

**LOSS FOR TRAIN PARTING DUE  
TO FAILURE OF CENTRE BUFFER  
COUPLER (CBC) COMPONENTS**

MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

PUBLIC ACCOUNTS COMMITTEE  
(2015-16)

FORTY-FIRST REPORT

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SIXTEENTH LOK SABHA



LOK SABHA SECRETARIAT  
NEW DELHI

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**PUBLIC ACCOUNTS COMMITTEE**  
**(2015-16)**

(SIXTEENTH LOK SABHA)

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MINISTRY OF RAILWAYS  
(RAILWAY BOARD)



सत्यमेव जयते

Presented to Lok Sabha on:

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Laid in Rajya Sabha on:

.....

21 APR 2016

LOK SABHA SECRETARIAT  
NEW DELHI

April 2016/ Vaisakha 1938 (Saka)

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**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2015-16)**

**Prof. K.V. Thomas** - **Chairperson**

**MEMBERS**

**LOK SABHA**

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmputra
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
10. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Udasi
15. Dr. P. Venugopal

**RAJYA SABHA**

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Anil Madhav Dave
19. Shri Vijay Goel
20. Shri Bhubaneswar Kalita
21. Shri Shantaram Naik
22. Shri Sukhendu Sekhar Roy

**SECRETARIAT**

1. Shri A.K. Singh - Additional Secretary
2. Shri T. Jayakumar - Director
3. Shri Tirthankar Das - Additional Director

## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2014-15)

Prof. K.V. Thomas - Chairperson

### MEMBERS

#### LOK SABHA

2. Shri S.S. Ahluwalia
3. Shri Sudip Bandyopadhyay
4. Shri Ranjit Singh Brahmputra
5. Shri Nishikant Dubey
6. Shri Gajanan Kirtikar
7. Shri Bhartruhari Mahtab
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Neiphiu Rio
- 10\*. Shri Dushyant Singh
11. Shri Janardan Singh Sigriwal
- 12†. Shri Shiv Kumar Udasi
13. Dr. Kirit Somaiya
14. Shri Anurag Thakur
- 15‡. Dr. P. Venugopal

#### RAJYA SABHA

16. Shri Satyavrat Chaturvedi
17. Shri Vijay Goel
18. Dr. Satyanarayan Jatiya
19. Shri Bhubaneswar Kalita
20. Shri Shantaram Naik
21. Shri Sukhendu Sekhar Roy
22. Shri Ramchandra Prasad Singh

\* Elected w.e.f. 3<sup>rd</sup> December, 2014 vice Shri Rajiv Pratap Rudy who has been appointed as Minister w.e.f. 9<sup>th</sup> November, 2014.

† Elected w.e.f. 3<sup>rd</sup> December, 2014 vice Shri Jayant Sinha who has been appointed as Minister w.e.f. 9<sup>th</sup> November, 2014.

‡ Elected w.e.f. 3<sup>rd</sup> December, 2014 vice Dr. M. Thambidurai who has been chosen as Hon'ble Deputy Speaker, Lok Sabha and has since resigned from the membership of the Committee.

Composition of Sub-Committee - II (Railways) of the Public Accounts Committee (2014-15)

- |                    |   |                                |
|--------------------|---|--------------------------------|
| Convenor           | : | 1. Shri Vijay Goel             |
| Alternate Convenor | : | 2. Shri Sudip Bandopadhyay     |
| Members            | : | 3. Shri Satyavrat Chaturvedi   |
|                    |   | 4. Shri Janardan Singh Sigrwal |
|                    |   | 5. Dr. Satyanarayan Jatiya     |

Composition of Sub-Committee -II (Railways) of the Public Accounts Committee  
(2015-16)

Convenor	:	1.	Shri Vijay Goel
Alternate Convenor	:	2.	Shri Naresh Agrawal
Members	:	3.	Shri Satyavrat Chaturvedi
		4.	Shri Janardan Singh Sigrwal
		5.	Shri Sudip Bandopadhyay

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## INTRODUCTION

I, the Chairman, Public Accounts Committee (2015-16) having been authorised by the Committee, do present this Forty-First Report (Sixteenth Lok Sabha) on 'Loss for Train parting due to failure of Centre Buffer Coupler (CBC) Components' based on Para 4.2 of C&AG Report No. 25 of 2014., Union Government - Railways related to the Ministry of Railways (Railway Board).

