

**SIXTY-THIRD REPORT
ESTIMATES COMMITTEE
(1983-84)**

(SEVENTH LOK SABHA)

**MINISTRY OF RAILWAYS
PRODUCTION UNITS**

[Action Taken By Government On The Forty-Fifth Report]



Presented to Lok Sabha on

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA TO THE
SIXTY-THIRD REPORT OF ESTIMATES COMMITTEE ON
PRODUCTION UNITS

Page	Para	Line	For	Read
3	1.8	last line	steel	steam
4	1.11	6	Factory's	factory's
5	1.14	11	Modernisation	modernisation
11	Recommendation (Sl. No.6 - Para 1.30).	5th line.	retained	retrained

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(1983-84)

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7. Shri Krishna Kumar Goyal.
8. Smt. Sanyogita Rane.
9. Shri Girdhari Lal Vyas.

INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Sixty third Report on action taken by Government on the recommendations contained in the Forty-fifth Report of Estimates Committee (7th Lok Sabha) on the Ministry of Railways—Production Units.

2. The 45th Report was presented to Lok Sabha on 18 April, 1983. Government furnished their replies indicating action taken on the recommendations contained in that Report by 21 January, 1984. The replies were examined by Study Group on Action Taken Reports of Estimates Committee at their sitting held on 8 March, 1984. The draft Report was adopted by the Committee on 13 March, 1984.

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

I. Report.

II. Recommendations/Observations that have been accepted by Government.

III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies.

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

V. Recommendations/Observations in respect of which replies of Government are awaited.

4. An analysis of action taken by Government on the recommendations contained in the 45th Report of Estimates Committee is given in the Appendix. It would be observed therefrom that out of 27 recommendations made in the Report, 23 recommendations i. e. 85.2% have been accepted by the Government, and the Committee do not desire to pursue 3 recommendations i. e. 11.1% in view of Government's replies. Reply of Government in respect of 1 recommendation i. e. 3.7% has not been accepted by the Committee.

NEW DELHI ;

March 15, 1984.

Phalgun 25, 1905 (S)

BANSI LAL

*Chairman,
Estimates Committee.*

CHAPTER I

REPORT

1.1 This Report of the Estimates Committee deals with Action taken by Government on the recommendations contained in their 45th Report (7th Lok Sabha) on the Ministry of Railways—Production Units, which was presented to the Lok Sabha on 18 April, 1983.

1.2 Action Taken Notes on the Recommendations of the Committee have been categorised as follows :—

- (1) Recommendations/Observations that have been accepted by Government.

Sl. Nos. 1, 2, 4, 6, 7, 9 to 23, 25, 26 and 27.

(23 Recommendations—Chapter II)

- (2) Recommendations/Observations which the Committee do not desire to pursue in view of Government's reply :—

Sl. Nos. 3, 5 and 8.

(3 Recommendations—Chapter III)

- (3) Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee :—

Sl. No. 24.

(1 Recommendation—Chapter IV)

- (4) Recommendations/Observations in respect of which replies of Government are awaited.

Nil

(Chapter V)

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

Conversion of Production Units into Public Sector Undertakings

(Recommendation Sl. No. 4—Para 1.23)

1.4 The Committee in their 45th Report had observed that the main argument of the Chairman Railway Board before the Committee against reorganising the Production Units of the Railways on the lines of public undertakings was that these units were catering exclusively to the requirements of the Railways and as the demands of the railways had many variables, a composite decision in the interest of the organisation had to be taken which would not be possible if the Production Units were reorganised as public sector undertakings. The Committee pointed out that there were many public sector undertakings which were exclusively or mainly catering to the requirements of a Ministry/Department of Government e.g. Public Undertakings under the Ministry of Defence and Department of Posts & Telegraphs. The Committee, therefore, recommended that the Ministry of Railways should give a fresh thought to the question of converting the production units into public undertakings and evaluate the advantages and dis-advantages of such a course in consultation with the Bureau of Public Enterprises before taking a final decision in the matter. In the opinion of the Committee the balance of advantages lay in granting them autonomy-administrative and financial as Public Undertakings so that they might function efficiently on business lines.

1.5 In their reply, the Ministry of Railways have stated that "the observations of the Committee are noted. An inter-ministerial committee to re-examine the question of converting the Railway Production Units into public undertakings has already been set up. The Committee are holding discussions to evaluate the advantages and dis-advantages of such course of action. The Committee is likely to make its recommendations by mid January, 1984."

1.6 The Committee would like to be apprised of the findings of the Committee set up by the Ministry of Railways to consider the question of conversion of Railway Production Units into Public Undertakings and the final decision of the Government on the question.

*Installed Capacity of Steel Foundry at C.L.W.***(Recommendation Sl. No. 12—Para 2.27)**

1.7 The Committee in Para 2.27 of their Report expressed surprise at the statement of the representative of the Ministry of Railways before them that the capacity of the steel foundry of CLW had been "exaggerated" and that instead of 20,000 tonnes which it was supposed to be, it was only 5,000 tonnes. The Committee desired the Ministry of Railways to investigate as to how, at the time of installation, the capacity came to be determined as 20,000 tonnes and accepted as such.

1.8 In their reply the Ministry of Railways have stated as follows :—

"The capacity of the steel foundry at CLW at the time of installation was determined as 10,000 tonnes (not 20,000 tonnes) per annum comprising of 60% of steam locomotive castings. This has been specified in the agreement clause No. 6 which was entered into with the collaborators M/s F.H. Loyd & Co. Ltd., U.K. This clause specifies—

'The drawings, specifications, lay out of Foundry buildings and services etc. shall be such as will manufacture therein on an efficient and economical basis approximately 9,000 tonnes per annum of good quality of steel castings of all sizes, and specifications required for locomotives and other rolling stock and also approximately 1000 tonnes per annum of austenitic Manganese Steel castings for railway track all these with necessary heat treatment, quenching facilities.'

The capacity of any steel foundry is invariably expressed in terms of finished steel castings only. However, for manufacture of 10,000 tonnes of finished steel castings the melting capacity has to be roughly double the weight of the finished castings.

The maximum capacity achieved by the steel foundry was 8602.8 tonnes during 1968-69.

Due to a change in the traction policy of the Railways, diesel and electric locos were to be manufactured at CLW and the manufacture of steel locomotive was totally stopped.

The steam locomotive castings being generally simple but heavy in weight are easier to produce as compared to diesel and electric loco castings which are intricate in design and require close dimensional tolerance.

