

**PUBLIC ACCOUNTS COMMITTEE
(1972-73)**

(FIFTH LOK SABHA)

SEVENTY-THIRD REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 45th Report (Fifth Lok Sabha) on Appropriation Accounts (Railways) 1969-70 and Report of the Comptroller and Auditor General of India for the year 1969-70 on Railways.]



समयमव अवधे

**LOK SABHA SECRETARIAT
NEW DELHI**

February 1973/Magha 1894 (Saka)

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Corrigenda to the Seventy Third Report of the Public Accounts Committee (Fifth Lok Sabha) presented to Lok Sabha on the 2nd March, 1973.

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**PUBLIC ACCOUNTS COMMITTEE
(1972-73)**

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SECRETARIAT

Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

INTRODUCTION

1, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Seventy third Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 45th Report (Fifth Lok Sabha) relating to Ministry of Railways.

2. On the 6th June, 1972 an 'Action Taken' Sub-Committee was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:—

Shri B. S. Murthy—*Convener*.

Members

2. Shri Ramsahai Pandey
3. Shri M. Anandam
4. Shrimati Savitri Shyam
5. Shri H. M. Patel
6. Shri Shyam Lal Yadav
7. Shri Bhagwat Jha Azad

3. The Action Taken Sub-Committee of the Public Accounts Committee (1972-73) considered and adopted this Report at their sitting held on 25th January. The Report was finally adopted by the Public Accounts Committee on the 9th February, 1973.

4. For facility of reference the main conclusions/recommendations of the Committee had been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report (Appendix).

(vi)

5. The Committee placed on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;
February 12, 1973.

Magha 23, 1894(S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendation contained in their 45th Report (Fifth Lok Sabha) on Appropriation Accounts (Railways) 1969-70 and Report of the Comptroller and Auditor General of India for the year 1969-70 on Railways. Action Taken notes have been received in respect of all the 59 recommendations contained in the Report.

1.2. The Action Taken Notes on the recommendation of the Committee have been categorised under the following heads:

(i) *Recommendations/observations that have been accepted by Government.*

S. Nos. 2—6, 9-10, 31—40, 442—44, 54—59.

(ii) *Recommendations/observations which the Committee do not desire to pursue in the light of the replies of the Government.*

S. Nos. 1, 7.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.*

S. Nos. 46—49.

(iv) *Recommendations/observations in respect of which Government have furnished interim replies.*

S. Nos. 8, 11—30, 41, 45, 50—53.

1.3. The Committee hope that final replies in regard to recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit

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

Financial Results—Paragraph 1.24 (S. No. 3)

1.5. Dealing with the question of deferred dividend on some new lines which became due for payment but could not be paid in 1969-70 owing to inadequate surplus in the working of the new lines concerned, the Committee had in paragraph 1.24 recommended as under:

“The Committee desire that action should be taken to ensure that revenue expenditure on these lines is reduced to the minimum and that earnings are augmented by attracting more traffic so that the arrears of dividend get paid and not extinguished after 20 years of opening when the liability to pay arrears ceases.”

1.6. In their reply dated 27th November, 1972, the Ministry of Railways (Railway Board) have stated:

“The observations of the Committee are noted and the same have been brought home to the Railways concerned. The Railways have been instructed to take (i) vigorous steps to capture more traffic both passenger and goods and (ii) special steps to reduce the working expenses of these lines with a view to improving the financial position of the new lines. They have been asked to submit a report to this Ministry by 31-7-1973 on results achieved.”

1.7. The Committee note that Railway Board have instructed the concerned Railways to take vigorous steps to capture more traffic and reduce the working expenses of the new lines on which deferred dividends became due for payment but could not be paid and to submit a progress report by 31-7-73 on the results achieved. The Committee would like to be informed in due course of the progress made in improving the financial position of these lines.

Social Burdens—Paragraph 1.42 (S. No. 5)

1.8. Referring to the need for costing of various services on Railways, the Committee had in paragraph 1.42 made the following observations:

“The Committee were, however, surprised to learn that the costing of various services such as passenger parcel and other coaching traffic has not been undertaken so far. The economics of different services in passenger trains such as 1st Class, Air-Conditioned, Third Class etc., have also not

been worked out. Only now some data are being collected for evaluation purposes. While the Committee do not want to make any detailed suggestion in this behalf because the Railway Convention Committee may be going into the entire question of social burdens, they would nevertheless suggest that passenger trains which are unremunerative and the classes of services like Air-conditioned and First Class which do not pay for themselves should expeditiously identified with a view to taking remedial action and reducing the loss to the minimum."

1.9. In their reply dated the 18th October, 1972 the Ministry of Railways (Railway Board) have stated:

"The observations of the Committee are noted. It is submitted that the exercises leading to identification of unremunerative passenger trains and classes of service from part of a phased programme of traffic costing. The first phase of costing the coaching traffic, which would enable splitting up of the expenditure on coaching services between passenger and other coaching (luggage & parcel) services is under progress and is expected to be completed early next year. The second phase, which would enable us to work out the cost of Mail and Express trains and other slow passenger trains will then be taken up and completed by about the middle of next year. Thereafter, necessary steps will be taken to identify unremunerative passenger trains and classes of service, which will facilitate suitable remedial action being taken in this regard."