2. The above-mentioned Report of the Comptroller and Auditor General of India for the year ended March 2012 was laid on the Table of the House on 11<sup>th</sup> February, 2014.

3. The Public Accounts Committee (2014-15) took up the subject for detailed examination and report. A Sub-Committee was constituted for the purpose. The Sub-Committee took evidence of the representatives of the Ministry of Railways (Railway Board) on the subject at their sitting held on 18<sup>th</sup> November, 2014. As the Report on the subject could not be finalised, the PAC (2015-16) reselected the subject to continue the examination and present a Report. Accordingly a Draft Report was prepared and placed before the Committee for their consideration. The Committee considered and adopted this Draft Report at their sitting held on 1<sup>st</sup> April, 2016. The Minutes of the Sittings are appended to the Report.

4. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type and form Part- II of the Report.

5. The Committee thank the Sub-Committees for taking oral evidence and obtaining information on the subject as well as finalizing and placing the Draft Report before the main Committee.

6. The Committee would like to express their thanks to the representatives of the Ministry of Home Affairs for tendering evidence before them and furnishing the requisite information to the Committee in connection with the examination of the subject.

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

NEW DELHI;  
25 April, 2016  
05 Vaisakha, 1938 (Saka)

PROF. K.V. THOMAS  
Chairperson,  
Public Accounts Committee



## REPORT

### PART-I

#### I. Introductory

Centre Buffer Coupler (CBC) is a mechanism for connecting rolling stock in a train. Its components including knuckle, coupler body, coupler lock, coupler yoke etc. are safety items and procured by Zonal Railways from Research, Designs and Standards Organization (RDSO) approved firms after inspection by RDSO. Whenever any portion of a train, while in motion, becomes detached, a parting occurs and results in loss of section capacity by way of disturbance to train operations, detention and consequential financial loss to the Railways. The issue relating to the quality of CBC components has been a cause of concern to Railway Board since 2006 due to marked deterioration by about 40 per cent in the parting of freight trains. Railway Board in March, 2006, directed the Zonal Railways to comply with directives issued by RDSO for improving the quality of CBC components and address operational problems. Accordingly, South Eastern Railway (SER) started intimating the position of train parting cases to RDSO and Railway Board.

2. Audit reviewed reports of train parting cases sent to RDSO/Railway Board by the Zonal Railways for the period from January, 2008 to February, 2011. Audit examination of the said failure reports sent to RDSO/Railway Board by the Zonal Railways from January, 2008 to February, 2011 revealed that a large number of train parting cases due to manufacturing defects of CBC components only. It was further found by the Audit that the manufacturers of the components could not be identified in a large number of cases. Two firm's viz. M/s Raneka Industries Ltd (RIL) and M/s Orient Steel Industries Ltd. (OSIL) together contributed to large number of cases of total identified cases. The comments of the Audit are contained in Para 4.2 of C&AG's Report No.25 of 2013 for the year ended March, 2012.

3. Based on the above background, the Committee (Railways) of the PAC (2014-15) examined this subject in detail by seeking information from the Ministry of Railways (Railway Board) and through their deposition before the Committee. The findings of the Committee are discussed in the succeeding paragraphs.

## II. MANUFACTURING DEFECT OF CBC COMPONENT

4. Audit scrutiny of the reports by Zonal Railways to Railway Board between January, 2008 to February, 2011 revealed that 260 train parting cases happened due to manufacturing defects of CBC components. Further, the manufacturers of the components could be identified only in 145 (55.77 per cent) of the total cases. Moreover, two firm's viz. M/s Raneka Industries Ltd (RIL) and M/s Orient Steel Industries Ltd. (OSIL) together contributed 96 cases (66.21 per cent) of the total identified cases.