An O.R. Study has already been done regarding the capacity of steel foundry and the Study Team had recommended that considering the present product-mix the steel foundry capacity at CLW should be 5000 tonnes per annum. This had also been accepted by the Ministry of Railways. The Estimates Committee have also noted this in para 2.29 where also the capacity has been indicated as 5000 tonnes per annum."

1.9 The Committee would like to point out that in their recommendation they had mentioned the capacity of the steel foundry of CLW as 20,000 tonnes on the basis of the evidence tendered before them by the representatives of the Ministry of Railways (C.f. paragraph 2.17 of Original Report).

1.10 The Committee hope that the witnesses, while giving evidence before the Committee, would be sure of facts placed before the Committee and in case of any inadvertant error it would be corrected at the earliest of the many opportunities available to the Ministry before the Report of the Committee is finalised.

Short Supply of Components by BHEL

Recommendation (S. No. 16—Paras No. 2.44 and 2.45)

1.11 The Committee in their 45th Report had observed that BHEL, who were the sole suppliers of electrics for diesel locomotives to the DLW, had not only failed to cater to the requirements of DLW which were intimated to them well in advance but did not honour even their own supply commitments. On this account, the Ministry of Railways were not able to make timely imports of electrics and it adversely affected the Factory's production programme. The representative of the Ministry of Railways had deposed before the Committee that BHEL had not made the requisite supply because they had other orders. The Committee were informed that as BHEL had not agreed to 'penalty clause' being included in the contract, no action could be taken against them for non-supply of required number of electrics. The arrangement between the Railways and BHEL, a Public Undertaking, was thus far from satisfactory. The Committee desired the Ministry of

Railways to sort out the matter with the Ministry of Industry and in case it was genuinely not possible for BHEL to supply to the DLW their full requirements of electrics and this component was not indigenously available elsewhere, additional production capacity therefor could be established in Railway Production Units and in the meantime the Ministry of Railways should have the liberty to import the same well in advance, so as to keep the production programme of the factory going.

1.12 In their reply, the Ministry of Railways have stated that :—

“Efforts are being made to persuade BHEL to accept a ‘Penalty Clause’ as recommended by the Committee. However, in the meantime to make good the shortfall in supply, import of electrics is being resorted to, as it would not be possible to invest large funds in the Railway Sector for manufacture of electrics. The shortfall in future, if any, would be made good through imports.”

1.13 **The Committee would like to be informed of the result of efforts being made to persuade BHEL to accept a ‘Penalty Clause.’ They trust that following firm commitment of supplies from BHEL, forward arrangements for imports of electrics would be made so that delays in imports are not cited by the Factory as a reason for shortfall in achievement of production targets.**

Modernisation of Machinery

(Recommendation S1. No. 20—Para 2.60)

1.14 The Committee had observed in their report that a common reason for low production of Railway Production Units was stated to be “ageing of machinery and Plant.” It was stated by the representative of the Ministry before the Committee that 75% of the machinery was overaged and needed replacement, but the Ministry of Railways had to go slow in their replacement programme because the allotment of funds for this purpose was only Rs. 50 to 60 crores annually whereas the Ministry’s requirement for the purpose was of the order of Rs. 600 to Rs. 700 crores. The Committee, attaching great importance to the modernisation of the machinery of the production units, desired that the Ministry of Railways should accelerate the programme for Modernisation providing higher allocation of funds for the purpose in consultation with the Planning Commission.

1.15 In their reply the Ministry of Railways have stated that the allotment/expenditure for replacement of overaged and obsolete machines in Production Units has been increased substantially in the Sixth Plan as is indicated below :—

1979-80	—143.73 lakhs
1980-81	—195.49 ,,
1981-82	—308.72 . ,,
1982-83	—573.90 ,, (Revised Estimates)
1983-84	—751.46 ,, (Budget Allotment)

1.16 More and more funds are being provided every year so that the machines which have lost accuracy and productivity are replaced by new machines. The allocation of more funds, is however, restricted due to non-availability of adequate funds from the Planning Commission under Plan Head 'M&P'.

1.17 In addition the modernisation of Production Units has also started and Rs. 14.77 crores have already been allotted to Chittaranjan Locomotive Works for replacement of machinery and plant in the Sixth Plan.

1.18 It is expected that Planning Commission will make substantial allotment under this Plan Head in the Seventh Plan and more funds will be made available to Production Units to liquidate the arrears of replacement of old machines.”

1.19 While taking note of the gradual increase in the allocation of funds during the 6th Plan period for replacement of over-aged and obsolete machinery with Railway Production Units, the Committee trust that during the 7th Plan period the programme of modernisation of machinery in these units would be further accelerated and adequate funds would be allocated for the purpose.

System of Purchase of Proprietary Items

(Recommendation S1. No. 24—Para 3.38)

1.20 In Para 3.38 of their original Report, the Committee had observed that in view of the fact that the system of purchase of pyroprietor

items could be abused, the Committee desired the Ministry of Railways to take the following measures which would facilitate a constant watch being kept on purchases made under this procedure :—

- (i) Separate statistics should be compiled in regard to the type of articles purchased, and their value. This would enable the controlling authorities to identify the proprietary items consumed by the Railways and to keep a watch on the quantum and value of such purchases.
- (ii) These items should be widely publicised in the country so that the prospective manufacturers are induced to develop these articles. Manufacturers who show interest in developing such articles should be extended all help by the Railways. Although the cost of these items would be a little more initially, but in the long run, the Railways will benefit as single source dependence will end and price competition will be generated.

1.21 In their reply the Ministry of Railways have stated that "Railways are already maintaining statistics of items purchased against proprietary article certificate. The proprietary article certificate on which purchase is made, is issued by an officer at an appropriate level depending upon the value. The indenting officer signing the certificate exercises sufficient care to ensure that similar items are not manufactured/sold by other firms before signing the certificate.

1.22 Purchases made by the Railways are published in the periodical stores bulletin regularly and in the Indian Trade Journal so that these purchases come to the notice of a wide sector of industry and potential/interested suppliers can approach Railways for items of their interest. A Development Cell functions in the Railway Board under Additional Director (Dev) and similar cells function on the Production Units with a view to develop new sources."