1.10. The Committee have been informed that the work relating to traffic costing is in progress and that after completion of this process by about the middle of the year 1973 steps will be taken to identify unremunerative passenger trains and classes of service. The Committee desire that the work relating to traffic costing should be completed expeditiously and the action taken on the basis of this study intimated to them.

Investment on Road Services—Paragraph 1.71 (S.No. 8)

1.11. While commenting on the Railways' investment in the State Road Transport Undertakings, the Committee had in paragraph 1.17 observed:

"The Committee find that about Rs. 26 crores have been invested by the Railways in various State Road Transport

Corporations primarily with a view to regulate rail-road co-ordination. Even though the Railways are getting adequate return on their investment in the form of fixed rate of interest, the aim of rail-road co-ordination has not been achieved. The basic reason for this is that the representation of the Railway Board on the Board of Directors of these Undertakings is not effective enough. The Committee recommend that the Railway Board should in concert with the Ministry of Transport and State Government review the position to devise methods for making the Railways participation more effective."

1.12. In their reply dated the 7th December, 1972, the Ministry of Railways (Railway Board) have **stated**

"The observation of the Committee are noted. The Committee's recommendation for making the Railway's participation in the State Road Corporations more effective has been referred to the Ministry of Shipping & Transport (Transport Wing) and the matter is being followed up with that Ministry of Transport when received will be advised to the Committee."

1.13. The Committee are of the view that the role of Railways should not be limited to only providing finances for State Road Transport Undertakings. By virtue of their financial participation the Railways should be in a position to influence decisions which are taken. The Committee would accordingly recommend that Railway Board should in consultation with the Ministry of Transport and the State Government, take necessary measures to ensure that Railways' participation in the State Road Transport undertakings becomes effective for securing a better rail-road co-ordination.

Operating Ratio—Paragraph 1.97 (S. No. 10)

1.14. In paragraph 1.97, the Committee had made the following observations in regard to the deterioration in the operating ratios of certain zonal Railways:

"The Committee regret to observe that the operating ratios of the Southern, South Central and Western Railways are steadily deteriorating from year to year. The North Eastern and North East Frontier Railways which have very high operating ratios are, however, showing some improvement in that their operating ratios are gradually coming

down. Where as it may not be quite appropriate to compare the working results of one Railway with another because of the circumstances peculiar to each Railway, the Committee feel that comparison of performance of each Railway from year to year should reflect the result of measures taken to effect improvement and economies in the working of the Railways. The Committee would therefore like the Railway Board to continuously review the working of each Railway and take prompt remedial measures to augment earnings by improving quality of service effecting all possible economies by more efficient operations."

1.15. In their reply dated the 7th December, 1972, the Ministry of Railways (Railway Board) have stated:

"The observations of the Committee are noted. A financial review of the working of the various zonal Railways is being carried out periodically. A special review of the financial working of South-Central Railway for the year 1969-70 and 1970-71 has been carried out. Similar work is on hand in respect of other Railways."

1.16. The Committee would like to be apprised of the results of the review of the special reviews of the financial working of the South Central Railway made for the years 1969-70 and 1970-71 and the measures taken, if any, for improving its financial working. They would also like to be informed in due course of the results of the similar special reviews stated to be on hand in respect of other zonal Railways.

Loss due to delay in the execution of water supply scheme at Suratgarh—Paragraph 2.30 (S.No. 23)

1.17. Commenting on the excessive time taken in the execution of a scheme for improvement of water supply at Sunatgarh, the Committee had in paragraphs 2.29 and 2.30 made the following observations:

"The Committee regret to observe that the scheme for improvement of water supply at Suratgarh approved in 1959 could fructify only 1971 i.e. after more than eleven years. The time taken in sanctioning the detailed estimates as also in starting the work was considerable. The Committee feel that delay at various stages could have been avoided with proper planning and coordination."

"It has been stated that the main cause for the non-completion of the work was delay in getting possession of the land from the State Government. This indicates that the question of acquisition of land was pursued by the Railway Administration with the State Government in a routine manner. If the matter had been taken up at appropriate higher level, the land could have been acquired much earlier and delay in the completion of the work avoided. The Committee would like that the whole matter should be thoroughly investigated with a view to fixing responsibility for delay at different stages."

1.18. In their reply dated the 12th December, 1972, the Ministry of Railways (Railway Board) have stated:

"The observations of the Committee are noted. The question of fixation of staff responsibility for delays at various stages is under examination in consultation with the Northern Railway."

1.19. The Committee desire that the examination of the question of fixation of staff responsibility for the delays at various stages of execution of water supply scheme at Suratgarh may be expeditiously completed and the action taken against the staff found guilty may be intimated to them within 3 months.

Acceptance of unusual condition in a contract for sale of scrap rails—Paragraph 3.141 (S.No. 45)

1.20. The Committee had in paragraph 3.141 made the following observations in regard to acceptance of an unusual conditions in a contract concluded by the North-Eastern Railway for sale of scrap sales:

"The Committee are unhappy to observe that in complete disregard to Section 480 of the Railway Code, an unusual condition specified by the tenderer in his offer for purchase of scrap was accepted without adequate scrutiny. Besides this, no formal agreement providing for essential safeguards like sale at the risk of cost of the contractor in the event of default by the contractor was executed. During evidence the Chairman, Railway Board admitted that there was a lapse in this case and promised to institute an enquiry into the whole affair. The Committee are informed that an enquiry committee has since been constituted. The Committee would like to apprised at an early date of the action taken for fixing of the enquiry committee."