5. However, the Railways in a note furnished to the Committee have contended that there may be many other reasons for breakages in CBC components causing train partings, other than the quality of CBC components which includes sudden impact/jerks due to unusual/abnormal forces, shock loading of CBC components during train running and shunting operations, sudden obstruction in track caused by animals or vehicles, miscreant activities like brake pipe disconnection etc.

6. The Committee desired to know the total trains parting cases, zone-wise and year wise for the period 2007-08 to 2013-14. The Ministry in their reply submitted as under:

Railway wise train parting cases								
Railway	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
CR	86	59	48	58	56	46	58	43
ER	19	22	18	11	19	14	15	11
ECR	95	67	72	66	70	89	80	47
ECoR	61	48	53	74	74	74	68	94

NR	<del>22</del>	<del>31</del>	<del>26</del>	<del>19</del>	<del>19</del>	<del>19</del>	<del>16</del>	<del>7</del>
NCR	97	66	76	73	81	78	50	21
NER	6	1	6	1	7	5	5	0
NFR	4	10	2	4	7	9	3	5
NWR	14	20	10	14	28	11	10	5
SR	47	58	53	37	26	19	18	12
SCR	80	47	25	46	32	31	43	18
SER	177	191	156	157	93	62	62	44
SECR	137	106	112	123	92	56	38	24
SWR	39	43	44	26	34	24	25	23
WR	39	37	30	25	25	34	20	10
WCR	73	71	62	45	54	40	51	39
TOTAL	996	877	793	778	717	611	562	403

7. The Committee then enquired about the train parting incidences which were primarily due to CBC component failure during the period 2006-07 to 2013-14. The Ministry furnished the following information:

Railway wise train parting cases due to CBC failure								
Railway	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
CR					24	25	24	27
ER					NA	5	2	5
ECR	62	24	35	22	28	20	14	11
ECoR					32	39	29	51
NR					18	15	12	5
NCR				6	5	5	5	5
NER	2	0	3	1	5	4	5	0
NFR					3	6	1	1
NWR					12	5	4	3

SR					NA	NA	NA	NA
SCR					16	15	18	7
SER	121	132	89	73	48	23	28	15
SECR					51	37	25	15
SWR					19	12	17	17
WR					21	25	15	7
WCR	53	47	41	39	38	18	26	16
TOTAL					320*	254**	225**	185**
NOTE	<b>Blank spaces indicate that data for these years was not available</b>							
	* Data not available for ER & SR							
	** Data not available for SR							

8. The Committee further desired to know the other steps taken by RDSO for improving the quality of CBC components and to address operational problems. The Ministry in their reply have stated that RDSO have issued directives to Zonal Railways for improving the quality of CBC and addressing operational problems which *inter-alia* include replacement of Grade C couplers with Grade E couplers on all air brake stock during Periodic Overhaul (POH), stoppage of Reclamation of knuckle in the workshops/ROH depot, dropping of Centre buffer coupler and draft gear in every POH and attended to as per RDSO manual No. G-80 etc.

9. During evidence representatives of the Railway Board *inter-alia* informed that they found the quality of CBC were not up to the mark. Therefore they started supplying latest techniques to the manufactures and inspected that also. Since 2008 onwards we changed from 'Sand casting' to dye casting' for manufacture of CBC components. Due to this improvement the CBC failure cases have come down to 400 now.

10. In reply to a query of the Committee regarding steps taken to improve the quality of coupling, the representatives of the Railways Board during evidence before the Committee deposed as under:

"Sir, we have done a lot of work. We did first improvement in 2002, thereafter in 2008 and then in 2010."