1.23 **The Committee take an adverse view of the contradictory statements made before them in regard to maintenance by the Railways of statistics for purchase of proprietary articles. The Ministry of Railways had, in the course of the examination of the subject of Production Units during 1982-83, stated that "statistics for purchase of proprietary articles are not maintained separately on the Railways. The figures of values of purchase of these items vis-a-vis the total purchases for the year 1978-79, 1979-80 and 1980-81**

are, therefore, not available". (c.f. Paragraph No. 3.31 of the original Report). However, in reply to the recommendation of the Committee that "separate statistics should be compiled in regard to the type of (proprietary) articles purchased and their value", the Ministry have stated that "Railways are already maintaining statistics of items purchased against proprietary article certificate". They would like the Ministry of Railways to be more careful in future in submitting written evidence before the Committee.

1.24 The Committee desire that the list of items purchased under the Proprietary System of Purchases during the 6-month period together with the value of orders placed for each item should be published in the following issue of the Railway Stores Bulletin as well as the Indian Trade Journal so that the trade and industry is made aware of the Railway's demand for these items. This would encourage the industry to undertake R & D efforts to create alternative sources for the supply of these items.

Implementation of Recommendations

1.25 The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendations in letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Sl. No. 1—Para No. 1.7)

The organisation at the Railway Board level for monitoring and evaluating the Performance of Production Units of Railways and all matters connected therewith is headed by an officer of the level of Jt. Director. Since the Production Units of the Railways are headed by General Managers who rank much superior to a Jt. Director, the Committee are of the view that the Head of the Unit at the Railway Board should be upgraded suitably to have an effective monitoring and appraisal of the performance of the Production Units.

Reply of Government

The monitoring of Railway Production Units is done at the level of Member Mechanical, Railway Board, who is ex-officio Secretary to the Government of India. The day to day co-ordination and monitoring is however, done by the concerned Joint Director for the Production Units. Before the upgradations came into being, the Joint Directors who were manning these posts were senior JA grade officers who were waiting for promotion as Heads of the Departments. They were, therefore, able to deal with the problem of Production units at the Chief Mechanical Engineers/General Managers level on their own. With these upgradations the officers posted as Joint Directors are now very much junior and therefore are not able to assert. As such the Director Mechanical Engineer (Workshop) has to share most of the load for the work of co-ordination and monitoring the performance of the Production Units. It is therefore, necessary that the aberration which have taken place as a result of the two upgradations should be set right, and the post of Joint Director (Workshop) be upgraded to the level of Additional Director.

Therefore, the recommendations of the Estimates Committee for monitoring the performance of the Workshops by an officer of a higher level than Joint Director, are accepted.

Recommendation (Sl. No. 2—Para No. 1.15)

The Chairman, Railway Board has himself admitted before the Committee in his evidence that the General Managers of Production Units are not considered for elevation to Membership of the Railway Board unless they have experience as General Managers as open line. This implies that in the

matters of promotion prospects the General Managers of Production Units hold a position inferior to that of General Managers of Zonal Railways. This, the Committee feel, would be a disincentive not only for attracting talented men to head production units important as they are, but also to get the best one of the men heading them. The Committee, therefore, recommended that the Ministry should have proper career planning in respect of top officials below board level so that the production units also get the benefit of the best talented and at the same time the men heading them suffer no handicap in further promotion.

Reply of Government

There are General Managers of Zonal Railways, also referred to as open line General Managers. Also there are some other officers as General Managers Production/Construction Organisations. All these posts carry identical scales of pay i.e. Rs. 3000-3500. Appointments to the posts of General Managers Zonal Railways as well as Production Units and construction organisations are made with the approved of the Appointments Committee of the Cabinet which ensures selection of best talented persons for these posts.

Railways being in main a transport organisation and such work being done in the different Zonal railways, it is considered necessary that experience as the General Manager of an open line Railway is essential for filling the post of Members of the Board, as such working in the Zones will give added experience of dealing with industries, travelling public and all round experience of a vast transport undertaking. The Production Units however have a separate but a specialised role to play but since the number of employees and the annual value of output from these Production Units are high, the Head of the Organisation is also a "General Manager" on the same scale as General Managers on Open Line. There is no difficulty in finding suitable talent within the Railway Administration to head these Production Units. But these General Managers of Production Units also move out as General Managers of Zones, to later qualify them to come to the Railway Board as Members.

Recommendation (S. No. 4—Para No. 1.23)

The main argument of the Chairman Railway Board before the Committee against re-organising the Production Units of the Railways on the lines of public undertakings was that these units are catering exclusively to the requirements of the Railways and as the demands of the railways have many variables, a composite decision in the interest of the organisation has to be taken which would not be possible if the Production Units are reorganised as public sector undertakings. The Committee would like to point out that

there are many public sector undertakings which are exclusively or mainly catering to the requirements of a Ministry/Department of Government e.g. Public Undertakings under the Ministry of Defence and Department of Posts & Telegraphs. The Committee, therefore recommend that the Ministry of Railways should give a fresh thought to the question of converting the production units into public undertakings and evaluate the advantages and disadvantages of such a course in consultation with the Bureau of Public Enterprises before taking a final decision in the matter. In the opinion of the Committee the balance of advantages lies in granting them autonomy-administrative and financial as Public Undertakings so that they may function efficiently on business lines.

Reply of Government

The observations of the Committee are noted. An interministerial Committee to re-examine the question of converting the Railway Production Units into public undertakings has already been set up. The committee are holding discussions to evaluate the advantages and disadvantages of such course of action. The committee is likely to make its recommendations by mid January, 1984.

Recommendation (S. No. 6—Para No. 1.30)

The Committee recommend that the strength of non-technical staff in the Production Units of the Railways, which is admitted to be high, should be got reviewed by an outside agency such as the Staff Inspection Unit of the Ministry of Finance and the staff found surplus to the requirements should be retained, if necessary, and redeployed on new projects of the Railways purposefully.

Reply of Government

A detailed analysis and review of the various categories of technical and non-technical staff in the 3 Production Units has been carried out. One of the reason that the numbers of non-technical staff of DLW & CLW was comparatively more because it included the hospital and Railway School staff also. It was also found that while furnishing the figures to the Estimates Committee, ICF had included Engineering and Stores Departments' staff in the "technical" category, whereas CLW and DLW had classified the staff of Engineering and Stores Departments under 'non-technical'. However the ratio of technical and non-technical staff in the 3 Production Units when categorised on a uniform base is compared *i.e.* by excluding medical, hospital and school staff from the "non-technical" category as has been done in the case of ICF, the staff position is as follows :

<i>Unit</i>	<i>Year</i>	<i>Original as reported</i>			<i>Actual figures excluding Hospital, School staff</i>		
		<i>Technical</i>	<i>Non- Technical</i>	<i>Technical</i>	<i>Non- Technical</i>	<i>Percentage of Non-Technical</i>	
CLW	1980-81	10765	5372	11863	3257	15120	21%
DLW	1981-82	4422	3600	5177	2245	7422	30%
ICF	1981-82	11416	3074	11416	3074	14490	21%

It would thus be seen that allowing for the special working conditions in the 3 Production Units, the percentage of technical and non-technical staff are very close to each other. The staff reviews are conducted periodically by the Units also and the staff redeployed as per requirement. Accordingly, a review by an outside agency is not considered necessary.