1.21. In their reply dated the 7th December, 1972, the Ministry of Railways (Railway Board) stated:

“The report of the Enquiry Committee has been received and is under examination. The Committee will be advised of the action taken on the basis of the findings of the enquiry committee.”

1.22. The Committee desire that the findings of the Enquiry Committee, appointed to go into the circumstances leading to inclusion of an unusual conditions in the contract for sale of scrap rails, may be processed quickly.

Performance of Flash Butt Welding Plants on the Indian Railways—Paragraph 3.48 (S. No. 49)

1.23. While commenting on the abnormal delay in taking up the question of power supply for the Welding Plants with the respective States Electricity Boards, the Committee had in paragraph 4.484 observed:

“The Committee also feel that the time taken for installing and commissioning the plants was excessive in many cases. Although, on the Western Railway the plant was commissioned within a period of about 9 months yet on other Railways it took a very long time ranging between 1½ years to nearly 4 years. Besides this there was abnormal delay in taking the question of power supply with the respective State Electricity Boards. For example on Southern Railway the plant was commissioned in August, 1965 but the correspondence to obtain power from the State Electricity Board was initiated on 18-6-70 i.e., after about 5 years.”

1.24. In their reply dated the 7th December, 1972, the Ministry of Railways (Railway Board) have stated:

“The observation of the Committee are noted. It is, however, submitted that the period involved in negotiating with the State Electricity Boards for supply of current to the Flash Butt Welding Plant takes considerable time. In the case of Southern Railway, although the matter was initiated in June, 1970, the railway hopes to change over to outside power supply by the middle of 1973-74. Similar action will be taken by the Eastern and Central Railways,

if found feasible and economical shortage of power for Industry and current power cuts have slowed down progress in the change over."

1.25. While the Committee appreciate the Railway Board's contention that negotiations with the State Electricity Boards for the supply of power for Welding Plants take quite some time, they feel that the time lag between commissioning of the plants and approaching the Electricity Boards was excessive and the responsibility should be fixed for the delay.

**Underutilisation of Sleeper Treatment Plants on the Railways—
Paragraph 4.94 (S. No. 53)**

1.26. Recommending a reappraisal of the Railways' policy in regard to use of non-durable wooden sleepers, the Committee had in paragraph 4.99 made the following observations:

"In view of the above the Committee feel that there is need for reappraisal of the Railways' policy in regard to use of non-durable wooden sleepers. The Committee are informed that the Railway Board have set up an expert Committee to go into the entire questions. The Committee hope that a suitable policy will be evolved as a result of the Expert Committee's deliberations. They would like to apprise of the decisions taken in due course."

1.27. In their reply dated the 27th November, 1972, the Ministry of Railways (Railway Board) have stated that the report of the Expert Committee has been received and the Public Accounts Committee will be apprised of the action taken on the various recommendations made by the Expert Committee in due course.

1.28. The Committee would like that the action taken on the various recommendations of the Expert Committee set up by the Railway Board to go into the policy regarding use of treated wooden sleepers on Indian Railways be intimated to them within 3 months.

Metropolitan Transport Projects—Paragraph 54 (S. No. 5.11)

1.29. In paragraph 5.11, the Committee had made the following observations in regard to the booking of expenditure relating to Metropolitan Transport Projects:

"The Committee note that during 1970-71 the Railways spent Rs. 58 lakhs on various projects connected with metropolitan transport. The Committee desire that a decision

should soon be taken in consultation with Audit, if necessary, as to how the expenditure in connection with the Metropolitan Transport Projects is to be shown in the final accounts of the Railways concerned."

1.30. In their reply dated the 7th December, 1972, the Ministry of Railways (Railway Board) have stated:

"The authority to which the expenditure on construction and operation of the Metropolitan Transport system should be debited is under consideration in consultation with the Planning Commission and the Ministry of Finance. The question of allocation of expenditure on surveys of MTP as also of the abandoned survey relating to the suburban Dispersal Line from Dum Dum to Princep Ghat in Calcutta is linked with the question of setting up a separate authority who should bear the expenditure on construction and operation of the Projects. Since a final decision has not been reached the railways continue to maintain separate accounts for the construction and operation of the Metropolitan Transport Schemes. Audit would also be consulted before arriving at a final decision."

1.31. The Audit have made the following comments:

"The Metropolitan Transport Projects organisations were set up in 1969-70 and though they had been in operation for nearly 3 years, a decision has not yet been taken as to which organisation will administer the project."

1.32. The Committee note that the Metropolitan Transport projects have been in operation since 1969-70; but so far it has not been possible to take a decision as to which organisation will administer these projects. The Committee desire that Government should take a decision in the matter expeditiously and the action taken in this behalf may be intimated to them within six months.

CHAPTER II

RECOMMENDATIONS|OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that during 1969-70, because of the Revenue Reserve Fund having been depleted, the Railways were obliged to take a loan of Rs. 8.86 crores from the General Revenues for meeting their dividend liability. This is decidedly an undesirable phenomenon which needs to be curbed.

[S. No. 2 of Appendix V, Para 1.23 of the 45th Report of the P.A.C.
(5th Lok Sabha)].

Action taken

The observations of the Committee are noted. This has been seen by Audit.