11. On being asked to explain about the level of compliance by different Zonal Railways, the Ministry in their reply submitted that the Zonal Railways are complying with the directives of RDSO and have also taken certain additional steps like critical review of the annual requirement of CBC components so as to reduce the chances of using worn out components, Dye penetrant testing of knuckles during ROH to detect any cracks, Train Driving Simulator Training for Loco Pilots, special counsel of Loco Pilots involved in train parting etc.

### III. ABSENCE OF MARKING DETAILS ON CBC COMPONENTS

12. SER had implemented an additional measure of checking the marking details on CBC components at POH shops and all the depots before fitting on the wagons. Store field officers were instructed to ensure the availability of marking at the time of receiving the materials. A drive was conducted in February, 2012 at stores depots on new materials when 943 locks, 3208 knuckle throwers and 112 knuckles were rejected due to 'no marking'.

13. The Committee observed that it was a blatant negligence on the part of the Railways to not have done the prior checking of marking details on CBC components to ensure the authenticity of the supplied material especially when there have been wide spread train parting incidences. The Ministry in their written reply stated as under:-

"CBC components are procured as per the RDSO drawings from RDSO approved sources only. The markings are part of the relevant RDSO drawings of the components. Hence, the need for further checking of the markings was not required before fitment.

SER have stated that the system of routine check on CBC components is always done before fitment on the wagons. The checking of stamping details during February'12 was a part of a special drive. This special drive at Stores depot was repeated in August'12 when no such irregularity of stamping details was found. It is, therefore, incorrect to conclude that SER has started checking of marking details very late (from February'2012)."

14. It was also contended by the Ministry that on behalf of the Ministry of Railways, RDSO have set up a well defined, well established and transparent system of inspection with regard to safety category items controlled by them. Each item is governed by a specification and is inspected as per documented inspection plan/check sheet, which is based on the specification for the item. All such inspection plans / check sheets are uploaded on the web site of RDSO. The duly filled inspection plans / check sheets (i.e. test reports) are also uploaded on website and preserved in RDSO's offices for a period of three years. The destructively tested samples are sent to the consignee along with the passed materials. The inspection system is thorough and adequate.

15. The Committee enquired whether any Railway official has been punished in connection with the purchase of faulty/defective CBC components and action taken against him. The Ministry informed as under:

"RDSO have informed that Shri P.K.Rai, Sr. Section Engineer, Inspector, had been taken up under Disciplinary & Appeal Rules (D&AR) and had been imposed minor penalty of withholding of increment for a period of 6 months."

16. On being asked to state whether any system of inspection for assessing the authenticity of the supplied CBC components been established in all the Zonal Railways, the Ministry in their reply stated that the RDSO inspected material is affixed with alpha numerical numbered holograms. Before fitting the material on trains, the consignee is only required to check the inspection documents and availability of RDSO holograms after receipt of the material. When the Committee enquired about the loss suffered by the Railways, a representatives of the Railway Board during evidence *inter-alia* stated that Audit has observed that it was ₹ 126 crore and Railways are of the view that it is not. It is not an actual figure. If all the things are calculated then it would be a large sum. But instead of counting losses, they were impressing upon reducing the number of partings cases, if possible, to bring it to zero.

**IV. CONTINUED PLACING OF PURCHASE ORDERS ON THE MANUFACTURERS OF DEFECTIVE CBC COMPONENTS AND CONSEQUENT LOSS OF ₹ 125.27 CRORE**

17. Audit observed that there were 232 train partings occurred during the period 2007-2008 to September, 2012 in the four zonal Railways viz. South Eastern, Western, Northern and South East Central Railways due to defective CBC components provided by the two defaulting firms viz. M/s RIL and M/s OSIL. The loss suffered by these Zonal Railways due to purchase of sub-standard CBC components during the period 2006-2007 to 2011-2012 was ₹125.27 crore.

18. Overlooking the sub-standard quality and poor past performance, during the period from 2006-07 to 2011-12, twenty-one purchase orders for supply of 12013 nos. of various CBC components valuing ₹ 7.94 crore were placed by Stores Department of SER on M/s RIL. During 2007-08 to 2011-12, 76 train parting cases occurred due to defective components supplied by M/s RIL/OSIL. According to an assessment by SER (2010) there was an average loss of 6-8 goods trains per incident and opportunity cost of approx ₹ 9 lakh for each goods train lost.