Recommendation (S. No. 7—Para No. 1.36)

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

Reply of Government

The Incentive Scheme presently being followed in Railway Production Units and Workshops provides for review of timings whenever a new sophisticated machine is introduced.

Introductions have been issued to the Railways and Production Units to conduct spot check at all levels to avoid malpractices in the working of the Incentive Scheme and to take remedial measures.

Recommendation (S. No. 9—Para No. 1.40)

The Committee appreciate the fact brought to their notice that the labour-management relations in the DLW and ICF have been very satisfactory. They hope that in course of time the situation in CLW, which has lately not been so very good, would improve.

Reply of Government

The observation of the Committee has been taken note of.

Recommendation (Sl. No. 10—Para No. 2.25)

The Committee note that whereas the installed capacity of the Chittaranjan Locomotive Works (CLW) was for the manufacture of 35 diesel locomotives and 60 electric locomotives, the actual production of diesel locomotives during 1977-78 and 1981-82 was 31 and 32 respectively and that of electric locomotives during 1979-80 and 1981-82 it was 51 and 50 respectively. The

factory's reason for shortfall in the production of diesel locos was stated to be "lack of demand" and for Ministry of Railways not placing the adequate orders to utilise the capacity to the full was stated to be "Lack of funds" provided to them by the Planning Commission for the purpose despite the Railways need for replacing the 7000 steam locomotives still with them whose uneconomic functioning was a considerable drain on the resources of the Railways. The Committee are unable to appreciate the situation where a substantial part of the production capacity of the factory was allowed to waste for want of funds to procure raw material and components which go into the manufacture of locomotives. They would like the Ministry to undertake a cost benefit analysis of postponing the investment of replacement of obsolete Steam Locomotives and keeping the production capacity of diesel locomotives substantially idle and take up with the Planning Commission suitably.

Recommendation (Sl.No. 17—Para No. 2.46)

The Committee have been informed that another reason for lower production of locos by DLW as against its installed capacity and the production targets originally fixed was "inadequacy of funds". The Committee have dealt with the idle capacity of the CLW as a result of paucity of funds earlier in this Report. They suggest a similar study as commended therein for optimum utilisation of the additional capacity of the DLW ensuring adequate funds. The Committee wish to emphasize the need for replacing the obsolete Steam Locomotives with more efficient Diesel locomotives early.

Reply of Government

It is accepted that the balance of advantage lies in the condemnation of steam locomotives. Condemnation of steam locomotives has already been stepped up, and some locomotives on BG have been condemned even before the expiry of their economic life on account of their poor condition. No cost-benefit exercise would, therefore, seem to be necessary. So far as the question of approaching the Planning Commission is concerned, this will be kept in view while formulating the Seventh Plan.

Recommendation (S. No. 11—Para No. 2.26)

The reason for shortfall in the manufacture of electric locos by the CLW has been indicated as "late arrival of certain critical components". This, it is stated, was due to "go slow" in the works of the sole suppliers of

these components, namely M/s Hindustan Brown Boveri. The Committee would like the Ministry of Railways to develop alternative sources of supply of all such single-source components so that the production of CLW does not suffer on account of failure to supply the requisite components by the sole supplier.

Reply of Government

The reference presumably is to Tap Changers fitted to electric locomotives. These are indigenously manufactured by M/s Hindustan Brown Boveri Baroda (HBB) in technical collaboration with M/s Brown Boveri Co (BBC), Switzerland. This is a proprietary item and its manufacture requires sophisticated technology. Indian Railways do not have the detailed specifications or manufacturing drawings for this product and are, therefore, not in a position to get this item developed by alternative sources.

Modern electric locomotives are being equipped with thyristors to do away with the electro-mechanical type tap changer. Indian Railways are also going in for thyristors in their efforts to develop modern technology high horse power electric locomotives and plan to do away with this item in future.

Instructions have been issued to the railway production units to identify such single-source items and take vigorous efforts to develop equivalent alternatives with a view to eliminate railways' dependence on single source of supply.

Recommendation (S.No. 12—Para No. 2.27)

The Committee are surprised at the statement of the representative of the Ministry of Railways before them that the capacity of the steel foundry of CLW had been "exaggerated" and that instead of 20,000 tonnes which it was supposed to be, it was only 5000 tonnes. The Committee would like the Ministry of Railways to investigate as to how, at the time of installation, the capacity came to be determined as 20,000 tonnes and accepted as such.

Reply of Government

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Lloyd & Co. Ltd., U.K. This clause specifies—

“The drawings, specifications, lay out of Foundry buildings and services etc. shall be such as will manufacture therein on an efficient and economical basis approximately 9,000 tonnes per annum of good quality of steel castings of all sizes, and specifications required for locomotives and other rolling stock and also approximately 1000 tonnes per annum of austentic Manganese Steel castings for railway track all these with necessary heat treatment, quenching facilities”.

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Due to a change in the traction policy of the Railways, diesel and electric locos were to be manufactured at CLW and the manufacture of steam locomotives was totally stopped.

The steam locomotive castings being generally simple but heavy in weight are easier to produce as compared to diesel and electric loco castings which are intricate in design and require closer dimensional tolerance.

An O.R. Study has already been done regarding the capacity of steel foundry and the Study Team had recommended that considering the present product-mix the steel foundry capacity at CLW should be 5000 tonnes per annum. This had also been accepted by the Ministry of Railways. The Estimates Committee have also noted this in para 2.29 where also the capacity has been indicated as 5000 tonnes per annum.

Recommendation (S. No. 13—Para No. 2.28)

The Committee would also like the Ministry of Railways to take expeditious action on the report of the O & R team of the Railway Board in regard to the operation of the steel foundry of CLW with a view to its optimum utilisation.