[Miny. of Rlys. (Rly. Board), O.M. No. 72-V(C)-PAC|V|45, dated
the 22-9-1972 the 31 Bhadra, 1894 S.E.]

Recommendation

Besides this the Railways have also taken loans of the order of Rs. 43.45 crores till the end of 1969-70 for meeting the cost of works charged to Development Fund and over and above these they are indebted to the General Revenue to the extent of Rs. 56.89 crores on account of deferred dividend on the new lines. During the year 1969-70 deferred dividend of Rs. 13.04 crores became due for payment but could not be paid owing to inadequate surplus in the working of the new lines concerned. The Committee desire that action should be taken to ensure that revenue expenditure on these lines is reduced to the Minimum and that earnings are augmented by attracting more traffic so that the arrears of dividend get paid and not extinguished after 20 years of opening when the liability to pay arrears ceases.

[S. No. 3 of Appendix V, Para 1.24 of the 45th Report of P.A.C.
(Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted and the same have been brought home to the Railways concerned. The Railways have been instructed to take (i) vigorous steps to capture more traffic, both passenger and goods and (ii) special steps to reduce the working expenses of these lines with a view to improving the financial position of the new lines. They have been asked to submit a report to this Ministry by 31st July, 1973 on results achieved.

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC/V/45, dated 27-11-1972/6 Agrahayana, 1894].

Recommendation

During evidence it was stated that due to increase in prices over the years the cost of staff and various inputs such as fuel and other materials like iron and steel had gone upto a very great extent as compared to the increase in the fares and freight rates charged by the Railways and therefore the Railways continued to be in the red. The Committee would like to stress that in these circumstances all out efforts should be made to cut out avoidable expenditure and attract more traffic to Railways by improving the service. The Committee note that the Railway Convention Committee are currently examining the working of Railways with special reference to their obligations to the general exchequer and would be presenting in due course their Report on the subject.

[S. No. 4 of Appendix V, Para 1.25 of the 45th Report of the P.A.C. (Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[M/O Rlys. (Rly. Bd.) New Delhi, O.M. No. 72-B(C)-PAC/V/45 dated 22-9-1972/31 Bhadra, 1894 S.E.].

Recommendation

During evidence it was made out that one of the reasons for the growing deficit on Railways was the increased cost of social burdens borne by them. From the information made available to the Committee it is seen that in 1970-71 out of a total loss of about Rs. 123

3108 LS—2.

crores attributable to social burdens loss on non-suburban passenger traffic and other coaching traffic taken together was estimated at Rs. 47 crores. The Committee were, however, surprised to learn that the costing of various services such as passenger, parcel and other coaching traffic has not been undertaken so far. The economics of different services in passenger trains such as 1st Class, Air-Conditioned, Third Class etc., have also not been worked out. Only now some data are being collected for evaluation purposes. While the Committee do not want to make any detailed suggestions in this behalf because the Railway Convention Committee may be going into the entire question of social burdens, they would nevertheless suggest that passenger trains which are unremunerative and the classes of services like Air-conditioned and First Class which do not pay for themselves should be expeditiously identified with a view to taking remedial action and reducing the loss to the minimum.

[S. No. 5 of Appendix V, Para 1.42 of the 45th Report of the P.A.C. (Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted. It is submitted that the exercises leading to identification of unremunerative passenger trains and classes of service form part of a phased programme of traffic costing. The first phase of costing the coaching traffic, which would enable splitting up of the expenditure on coaching services between passenger and other coaching (luggage and parcel) services, is under progress and is expected to be completed early next year. The second phase, which would enable us to work out the cost of Mail and Express trains and other slow passenger trains, will then be taken up and completed by about the middle of next year. Thereafter, necessary steps will be taken to identify unremunerative passenger trains and classes of service, which will facilitate suitable remedial action being taken in this regard.

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC/V/45, dated 18-10-1972/26 Asvina (1894) S.E.J.]

Recommendation

The Committee view with concern that in 1969-70 besides the three Railway namely Southern, North Eastern and Northeast Frontier which had been running into deficits, the working of the South Central Railway also showed a deficit. During the year under review the financial results of working of the Southern and South

Central Railways showed marked deterioration as compared to the previous year. The increase in the working expenses on Eastern, Southern and South Central Railways was much more than increase in receipts and the increase in earnings on Northern, Northeast Frontier and North Eastern Railways was not adequate to meet the deficits on account of increase in working expenses. There is thus need for improving operations on these Railways as also of effecting economies.

[S. No. 6 of Appendix V, Para 1.50 of the 45th Report of P.A.C. (Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted. The concerned Railways have been asked to explore all avenues for improving their operational efficiency and for effecting economies.

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC|V|45, dated 18-10-1972/26 Asvina (1894) S.E.].

Recommendation

The Committee note that the availability of wagons for movement of coal deteriorated considerably from September, 1970 and this position persisted till about July, 1971. The deterioration has been attributed to a strike for some days on the Eastern Railway and the unsatisfactory law and order conditions in the West Bengal area. These difficulties were, however, got over as a result of the concerted drive instituted by the Railways in co-operation with the State Government and consequently the position returned to normal from August, 1971 onwards. The Committee feel that efforts to restore normalcy in the movement of coal should have been initiated much earlier. For the future, the Committee would suggest that particular care should be taken at all levels to ensure that the movement of coal does not suffer because of non-availability of wagons.