19. The Committee was keen to know the reasons for further purchase of CBC components from the two defaulting firms M/s RIL and Ms. OSIL despite their poor past performance. The Ministry in their written reply *inter-alia* stated as under:-

"M/s Raneka Industries Ltd. was delisted for manufacture and supply of knuckle from 22.01.2006 to 12.03.2007 and, therefore, the Zonal Railways could not place purchase order on them for knuckle during this period. The firm was downgraded from Part-I status to Part-II status for manufacture and supply of entire CBC assembly and its components from 15.03.2010 to 23.02.2012 and during this period, the firm could only supply 15% to 25% of the tendered quantity of this item against a tender, even if otherwise eligible to get the full tender quantity. M/s. OSIL was downgraded from Part-I status to Part-II status in March 2010 and subsequently the firm was delisted in Dec. 2010 for manufacture and supply of CBC assembly and its components for freight stock. M/s OSIL were delisted in December, 2010 and no fresh purchase orders for CBC for freight have been placed on the firm since then."

20. When enquired about the concrete steps taken by the Ministry of Railways to reject the sub-standard quality of CBC components and safety items at the time of their receipt, the Ministry stated that RDSO (Quality Assurance and Wagon directorates) performs the role related to checking the quality of materials supplied by the vendors, on behalf of the Ministry of Railways and RDSO have *inter-alia* taken various steps to check and improve the quality of CBC as mentioned below:

- a) The earlier specification of CBC No. 48-BD-02 of 2002 was upgraded and revised in 2008 as 48-BD-08. This specification was further upgraded and revised in 2010 as 70-BD-10. In order to control the quality of castings, the latest specification No.70-BD-10 has adopted a process-oriented approach. The chemical composition and impact strength of the coupler has been upgraded and further, in addition to the final product inspection, stringent criterion have been adopted for vendor approval based on their infrastructure, systems, processes, etc.
- b) Quality Audit of Railway Wagon workshops and Wagon ROH depots are being conducted. A total of 72 Nos. Quality audits were conducted during the period 2009 to 2013 at Railway Wagon Workshops and Wagon Depots in which maintenance activities related with CBC were also audited.
- c) Periodic quality audit of the approved vendors at interval of 3 years has been introduced.
- d) Random sampling as per IS 4905 has been introduced for picking of sample from the lot offered for inspection to get the representative sampling of the lot. This has been introduced in 2011.

21. Audit had observed that due to lacunae in the system of inspection a large number of defective CBC components from a particular manufacturer got inducted in the system. The Zonal Railway Administration was aware of the issue relating to quality of products of this particular firm since July 1999 but failed to resolve the issue.



22. ~~When asked about the steps taken for fixing responsibility in case of train parting,~~ the Ministry in their reply stated that the reason for train parting due to failure of CBC is not only on account of manufacturing defects but also other reasons such as sudden impact / jerks due to unusual / abnormal forces, driving techniques, operating procedures, sudden and variable coupler forces on difficult terrain such as ghat or undulating sections, fatigue life of the components, shock loading of CBC due to sudden obstruction in track, maintenance practices in the field, miscreant activity, etc. The Ministry further stated that, however, in case of train parting, wherever staff is responsible, action is taken against the crew (for faulty enginemanship) or the maintenance staff (for slack train examination) and as per position furnished by different Zonal Railways, 64 staff have been taken up under Disciplinary & Appeal Rules (D&AR) for train partings.

#### **V. INSUFFICIENT PENAL ACTION**

23. As the supplier/manufacturing company were responsible for supply of defective CBC components, penal action need to be taken against these firms. However, the Ministry of Railway contended that penal action taken by RDSO against the defaulting firms was insufficient as Railway Board had advised for deregistering the responsible firm for supply of defective critical safety items like knuckle lock etc. However, instead of deregistering the firms, RDSO only downgraded M/s RIL and M/s OSIL from Part - I to Part - II.