Reply of Government

The comments of the Committee are noted. The important recommendations of the Report submitted by O & R team for optimising the steel

foundry capacity have been accepted by the Board. The main recommendations stressed improvements in liquid oxygen & power supply and replacement of over-aged machinery & plant.

Action has been initiated to implement the recommendations of the O.R. Team. There has been improvement in the supply of liquid oxygen as also supply of power from DVC who have given a separate feeder for the steel foundry. The items of machinery and plant are also being replaced on programmed basis.

Recommendation (S. No. 14—Para No. 2.29)

The Committee note that the production of steel castings in CLW has been much below the capacity of 5000 tonnes per annum. The production during 1981-82 was only 3296 tonnes. One of the reasons for low production of steel castings is stated to be "Poor supply of liquid oxygen" by M/s. Indian Oxygen Ltd., on account of severe power cut in their own plant which reduced their overall production. As stressed in the foregoing paragraph the Ministry of Railways should develop alternate sources of supply of liquid oxygen and farm out the supply orders to two or more parties so that the production is not held up on account of non-supply or short supply of material by the sole supplier.

Reply of Government

The problem of "poor supply of liquid oxygen" by M/s. Indian Oxygen Ltd., Asansol on account of severe power cut in their own plant no longer exists. M/s. Indian Oxygen Ltd. are now connected in the same power grid of Indian Iron & Steel Co. at Asansol assuring thereby uninterrupted power supply. It is stated that M/s. Indian Oxygen Ltd. are now in a position to meet the full requirement of CLW.

However, having regard to the need for a second source to meet any possible contingency, action has been initiated for having an alternative source for the Steel foundry. This will involve separate pipelines, valves and the setting up of a Manifold House for accommodating Oxygen cylinders.

Recommendation (S. No. 15—Para No 2.30)

"Another reason given for low production of steel castings was "heavy power interruptions". The Committee suggest that the Ministry of Railways should ensure uninterrupted power supply by taking up the

matter with the DVC authorities through the administrative Ministry concerned. In the meantime the existing diesel generating sets could be pressed into service whenever necessary to ensure uninterrupted production as the benefit resulting therefrom will outweigh the additional cost of Power from these sets atleast in the long run."

Reply of Government

As a result of continued liaison with Ministry of Energy and DVC it has been possible to obtain 7 MVA of uninterrupted supply from DVC to Chittaranjan Locomotive Works since May 1983. With this arrangement from DVC along with Railways' own 2 standby diesel generating sets of 1750 KW each already provided and 2 more under installation and expected to be commissioned shortly, it is being ensured that production requirements of steel foundry as also locomotive manufacture will be fully met.

Recommendation (S. No. 16—Paras No. 2.44 and 2.45)

The Committee are constrained to observe that BHEL, who are the sole suppliers of electrics for diesel locomotives to the DLW, have not only failed to cater to the requirements of DLW which were intimated to them well in advance but did not honour even their own supply commitments. On this account, the Ministry of Railways were not able to make timely imports of electrics and it adversely affected the Factory's production programme. The representative of the Ministry of Railways has deposed before the Committee that BHEL had not made the requisite supply because they had other orders. The Committee are informed that as BHEL had not agreed to 'penalty clause' being included in the contract, no action could be taken against them for non-supply of required number of electrics. The arrangement between the Railways and BHEL, a Public Undertaking, is thus far from satisfactory. The Committee would like the Ministry of Railways to sort out the matter with the Ministry of Industry and in case it is genuinely not possible for BHEL to supply to the DLW their full requirements of electrics and this component is not indigenously available elsewhere, additional production capacity therefore could be established in Railway Production Units and in the meantime the Ministry of Railways should have the liberty to import the same well in advance, so as to keep the production programme of the factory going.

Reply of Government

Efforts are being made to persuade BHEL to accept a 'Penalty Clause' as recommended by the Committee. However, in the meantime to make

good the shortfall in supply, import of electrics is being resorted to, as it would not be possible to invest large funds in the Railway Sector for manufacture of electrics. The shortfall in future, if any, would be made good through imports.

Recommendation (S. No. 18—Para No. 2.51 and 2.52)

Out of 20,700 coaches held by the Railways, 2,500 coaches were outdated and needed replacement. The Integral Coach Factory has the installed capacity to manufacture 750 coaches per annum. Another factory is proposed to be set up with a capacity for manufacturing 400 coaches.

The Committee expect that the outdated coaches would be replaced within a maximum period of 5 years. In the opinion of the Committee the proposed new factory should be located at Perambur itself to take advantage of the existing infrastructure and other facilities. The new factory should also come up soon. In view also of the export potential of the coaches, there should be no financial constraints in regard to expansion of the production capacity and sustaining the production programme as per the capacity.

Reply of Government

A decision has already been taken to set up a new coach factory to supplement the existing indigenous capacity for production of coaches. The Planning Commission have also accepted the need for a second coach factory in principle. Location for the factory has however not yet been decided. Project report is being drawn up.

Recommendation (S. No. 19—Para No. 2.56)

The Committee find that despite several mid-year exercises taking place regarding budgetary allocations to the Production Units, there have been in the case of all the Production Units sizeable shortfalls in expenditure against the revised estimates. It is surprising that, on the one hand, the Production Units complain of shortage of funds for not being able to bring up their production to the level of their installed capacity, on the other hand, funds allocated to them have remained unspent for one reason or the other. The shortfall in expenditure against budgetary allocations indicates primarily bad production planning on the part of the Production Units and laxity of controls on the part of the Ministry. The Committee expect that the Ministry's budgetary appraisals would be more effective and the Production Units would gear up their operations in such a manner as to absorb fully their budgetary allocations.

Reply of Government

The recommendations of the Committee are noted. The main reason for the shortfall in the expenditure is due to non-supply of critical items mainly by BHEL, H.B.B. and similar Organisations of electrical rotating machines and other electrical equipments which brings about temporary stoppage of the production. All out efforts are made to ensure that the budgetary allocations made are fully utilised not only by the Production Units, but the other Railway Units also. As far as the Production Units are concerned, the position is as follows :

C.L.W.—Under-utilisation of budgetary allocations during 1976-77 and 1977-78 have mainly been on account of non-receipt of material from the sub-suppliers resulting in funds provided not being fully utilised. It will be further seen that during the subsequent years the funds provided have been fully utilised at CLW.

D.L.W.—In case of DLW, during the year 1979-80, the under-utilisation of funds was to the extent of 15%. This was mainly on account of stabling of WDS6 locos for non-supply of electrics from M/s. BHEL. In the subsequent years, the funds provided in the Revised Estimates have been fully utilised.