[S. No. 9 of Appendix V; (Para 1.82) of 45th Report of the P.A.C. (Fifth Lok Sabha)].

Action taken

The Committee's suggestion that "particular care should be taken at all levels to ensure that movement of coal does not suffer because of non-availability of wagons" is noted.

2. No efforts were spared to restore normalcy as early as possible after September, 1970. Unfortunately, the spate of anti-social activities in the Eastern Sector on account of adverse law and order position contained unabated till the President's rule was invoked in West Bengal towards the end of June, 1971. Even after the same, it took some time to bring the position under control which was done principally by organising massive patrolling of railway track and equipment by armed personnel of Railway Protection Special Force and Central Reserve Police. Mobility of the Eastern Sector, however, continued to be affected seriously for some months more on account of a large number of wagons immobilised due to extensive thefts of parts. These wagons not only involved loss of the same for loading but seriously impaired mobility in yards. By massive efforts, these immobilised wagons could be removed by the beginning of 1972. As a result, loading improved considerably from January 1972 onwards as may be seen from the following comparative figures:—

(D.A. in four wheelers)

	1971-72	1970-71
January	5764	5473
February	5920	5222
March	6072	5600

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC/V/45, dated 22-9-1972/31 Bhadra, 1894].

Recommendation

The Committee regret to observe that the operating ratios of the Southern, South Central and Western Railways are steadily deteriorating from year to year. The North Eastern and North East Frontier Railways which have very high operating ratios are, however, showing some improvement in that their operating ratios are gradually coming down. Where as it may not be quite appropriate

to compare the working results of one Railway with another because of the circumstances peculiar to each Railway, the Committee feel that comparison of performance of each Railway from year to year should reflect the result of measures taken to effect improvements and economies in the working of the Railways. The Committee would therefore like the Railway Board to continuously review the working of each Railway and take prompt remedial measures to augment earnings by improving quality of service and effecting all possible economies by more efficient operations.

[S. No. 10 of Appendix V (Para 1.97) of the 45th Report of the P.A.C. (Fifth Lok Sabha)].

Action taken

The observations of the Committee are noted. A financial review of the working of the various zonal Railways is being carried out periodically. A special review of the financial working of the South Central Railway for the year 1969-70 and 1970-71 has been carried out. Similar work is on hand in respect of other Railways.

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC|V|45, dated 7-12-1972|16 Agrahayana, 1894].

Recommendation

The Committee recommend that as a matter of policy before deciding on a large investment on major yards the possibility of rationalising the operations at the connected yards, terminals etc., should be investigated in depth. Such an exercise should in fact form an essential part of the justification which should be critically gone into before according sanction.

The Committee would also recommend that effort should now be made to derive maximum benefit from the Chunar Yard by ensuring that it is put to optimum use.

[S. Nos. 31 & 32 of Appendix V, Paras 2.74 & 2.75 of the 45th Report of P.A.C. (Fifth Lok Sabha)].

Action taken

The recommendation of the Committee is noted. As already explained in reply to Question No. 57 asked for by the Committee on this para, there is already a procedure for detailed investigation into the existing facilities available at the contiguous points. The

various aspects of the facilities available and the minimum facilities that will have to be created are worked out through a traffic survey| work study in respect of all major yard remodelling works.

The recommendation of the Committee is noted. The following figures would indicate that the facilities available at Chunar yard are being fully utilised:

I. No. of wagons dealt with per year

Year	Number of wagons
1968-69	51576
1969-70	52863
1970-71	65493
1971-72	74399

II. No. of trains originating and terminating per Branch

Year	Branch		Up		Down	
	Origina- ting	Termina- ting	Origina- ting	Termina- ting	Origina- ting	Termina- ting
1968-69	585	491	54	36	186	373
1969-70	547	525	119	21	162	513
1970-71	535	449	538	442	421	766
1971-72	533	506	647	606	405	621

This Yard is going to be utilised intensively in very near future for transport of coal from Karanpura and Singrauli fields to the Power Houses in the North due to very heavy increase in the requirements of the same in the 5th plan period.

This has been seen by Audit who have stated that the action taken note is under verification by chief Auditor, Northern Railway.

[Ministry of Railways (Rly. Board), O.M. No. 72-B(C)-PAC/V/45, dated 7-12-1972/16 Agrahayana, 1894].

Recommendation

The Committee note that as the supplies of transformers from Heavy Electricals (India) Limited, Bhopal on whom orders for 118 transformers were placed between January, 1963 and September, 1966 had not materialised to the extent promised, the Railway Board decided in November, 1967 to import 40 transformers to build a buffer stock and avoid any break in the production of locomotives. It is seen that in the initial stages due to some teething troubles Heavy Electricals (India) Limited, Bhopal were not able to keep up the supplies as promised but from January, 1968 the supplies were more or less according to the schedule indicated by the Chairman and Managing Director of HEIL, Bhopal in his letter of 1st January, 1968. As against this the actual production of locomotives did not materialise according to anticipations. Against a target of 214 locomotives only 156 locomotives were turned out by CLW between 1967-68 to 1970-71. Thus although the decision to import transformers was based only upon the shortfall in the production of transformers the other equally important factor namely the production programme of locomotives which would determine the need for transformers was neglected. In the circumstances the supplies of transformers from Heavy Electricals (India) Limited, Bhopal would have proved adequate for the manufacturing programme of A.C. locomotives by C.L.W.