24. On being asked to state as to why insufficient action was taken by the RDSO despite clear directions by the Railway Board to delist the defaulting firms for the supply of critical CBC components, the Ministry in their reply stated that RDSO have taken action as per their vendor approval guidelines which contain provision for delisting/down grading the defaulting firms. While contending that the action taken against the aforesaid firms cannot be termed as insufficient, the Ministry have listed the following actions taken against the aforesaid defaulting firms:

### **Action taken against M/s Raneka (M/s RIL)**

1. M/s Raneka Industries Ltd. was delisted for manufacture and supply of knuckle from 22.01.2006 to 12.03.2007.
2. M/s. Raneka Industries Ltd was downgraded from Part-I status to Part-II status for manufacture and supply of entire CBC assembly and its components from 15.03.2010 to 23.02.2012.
3. The supplies from M/s. Raneka Industries Ltd. was suspended on 15.03.2010, which was revoked on 29.04.2010 with double sample size (i.e. double no. of samples were picked up for testing of all the parameters during product inspection) and the firm was given opportunity to improve their manufacturing facilities. M/s. Raneka Industries Ltd. completed installation of a heat treatment furnace to improve the heat treatment of CBC components. The furnace was equipped with PLC control which enables maintaining heating temperature equally in all heating zones and quenching within 47 seconds of heat treatment. Based on this, the firm was revoked back to Part-I status.

### **Action taken against M/s OSIL**

4. M/s. OSIL was downgraded from Part-I status to Part-II status in March, 2010 and the firm was given an opportunity to improve their manufacturing facilities, but no action was initiated by the firm. Subsequently the firm was delisted in Dec. 2010 for manufacture and supply of CBC assembly and its components for freight stock. The firm still stands delisted for freight CBC.
25. The Ministry further informed that on receipt of complaints from zonal Railways, RDSO has taken due action against the defaulting firms like M/s Raneka Industries and M/s OSIL. The action against these firms is considered to be stringent and adequate as it would have affected their Railway business to a very large extent. As per the procedure laid down by RDSO, the vendors, in case of adverse performance, are generally downgraded initially and if no improvement is effected by them in the given time, they are subsequently delisted.

## **PART- II**

### **Observations/Recommendations**

1. The Committee note that Centre Buffer Coupler (CBC) is a mechanism for connecting rolling stock in a train. Its components are safety items and procured by Zonal Railways through RDSO approved firms after inspection by RDSO. Whenever train partings happen, it is because of breaking of CBC or its components due to various reasons. Due to train partings, the Railway network and trains running on that particular line is affected resulting in loss to Railway exchequer. The audit conducted a review of reports of the cases of train partings sent to RDSO/Railway Board by Zonal Railways during January 2008 to February 2011. The examination of the audit para 4.2 of C&AG Report No.25 of 2014 by the Committee revealed that delay on part of Railway authorities in taking corrective action to identify and resolve the issue, lack of suitable/mechanism to assess the losses and delay in taking punitive action against defaulting manufacturing firms etc. which are discussed in the succeeding paragraphs.

#### **Absence of Marking Details**

2. The Committee note with concern that marking details on CBC components could not be identified in respect of 115 out of 260 cases of train partings. Further, it is also noted that during a drive conducted in February, 2012 at stores depots on new materials, 943 locks, 3208 knuckle throwers and 112 knuckles were rejected due to 'no marking'. The Railway have submitted that CBC components are procured as per the RDSO drawings from RDSO approved sources only. The markings are part of the relevant RDSO drawings of the components. Hence, the need for further