I.C.F.—The budgetary allocation and the actual expenditure at ICF year-wise has been as follows :

Year	Budgetary Estimate.	Revised Estimate.	Actual expenditure.	Variations between R.E. and actual expenditure.
1	2	3	4	5
<i>(Figures in thousands of Rs.)</i>				
1977-78	47,80,28	42,86,25	41,22,86	(-) 1,63,39
1978-79	47,02,75	47,21,15	47,52,72	(+) 31,57
1979-80	49,33,45	53,96,71	53,99,32	(+) 2,61
1980-81	58,39,91	60,34,26	61,84,19	(+) 1,49,93

It will be seen that the under-utilisation of funds was only in the year 1977-78. This was mainly due to non-materialisation of supplies of AC EMU traction equipment from BHEL/Bhopal and non-receipt of debits for imported wheelsets. This, however, did not reduce the target production which was kept at 670, and during the year 671 coaches were manufactured. In the subsequent years also, the funds provided have been fully utilised as shown below :

1	2	3	4	5
1981-82	64,73,67	72,20,12	72,71,88	(+) 51,76
1982-83	82,85,12	83,81,00	84,41,73	(+) 60,73

Instructions have, however, been reiterated that the budgetary appraisals should be more effective and the Production Units should ensure full utilisation of their budgetary allocations.

Recommendation (S. No. 20—Para No. 2.60)

A common reason for low production of Railway Production Units is stated to be "ageing of machinery and plant". It was stated by the representative of the Ministry before the Committee that 75% of the machinery was overaged and needed replacement, but the Ministry of Railways had to go slow in their replacement programme because the allotment of funds for this purpose was only Rs. 50 to 60 crores annually whereas the Ministry's requirement for the purpose was of the order of Rs. 600 to Rs. 700 crores. The Committee attach great importance to the modernisation of the machinery of the production units and desire that the Ministry of Railways should accelerate the programme for Modernisation providing higher allocation of funds for the purpose in consultation with the Planning Commission.

Reply of Government

The allotment/expenditure for replacement of overaged and obsolete machines in Production Units has been increased substantially in the Sixth Plan as is indicated below :

1979-80	— 143.73 lakhs
1980-81	— 195.49 lakhs
1981-82	— 308.72 lakhs
1982-83	— 573.90 lakhs (Revised Estimates)
1983-84	— 751.46 lakhs (Budget Allotment)

More and more funds are being provided every year so that the machines which have lost accuracy and productivity are replaced by new machines. The allocation of more funds, is however, restricted due to non-availability of adequate funds from the Planning Commission under Plan Head 'M & P'.

In addition the modernisation of Production Units has also started and Rs. 14.77 crores have already been allotted to Chittaranjan Locomotive Works for replacement of machinery and plant in the Sixth Plan.

It is expected that Planning Commission will make substantial allotment under this Plan Head in the Seventh Plan and more funds will be made available to Production Units to liquidate the arrears of replacement of old machines.

Recommendation (S. No. 21 Para No. 3.13)

The Committee note that the cost of imported components for each electric locomotive being manufactured at CLW was Rs. 5.71 lakhs and for each diesel locomotives being manufactured at the same factory was Rs. 5.15 lakhs. The cost of imported components for each diesel locomotive being manufactured at DLW has been indicated as Rs. 8 lakhs. In regard to the coaches manufactured by the ICF, the value of the imported components and material are stated to have been 19 per cent during 1979-80 and the main imported items were wheels, axles and steel plates. The Chairman, Railway Board during evidence before the Committee related the efforts being made for developing indigenous capacity of certain core components which are still being imported i.e. exhaust manifold, expressor, radiators fans, piston, governor, turbo-charger etc. with some success. In the case of wheel and axles a new plant is being set up at Bangalore which will obviate the necessity of import of these items. In the case of steel-plates which have to be imported because the steel plants are not manufacturing the type of steel required by the Railways it is stated that Rourkela Steel Plant has taken interest and in case its production is undertaken by SAIL, it would go a long way in reducing the value of imported components and material for manufacturing coaches. The Committee need hardly emphasise the importance of fuller indigenisation of raw material and components of locomotives and coaches being manufactured at the production units of the Railways. The Committee would like the Ministry of Railways to make concerted effort to promote indigenisation of components and material at present being imported by making available R & D support as also the financial support for manufacturing prototypes, to private manufacturers keeping in view the inhibiting factors of limited market for such components and materials. Further the

Rourkela Steel Plant should be in a position to manufacture the type of steel plates required by the ICF without further delay. The Committee would await the action taken in this regard.

Reply of Government

Indian Railways have been making persistent efforts to achieve maximum possible import substitution and self-sufficiency. Imports are now limited to only certain raw materials, proprietary items and other 'hard core' items. The manufacture of such specialised items call for sophisticated manufacturing techniques, high capital investment and even foreign collaboration in some cases. Due to limited off-take of these items by the Railways, not many units in private/public sector are keen to take up their indigenous manufacture. Example of such items are turbo charger and their spares, crankshafts, tri-metal bearings, governors, pistons, piston-rings, special type of steel (corten), wheel and axles etc.

To encourage new entrepreneurs taking up indigenous manufacture of difficult and sophisticated, items, special incentives mentioned below are being offered :—

- (i) Commitment to order 100% requirements for the first year, 80% for the second year and 60% for the third year on the prospective manufacturers subject to reasonableness of price.
- (ii) Appropriate price preference over the landed cost of the imported items.
- (iii) Assistance in issue of import licence for raw-materials not available in the country is provided whenever necessary.
- (iv) Liberalisation of clauses relating to levy of liquidated damages, extension of delivery dates and price escalation.

In addition to the above incentives, advance payment upto 30% of the contract price is also made in deserving cases.

With specific reference to the indigenous development of Corten Steel required for the manufacture of coaches at ICF/Madras, Ministry of Railways are already in correspondence with Steel Authority of India Ltd (SAIL). Rourkela Steel Plant have recently executed a trial order for 22.82 tonnes of the said material, which is under testing. Once the performance of material is found satisfactory, bulk manufacture can be taken up by the Steel Plants thus reducing Railways dependence on import.