The Committee are forced to the conclusion that there was a failure on the part of CLW/Railway Board (i) to make a realistic appraisal of the production targets of the A.C. locomotives, and (ii) to estimate the availability of transformers from indigenous source to match with their production programme. This resulted in an avoidable import of transformers costing Rs. 60.52 lakhs in foreign exchange besides an extra Rupee expenditure of Rs. 22.01 lakhs compared to the cost of indigenous transformers. The Committee would like the Railway Board/manufacturing units to take a lesson from this instance and ensure that machinery and equipment are imported from abroad only if these are required in the interest of sustaining a realistic manufacturing programme.

[Recommendations S. Nos. 33 and 34 of Appendix V, Para 3.17 and 3.18 of the 45th Report of P.A.C. (Fifth Lok Sabha)].

Action taken:

The observations of the Committee are noted. Suitable instructions have been issued to the three production units *vide* Railway Board's letter No. 72-B(C)-PAC/V/45(33-34), dated 22-6-1972 (Copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Rly. Board), O.M. No: 72-B(C)-PAC/V/45, dated 22-9-1972|31 Bhadra, 1894 S.E.];

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 72-B(C)-PAC/V/45(33-34) New Delhi-1, dated 22-6-1972.

The General Managers,

Chittaranjan Locomotive Works,

Diesel Locomotive Works and Integral Coach Factory.

SUBJECT: *Recommendations contained in P.A.C.'s 45th Report (5th Lok Sabha) on Para 14 of the C&AG's Report on Railways, 1969-70-CLW import of transformers for electric freight Locomotives.*

A case was reported by the Audit in Para 14 of the Railway Audit Report 1969-70, wherein, a decision was taken in November, 1967 to import 40 transformers for the Electric Freight Locomotives on reviewing the then supply position from M/s. Heavy Electricals (India) Ltd., and the requirement of production during 1968-69. Foreign exchange for 30 and 20 transformers respectively was released by the Railway Board in March, 1968 and April, 1968. But, before this, the production unit had proposed curtailment of production from 74 to 56 locomotives during 1968-69. Commenting on the above para, the Public Accounts Committee have made the following observations in their 45th Report (5th Lok Sabha):—

"The Committee note that as the supplies of transformers from Heavy Electricals (India) Ltd., Bhopal on whom orders for 118 transformers were placed between January, 1963 and September, 1966 had not materialised to the extent promised, the Railway Board decided in November, 1967 to import 40 transformers to build a buffer stock and

avoid any break in the production of locomotives. It is seen that in the initial stages due to some teething trouble Heavy Electricals (India) Ltd., Bhopal were not able to keep up the supplies as promised but from January, 1968 the supplies were more or less according to the schedule indicated by the Chairman and Managing Director of HEIL, Bhopal in his letter of 1st January, 1968. As against this, the actual production of locomotives did not materialise according to anticipations. Against a target of 214 locomotives only 156 locomotives were turned out by CLW between 1967-68 to 1970-71. Thus although the decision to import transformers was based only upon the shortfall in production of transformers the other equally important factor namely production programme of locomotives which would determine the need for transformers was neglected. In the circumstances, the supplies of transformers from M/s. Heavy Electricals (India) Ltd., Bhopal would have proved adequate for the manufacturing programme of A.C. Locomotives by C.L.W.

The Committee are forced to the conclusion that there was a failure on the part of CLW/Railway Board (i) to make a realistic appraisal of the production targets of the A.C. locomotives, and (ii) to estimate the availability of transformers from indigenous source to match with their production programme. This resulted in an avoidable import of transformers costing Rs. 60.52 lakhs in foreign exchange besides an extra Rupee expenditure of Rs. 22.01 lakhs compared to the cost of indigenous transformers. The Committee would like the Railway Board/manufacturing units to take a lesson from this instance and ensure that machinery and equipment are imported from abroad only if these are required in the interest of sustaining a realistic manufacturing programme."

2. The Board desire that the recommendations of the Committee may be noted for information and guidance.

*Jt. Director, Electrical Engg.
Railway Board.*

No. 72-B(C)-PAC/V/45(33-34).

New Delhi, dated 6-1972.

Copy forwarded for information to the A.D.A.I. (Railways), with 45 spares.

*Jt. Director, Electrical Engg.,
Railway Board.*

Copy to all branches in Mechanical, Electrical, Railway Stores, Finance Stores branches of the Board's Office.

Recommendation

The Committee are disappointed with the manner in which the case for indigenous development of an intricate signalling instrument namely token-less block instrument for single line was dealt with by the Railway Board. In the first instance it is seen that after the submission of the prototype of the instrument by the firm on the 19th November, 1965, a firm contract was required to be placed on the firm within four months i.e., by 18th March, 1966. Even though the tests on the prototype were completed in February, 1966, the Railway Board failed to place the order on the firm by the due date or to seek extension of time or to communicate with the firm about the modifications suggested in the prototype. As admitted by the representative of the Railway Board during evidence this was a serious lapse for which the Committee would like the responsibility to be fixed.