checking of the markings was not required before fitment. It has further been stated that the CBC is an item that is inspected and passed by RDSO inspecting officials. Before fitting the material on trains, the consignee is only required to check the inspection documents and availability of RDSO holograms after receipt of the material. The ministry have defended their system of inspection of marking of CBC components by stating that on behalf of them, RDSO have set up a well defined, well established and transparent system of inspection with regard to safety category items controlled by them. Each item is governed by a specification and is inspected as per documented inspection plan/check sheet, which is based on the specification for the item. However, the Committee observe that the Railways sole reliance on RDSO is the reason for so many CBC components to be found without marking details which seriously put their authenticity in doubt. The Committee, therefore, recommend that all the Zonal Railways may be advised to compulsorily check marking details on CBC components while receiving in wagons/POH shops and all the depots. Apart from this Stores field officers should also be instructed to check the marking at the time of receiving the materials. In case of any item being found without marking, both at pre/post fitment stage, responsibility may be fixed against the erring officials and stringent penal actions may be initiated against them.

#### Delayed action against Defaulting Firms

3. The Committee observe that the defaulting firms for supply of CBC components were clearly identified by the Railway Administration viz. M/s Raneka Industries Limited (RIL) and M/s Orient Steel Industries Limited (OSIL) and Railway Board was even requested by Railway Administration to advise RDSO, who maintain vendor directory, to deregistering the firms

for supply of critical safety items like knuckle lock etc. However, M/s Raneka Industries Ltd. was only delisted for manufacture and supply of knuckle, only for a short period from 22.01.2006 to 12.03.2007. The Committee are surprised to note that RIL continued to supply Railways with defective items for another three years from 2010 to 2012 before it being downgraded from Part-I to Part -II status. It meant though less amount of items were sourced from the said vendor but the firm continued to supply the components, effectively blunting out the penal measures. Similarly, action of delisting of M/s OSIL came very late in 2010 while failure reports were available since 2008. The Committee feel that due to lacunae in the existing system of inspection, a large number of defective CBC components from a particular manufacturer got inducted into the Railways. Though the Zonal Railways were aware of the issue relating to quality of product of the firm since July 1999, they failed to resolve the issue. Keeping in view the serious nature of the issue, the Committee recommend the Railways to advise the RDSO to outrightly de-list the defaulting firms instead of first downgrading the defaulting firms and then delisting them. They also urge upon the Railways to maintain a healthy directory of vendors for the purpose of inviting and awarding tenders to the genuine firms. Further, the Committee also recommend that the RDSO may be advised to introduce a provision of black listing of firms after a certain period of poor supply of manufactured items so that severely defaulting firms cannot be listed again.

#### Assessment of Loss

4. The Committee note that although train parting of Indian Railways have actually reduced from 996 cases in 2006-07 to 403 cases in 2013-14, the figure of 403 is still quite high in terms of consequential losses and resultant inconvenience of bunching of other trains. Moreover, the fact

that there is no methodology available for calculating the revenue losses due to train parting incidences, as admitted by the Railways, shows the nonchalant approach of the Railways towards dealing with cases of train partings as in absence of quantifiable losses, neither steps can be taken to address the reason for losses nor responsibility can be fixed in event of persistent losses. In the absence of any methodology, on the part of the Railways, Audit have estimated a loss of 6.8 goods trains per incident with opportunity cost of Rs. 9 lakhs per train on the basis of information provided by the Railways. However, during evidence the Railways submitted that their estimates of losses of ₹ 9 lakhs per train were based on assumptions. The Committee strongly deprecate the failure of the Ministry of Railways to determine exact revenue losses from train parting incidents and relying on mere assumptions. The Committee desires the Railways to devise suitable methodology for calculating the revenue losses due to train parting incidences at the earliest and recommend that the said methodology should conform to the standards observed by the audit. The Committee also feel that the Zonal Railways may be advised to maintain figures of losses on account of train partings along with the details of steps taken to address the said losses which may be reviewed by the Railway Board periodically.

NEW DELHI;  
April, 2016  
Vaisakha, 1935 (Saka)

PROF. K.V. THOMAS  
Chairman,  
Public Accounts Committee.