Recommendation (Sl. No. 22—Para No. 3. 25)

Though the Committee have been informed by the Ministry of Railways of the elaborate cost Control system in Production units of the Railways, the committee find that in respect of certain items manufactured in the Production Units, the Overheads are on the high side. The Committee are unable to appreciate the position taken before them by the representative of the Ministry that "a judgement as to whether they (Over heads) are high or low is rather difficult to arrive at" nor do they agree with the statement that in absolute term it was difficult to arrive at over head figures "and that no attempt had been made to do so "because the exercise will take long time. The committee recommend that there should be regular system of determining the standard and actual cost specially over head cost on the manufacture of various items being produced by the Production units so as to control cost and keep a check on avoidable expenditure. This will facilitate appraisal of cost structure in the Production units which might be helpful in locating the pockets of extravagance which could be eliminated to reduce the cost ?

Reply of Government

As recommended by the Estimates Committee, suitable instructions have been issued to the General Managers of the Production Units for forming a Committee of technical and accounts officers to go into details of cost elements which contribute to the over head and fix norms for the indirect labour and consumable items. The overhead figures would be reviewed every quarter and any variations will be investigated in detail to keep a check on the avoidable expenditure.

Recommendation (Sl.No. 23—Para No. 3.29)

From the written as well as oral evidence tendered before the Committee by the representatives of the Ministry of Railways the committee cannot but conclude that the Ministry of Railways are not enthusiastic about development of ancillary industries catering for the requirements of Railways. The Committee are not convinced with the argument that "why we should give a protection to an ancillary industry and pay a higher price for a product when we have an opportunity to open tender and can buy the product at a fair price by a competitive bid." The ancillaries developed at the peripheries of production units need not necessarily be less cost effective. The Committee would therefore recommend that the Ministry of Railways should in consultation with the Development Commissioner of Small Scale Industries draw up a scheme to encourage development of ancillaries. This would be in accordance with the

current policy of the Govt. of India applicable to all major industries under all the Ministries and the Ministry of Railways could not be an exception.

Reply of Government

Instructions to encourage development of ancillary units around zonal Railways & Production Units exist in respect of—

- (a) Items which are not readily available in the country.
- (b) Items for which there is shortage of balancing capacity in respect of some of the manufacturing operations and ;
- (c) While setting up new production units, such ancillary units be encouraged.

The development of ancillary units in the strict sense of the term is, however, not feasible for Railways for the following reasons:

- (a) The railway production units have been in existence for many years and already, alternative sources of supply for most of the items have been established. Some of these are situated in small scale sector.
- (b) Remainder items, the indigenous manufacture of which is yet to be developed, are of highly sophisticated nature requiring heavy capital investment and foreign collaboration in some of the cases. These items are, therefore, out side the perview of the ancillary units.
- (c) Preference by way of guaranteed offtake and in pricing is already being allowed by the Railways for development of such items, which are hitherto on import list.

Further during 1975 a team of experts nominated by the Ministry of Industrial Development was asked to undertake a case study of Diesel Loco Works, Varanasi with regard to setting up of ancillary units. This team had come to the conclusion that requirements of railway production units were of very special nature and would not warrant setting up of individual units, entirely dependent on the parent units. The team was of the opinion that there is no need for setting up of ancillary industry except giving whole-hearted assistance of these industries, so far as the established railway workshops are concerned.

However, in case new Workshops, the guidelines issued by Bureau of Public Enterprises for encouraging ancillary industry are being followed. Railways are setting up new Workshops at Bhopal, Guntapalli, Tirupati and Mancheswar,

as also Wheel and Axle Plant at Bangalore and Diesel Components Works at Patiala. Necessary instructions to the concerned Railways and the two new Production Units mentioned above have again been issued for giving due encouragement to the growth of ancillary industries around the said Workshops/Unites.

Recommendation (S.No. 25—Para No. 3.45)

According to the Chairman Railway Board locomotives and coaches must be exported "even at the cost of our domestic requirements" and "even for marginal profits" to establish ourselves in foreign markets so that if in future we have a spare capacity we could undertake exports on regular basis. The Committee are unable to fully agree with his views. Whereas they agree that exports could be even with marginal profits only then would stress that domestic requirement ought to be given priority and only additional and otherwise unutilised capacity could be utilised for export production. The Committee wish to emphasise that the domestic requirements particularly of locomotives and coaches should be fully met for replacement of old stock, the continued operation of which is not only uneconomic for the Railways but also is a safety hazard.

Reply of Government

Export of locomotives and railway coaches is canalised through Projects & Equipment Corporation of India Ltd. (PEC) under the Ministry of Commerce. Since 1967, when Indian Railways entered the export field, only 5 reconditioned steam locomotives and 15 diesel locomotives have been exported to Tanzanian Railway Corporation during the year 1976 and 1978 respectively. Recently, another order for the export of 15 diesel locomotives has been secured from Vietnam, which is in the process of execution.

2. Only after meeting our domestic requirements by D.L.W. and C.L.W. to the maximum extent as per funds allotment for the year, are locomotives manufactured for export to the extent residual capacity is available without affecting production for domestic utilisation. The money for the manufacture of export locomotives is made available by the P.E.C. etc.

3. As regards coaches, these are being manufactured by Integral Coach Factory (ICF) under the Ministry of Railways, by M/s Bharat Earth Movers Ltd. (BEML) and Jessops units situated in the public sector. The combined production of coaches in the country is about 1200-1300 per annum.

4. In the case of coaches also, to the maximum extent domestic requirements are not based on funds allotment for the year and it is only beyond that

if residual capacity is available that coaches are manufactured for export.

It may be noted that during the last 12 years only 270 coaches to seven different countries have been supplied, which works out to an average of only 23 coaches per annum. However, as more capacity is planned to speed up the renewals of overaged coaches as well as to meet the increasing needs for additional passenger coaches, an additional coach factory is being set up where some capacity would also be available for manufacture of coaches for export to earn some valuable foreign exchange.

Recommendation (S.Nos. 26—Para No. 3.53 and 3.54)

The Committee note the assurance given to them that RDSO, which provides research and design support to the Production units, is manned by technically competent staff and is adequately equipped to carry out its functions. Research, Design and Standards Organisation and the Railways is claimed to be the second best research and design organisation in Asia after Japan. There should however, be a constant endeavour to improve the quality of scientific and engineering personnel and equipment and facilities of the Organisation. To this end, the UNDP assistance being sought for purchase of latest equipment would be of great advantage not only to the Organisation but also to the whole region. The Committee desire the Ministry of Railways to continue to project the capacity and capability of the Organisation to disseminate expertise on intermediate technology in the region.

Reply of Government

The observations of Committee are noted.