Secondly there is no indication that after the firm refused to accept the contract any negotiations were held with them about the price and other terms and conditions in order to resolve the matter. The discussions held with the firm on 24-6-66 and 27-6-66 only attempted to convey to the firm, "the consequences of not accepting the price and other terms." In the context of devaluation and increase in the prices which were known to Railway Board it was only reasonable that the matter should have been fully gone into. The haste with which new tender was floated on 14-7-66 only indicates that the Railway Board did not care to negotiate with the firm who according to them had shown an "unbusiness-like attitude."

Thirdly when the same firm made a fresh offer in response to the new tenders floated on 14-7-66, it was not considered because this was not the lowest. However, while accepting the lowest offer from another firm, the Railway Board overlooked certain important points. These were:—

- (1) No proper investigation into the capability of the firm whose offer was the lowest, was made. This was of particular importance because the Railway Board were well

aware that the instrument was complicated one and the previous firm had taken about two years to produce an acceptable prototype.

- (ii) The price quoted by the firm whose offer was accepted was not realistic in the context of other offers received. The Railway Board have admitted that between 1964 and 1966 the extent of price increase ranged between 20 per cent to 139 per cent. It would also be pertinent to mention that the firm in question (whose offer was not considered) while offering a reduction in the price quoted by them earlier suggested to the Railway Board to fix the price taking into consideration the cost of production and a permissible profit.

3.56. From the foregoing the Committee are led to the conclusion that the case has not been handled in the best interest of Government. Had the Railway Board considered the realities of the situation they would have entered into meaningful negotiations with the defaulting firm, whose merits they fully realised, and arrived at mutually acceptable terms. Their failure to do so has cost the exchequer some valuable foreign exchange and the indigenous development of the instrument has also suffered a set-back. The Committee would like the Railway Board to ensure, that the present and anticipated requirements of Railways for tokenless instruments are fully met by indigenous sources and at most competitive prices. The Committee would like to be informed of the actual progress made in this behalf.

[Sl Nos. 35—38 of Appendix V, Paras 3.53—3.56 of 45th Report of P.A.C. (Fifth Lok Sabha)]

Action taken

The matter has been examined by this Ministry in detail and after considering all the circumstances of the case it has been considered sufficient to bring the lapse to the notice of the officers concerned in the Tender Committee. Accordingly, Memos. bringing the lapse to their notice have since been issued to two out of the three officers in the Tender Committee. The third officer has already resigned from railway service.

The observations of the Committee are noted.

The observations of the Committee are noted and the Committee are assured that the present and anticipated requirements of Railways for tokenless instruments are being met by indigenous sources.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-
PAC/V/45, dt. 27-11-1972/6 Agrahayana 1894].

Recommendation

The Committee are distressed to note that following a spate of fractures on the imported rails laid on the Northeast Frontier Railway, all the rails had to be replaced within a period of 10 to 12 years against the normal code life of 60 years. The premature replacement has cost about Rs. 1 crore.

From the available material it is noticed that despite several enquiries at different stages it has not been possible to fix the responsibility on the manufacturers for manufacturing defects. This is partly due to the fact that because of the divergent view about the causes of fractures given by the Chemist and Metallurgist, North Eastern Railway, Joint Director (Chemical and Metallurgical) Chittaranjan and RDSO, no firm conclusions were drawn well in time. The Committee regret that the Railway Board failed to make any conclusive investigations into the real causes of the fractures noticed on the North Eastern Railway during 1961. In view of the conflicting views held by the experts about the causes of the fractures it was only appropriate that detailed investigations should have been ordered to establish whether the defects could be attributed to deficiencies in manufacture. At this stage the Committee can only deplore the manner in which the matter was gone into which ultimately led to a loss of a crore of rupees on account of premature replacement of rails besides carrying with it serious risk of loss of life and property before the defective rails were replaced.

[S. Nos. 39 & 40 of Appendix V, paras 3.93 & 3.94 of the 45th
Report of the P.A.C., (5th Lok Sabha)]

Action taken

The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-BC-PAC/
V/45 dt. 27-11-72/6, Agrahayana 1894]

Recommendation

The Committee regret to observe that though the Railway Board initiated action in 1964 for procurement of concrete sleepers by inviting global tenders, drawings and specifications for the inserts which were to be cast along with concrete sleepers were finalised only in October, 1967. The two firms 'A' and 'B' on whom orders for supply of 4 lakh inserts were placed in May, 1968 and who were required to complete the supplies by April, 1969 could commence their production only after July, 1969 when the modifications in the specifications of the inserts were finalised with the help of Research, Design and Standards Organisation.

It is seen that at the time of first tender out of the 27 firms in the country who tendered and who were known to possess capacity for manufacture of these fittings only 2 firms 'A' and 'B' could be selected for placing orders for production of inserts and in the second tender opened in April, 1969 out of the 18 firms which tendered, the sample of only one firm, viz. firm 'A' on whom orders had already been placed on the basis of earlier tender, was found satisfactory. This only indicates that the item was difficult to manufacture and hence there was need for advance planning.

