a detailed examination was required before, embarking on the project of introduction of BG Railcars on certain sections in respect of composition, performance characteristics, rates of fuel consumption life of assets etc. They therefore, decided that certain data with regard to capital cost, seating capacity, minimum utilisation to make running of diesel rail cars an economically viable proposition, composition of the Diesel Multiple Units, and the load, speed rate of acceleration should be collected. A note was therefore prepared wherein it was suggested that before embarking on large scale replacement as well as introduction of the service of Railcars, it would be desirable to order in the first instance two prototype diesel Railcars.

5. On the recommendation, of RDSO, who had advised that BEML, Bangalore had submitted detailed technical proposals to them and that they had done basic engineering on the project, a letter of intent for the manufacture and supply of 2 BG diesel Railcars sets, each consisting of 2 power cars and one trailer car with one power car and one trailer car as spares was placed on 28-6-73 on M/s. Bharat Earth Movers Ltd., Bangalore, a Public Sector Unit under the Ministry of Defence Production.

6. After the receipt of the letter of intent M/s. BEML, Bangalore contacted M|s. Ashok Leyland to confirm as to whether they could offer a horizontal engine and a power pack as originally envisaged. M|s. Ashok Leyland replied that their Principals in U.K. had stopped the manufacture of the type of engine which they had originally offered. BEML therefore, contacted M/s. Ashok Leyland in regard to a vertical engine of type ALU 680 developing 180 hp at 2200 RPM, and which is indigenously available and can be fitted below the underframe with a slight projection above the floor.

7. In view of the oil and energy crisis which developed in the meantime M|s. BEML appeared to have doubts about the development and manufacture of Diesel Railcars and wanted a confirmation whether the priority for Railcars as originally indicated still exists and if so, whether a separate budget had been provided for this project for them to proceed further and make commitments to their subcontractors. They also wanted to know what would be the total number of such Railcars that would be purchased by the Railways, during the 5th Plan period.

8. Recently there have been a number of export tender enquiries in regard to the supply of Diesel Railcars. Against a global tender for the supply of Diesel Railcars, ICF had quoted, providing the vehicle and M/s. Cummins USA providing the Diesel Power Pack, Transmission, Control etc. In another quotation, ICF had quoted for supply of Diesel Railcars, with power packs to be supplied by MTU| MAN of Germany.

9. As I.C.F. do not have the expertise to design and build railcars and also with a view that ICF should enter the export market in a big way which in addition will bring in foreign exchange to the country, the order placed on M|s. BEML for manufacture and supply of 2 proto-type diesel railcars. has been cancelled and ICF have recently been asked to proceed on with the manufacture of proto-type diesel railcars.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 28-9-76].

Further information called for by the Committee

It has been stated that the ICF have recently been asked to proceed with the manufacture of proto-type diesel railcars.

Please state:

(a) Whether the power pack required for the railcar will be procured indigenously.

(b) If not, from which country it will be imported and on what terms.

Reply of Government

For the prototype Diesel Railcars to be manufactured at Integral Coach Factory it is the intention of the Railways to procure the power packs indigenously. For this purpose Integral Coach Factory have been in touch with the different manufacturers.

[Ministry of Railways (Rly. Board) O.M. No. 75—B (RCC)—4230 dt. 23-11-76].

Further information called for by the Committee

Please state progress made by the Integral Coach Factory in the manufacture of prototype diesel railcars.

Reply of Government

The manufacture of prototype railcars has been programmed on the Integral Coach Factory, Perambur, Madras, for 1980-81. The actual manufacture will, inter-alia, depend upon the relative priorities *vis-a-vis* other Coaching stock under manufacture in ICF for which there is acute shortage, as also specific allocation of adequate funds.

[Ministry of Railways (Rly. Board) O.M. No. 77—B (RCC)—4230 Dt. 7-12-77].

CHAPTER V

RECOMMENDATION IN RESPECT OF WHICH FINAL REPLY OF GOVERNMENT IS STILL AWAITED

Recommendation (S. No. 31 Para 3.52)

The Committee observe that under the German Federal Railways Act, the Government is required to pay compensation if increases in freight rates suggested by the Railways are overruled. In U.K. also, the British Railways are compensated for losses resulting from moderation in raising freight rates and fares. Compensation is also allowed to the French and Canadian Railways for uneconomic freight rates|traffic freezes. The Committee see no objection to reliefs being given to Indian Railways in similar situations.

Reply of Government

Noted.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230, dated 28-9-76].

Further information called for by the Committee

Please state whether Government have accepted the above recommendation of the Committee.

Reply of Government

While noting the Committee's recommendation, the Ministry of Railways have asked the Ministry of Finance for their views on the subject since such a subsidy can be given only by General Revenues.

[Ministry of Railways (Rly. Board) O.M. No. 75-B(RCC)-4230, dated 23-11-76]

Further information called for by the Committee

The latest position may be indicated.

Reply of Government

This is still under consideration in consultation with the Ministry of Finance.

[Ministry of Railways (Rly. Board) O.M. No. 77-B (RCC)-4230, dt. 25-10-77.]

NEW DELHI;
April 1, 1978
Chaitra 11, 1900 (*S*).

KRISHAN KANT,
Chairman,
Railway Convention Committee.

APPENDIX

Analysis of the action taken by Government on the recommendations contained in the Ninth Report of the Railway Convention Committee, 1973:

I.	Total No. of recommendations	68
II.	Recommendations which have been accepted by Government (*vide* recommendations at Sl. Nos. 1-5, 7-10, 14-20, 22-30, 32, 33, 35-65, 67-69).	
	Number	61
	Percentage to total	89·7%
III.	Recommendations in respect of which replies of Government have not been accepted by the Committee (*vide* recommendations at Sl. Nos. 6, 11-13, 34 and 66)	
	Number	6
	Percentage to total	8·8%
IV.	Recommendation in respect of which final reply of Government is still awaited (*vide* recommendation at Sl. No. 31)	
	Number	1
	Percentage to total	1·5%

GMGIPND—L—4169 LS28-4-78—1000