Recommendation (S.No. 27—Para No. 3.55)

The Committee would like the Ministry of Railways to ensure that the post of Director-General of the RDSO is manned by officers who have a research as well as line background and have a minimum of two years to serve on the Organisation. They also recommend that the Director General of the Organisation should have a minimum tenure of two years.

Reply of Government

The appointment to the post of Director-General R.D.S.O. is made with the approval of Appointments Committee of the Cabinet from amongst Railway Officers who have wide experience and practical knowledge of Railway working,

The recommendation made by the Estimate Committee to prescribe minimum tenure of 2 years will, however, be kept in view.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENTS REPLIES

Recommendation (S. No. 3—Para No. 1.20)

The Committee recommend that the existing system of delegation of powers from the Railway Board to the General Managers of Production Units and their redelegation at lower levels in the Production Units should be got examined by a small team of outside experts with a view to rationalising the system for more efficient functioning of the Production Units.

Reply of Government

An identical recommendation was made by the Railway Convention Committee, 1977, in their 4th Report. In pursuance of their recommendation, the entire matter regarding delegation of powers on the Railways, including Production Units, was entrusted to an outside team of management and finance experts of the Indian Institute of Public Administration, New Delhi, who furnished their report in the year 1982. Soon thereafter, in early 1983, the Railway Ministry took action for delegation of powers further to the Zonal Railway Administrations including Production Units, on the recommendations of the study team, as warranted.

It is, therefore, submitted that no further immediate action appears necessary at this stage.

Recommendation (Sl. No. 5—Para 1.25)

The Committee have been informed by the Ministry that the workers are reluctant to join refresher course because it deprives them of incentive bonus during the duration of the course. They, therefore, recommend that the Ministry should devise some ways and means to make the refresher courses more attractive to the workers. In this connection, the Committee suggest that some incentive either in the form of advance increments or otherwise could be given to the workers after successful completion of refresher courses.

Reply of Government

The need of refresher training to workshop staff on Railway has been re-examined and it is felt that any training for them should be on job training for any bad workmanship would be by and large automatically get highlighted by rejections and consequent loss of earnings. On the job training of workshop staff would adequately be ensured by intensive supervision and with direct participation of the supervisors for the purpose. This will obviate the need for any other form of incentive as also the trainee posts that may be required if training is arranged away from the work spot in the school etc.

Recommendation (S. No. 8—Para No. 1.30.)

It was represented to the Committee during their visit to Chittaranjan Locomotive Work that the educational facilities for the children of the employees of the factory were not adequate and that they had to send their children to far off places for education. The Committee consider their difficulty as genuine and recommend that in case it is not possible to set up adequate educational facilities either by Railways or by the Central School Organisation ; in and near the factory complex, there is a case for the grant of education allowance to such employees of the factory who are compelled to send their children outside the places of their posting entailing considerable additional expenditure to them.

Reply of Government

It has been represented to the Committee that the educational facilities for the children of the employees of Chittaranjan Locomotive Works are not adequate and they have to send them to far off places, or not borne by facts. At present, there exist within the Chittaranjan township 24 railways schools, including 2 higher secondary schools, 4 high schools and 18 primary schools (in Bengali, Hindi and English media), 22 schools run by State Government including 5 high schools and 17 primary schools, 1 degree college run under the subsidy of State Govt., besides 3 convent schools.

In this context, it may also be brought to notice that provision of educational facilities is primarily the responsibility of the Ministry of Education, Govt. of India/State Governments and the Railways have, however, provided such facilities at stations where they are considered inadequate or non-existent, purely as a measure of staff welfare. There are many pressing demands on the limited resources of this Ministry for educational facilities in Railway areas and amongst them CLW is to be considered as well developed educationally (in view of para 1) and must, therefore, be assigned a low priority for further expansion.

As regards grant of educational allowance, the railway employees who are drawing pay upto Rs. 1200/- p.m. are already eligible to educational assistance at the rate of Rs. 15/- per child per month not exceeding Rs. 60/- p.m., for students studying in secondary/higher secondary classes, in accordance with the extant orders of the Ministry of Railways which are based on the instructions issued by the Ministry of Finance.

CHAPTER IV

RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH GOVERNMENT'S REPLIES HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 24—Para No. 3.38)

In view of the fact that the system of purchase of proprietary items could be abused, the Committee would like the Ministry of Railways to take the following measures which will facilitate a constant watch being kept on purchases made under this procedure :

- (i) Separate statistics should be compiled in regard to the type of articles purchased, and their value. This would enable the controlling authorities to identify the proprietary items consumed by the Railways and to keep a watch on the quantum and value of such purchases.
- (ii) These items should be widely publicised in the country so that the prospective manufacturers are induced to develop these articles. Manufacturers who show interest in developing such articles should be extended all help by the Railways. Although the cost of these items would be a little more initially, but in the long run, the Railways will benefit as single source dependence will end and price competition will be generated.

Reply of Government

Railways are already maintaining statistics of items purchased against proprietary article certificates. The proprietary article certificate on which purchase is made, is issued by an officer at an appropriate level depending upon the value. The indenting officer signing the certificate exercises sufficient care to ensure that similar items are not manufactured/sold by other firms before signing the certificate.

Purchases made by the Railways are published in the periodical stores bulletin regularly and in the Indian Trade Journal so that these purchases come to the notice of a wide sector of industry and potential/interested suppliers and approach Railways for items of their interest. A Development Cell functions in the Railway Board under Additional Director (Dev) and similar cells function on the Production Units with a view to develop new sources.

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH
FINAL REPLIES OF GOVERNMENT ARE AWAITED**

NIL

NEW DELHI ;

March 15, 1984

Phalguna 25, 1905 (S)

BANSI LAL,
Chairman,

Estimates Committee.

APPENDIX

(*vide* Introduction)

Analysis of Action Taken by Government on the recommendations contained in the 45th Report of the Estimates Committee (7th Lok Sabha) on Production Units.

I. Total No. of Recommendations.	27
II. Recommendations/Observations which have been accepted by Government.	
(Sl. Nos. 1, 2, 4, 5, 6, 7, 9 to 23, 25, 26 & 27)	23
Percentage to Total	85.2%
III. Recommendations/Observations which the Committee do not desire to pursue in view of Government's reply.	
(Sl. Nos. 3, 5 and 8)	3
Percentage to Total.	11.1%
IV. Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee.	
(Sl. 24)	1
Percentage to Total	3.7%
V. Recommendations/Observations in respect of which final replies of Government are awaited.	

Nil.