During evidence the chairman, Railway Board stated that the possibility of getting these inserts manufactured departmentally was explored but in the absence of advance planning and provision of connected equipments it was not found possible to meet the urgent needs and therefore they agreed to the price increase asked for by the two firm even though they had not kept up the delivery schedule. The Committee find that in view of the developmental difficulties the production of concrete sleepers had not yet picked up. In fact, against an expected production of 20,000 sleepers by December, 1969 only 3,942 sleepers were actually produced. In view of the very slow progress in the manufacture of concrete sleepers, the element of urgency pleaded for the increase in the rates allowed to the two firms does not look very convincing. Had a realistic assessment of the requirements of inserts been made the additional order for 3 lakh inserts placed on the firm 'A' after agreeing to the enhanced rates could have been postponed. The Committee would like the Railways to learn a lesson from this lapse and ensure that such instances do not occur.

[S. Nos. 42 to 44 of Appendix V, paras 3.127 to 3.129 of 45th Report of PAC. (5th Lok Sabha)]

Action taken

The observations of the Committee are noted.

The observations of the Committee are noted. The railways have also been advised of the details of this case to ensure that such instances do not occur.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-PAC/
IV/45 dt. 18-10-72/26 Asvina, 1894 S.E.]

Recommendation

The Committee note that during 1970-71 the Railways spent Rs. 58 lakhs on various projects connected with metropolitan transport. The Committee desire that a decision should soon be taken in consultation with Audit. If necessary, as to how the expenditure in connection with the Metropolitan Transport Projects is to be shown in the final accounts of the Railways concerned.

The Committee attach great importance to development of adequate transport facilities in metropolitan areas and would like Government to give highest priority to drawing up and implementing integrated plans for meeting the transport requirements of common man in these densely populated areas.

[S. Nos. 54 & 55 of Appendix V, paras 5.11 and 5.12 of the
45th Report of the P.A.C. (5th Lok Sabha)]

Action taken

The authority to which the expenditure on construction and operation of the metropolitan transport system should be debited is under consideration in consultation with the Planning Commission and the Ministry of Finance. The question of allocation of expenditure on surveys of MTP as also of the abandoned survey relating to the suburban Dispersal Line from Dum Dum to Princep Ghat in Calcutta is linked with the question of setting up a separate authority who should bear the expenditure on construction and operation of the Projects. Since a final decision has not been reached the railways continue to maintain separate accounts for the construction and operation of the metropolitan transport schemes. Audit would also be consulted before arriving at a final decision.

- The observations of the Committee are noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Bd.) O.M. No: 72-BC-PAC/V/45
dated 7-12-72|16 Agraphayana, 1894]

Recommendation

From the chronological sequence of the various orders passed and the action taken by the Railway Board and the Western Railway the Committee find that the time taken in arriving at certain decisions was unduly long. For example the first reference from the Western Railway recommending further reduction in the concession rate was issued on 4-5-65 while a decision of the Railway Board on this was communicated to the Western Railway on 4-11-66 i.e. exactly after 1½ years. Similarly on another letter sent by the Western Railway on 16-9-67 in which it had been pleaded that there was no case for further reduction in the concession rate because of change in circumstances, the Railway Board could finalise their decision on 16-5-70 i.e. after a lapse of 2½ years. Again a proposal regarding complete withdrawal of concession made by the Western Railway on 14-8-70 was agreed to by the Railway Board on 1-6-71 i.e. after a period of more than nine months. This does not speak well of a commercial organisation like the Railways. Since any delay in taking a decision has its financial implications, the Committee need hardly emphasize that decisions should be taken without any avoidable loss of time. As has been pointed out by Audit the special concessional rate of Rs. 4.30 per tonne levied during the period from September, 1967 to June, 1970 (when the matter remained under consideration) but withdrawn thereafter had resulted in loss of revenue to the extent of Rs. 5.85 lakhs. The Committee takes a serious note of this and would like to recommend that suitable instructions be issued to all concerned to obviate recurrence of such cases.

The Committee are also unhappy about the serious procedural lapses at various stages that have come to their notice. In this connection they would like to point out that although the representative of the firm had met the Minister on 20-10-68 and the Joint Director (Rates) was present at the meeting the latter recorded a note relating to the meeting on 19-6-67 after eight months. The Chairman, Railway Board admitted that this was a procedural lapse. The Committee would like that the officer concerned should be asked to give an explanation for this omission and appropriate

action should be taken. Suitable instructions should also be issued to avoid recurrence of such omissions.

[Sl. Nos. 56 & 57 of Appendix V, Paras 5.31 and 5.32 of the 45th Report of PAC (5th Lok Sabha)]

Action taken

The observations of the Committee are noted. Suitable instructions have been issued to all officers and staff in this Ministry vide office order No. 43 of 1972 (copy enclosed).

As desired by the Committee in Para 5.32, the explanation of the officer concerned was obtained and after consideration of his explanation, a Memo., bringing to his notice his failure to put up the case to the Minister of State for Railways for information in addition to the delay in recording the note, has been issued to him.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-PAC/
V/45 dated 18-10-72/26 Asvina, 1894, S.E.]

GOVERNMENT OF INDIA (BHARAT SARKAR)

MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

OFFICE ORDER NO. 43 OF 1972

In their 45th Report (5th Lok Sabha), the P.A.C. has emphasised the need for taking quick decision on any proposal involving financial implications and avoiding procedural irregularities in taking decisions. In a case reported in the C. & A.G.'s Report on railways for the year 1969-70, the Board's decision on a proposal for reduction in a certain freight rate made by the Railway on 4-5-1965 was communicated to the railway on 4-11-1966, exactly after one and half years. Similarly, on another letter on the subject sent by the railway on 16-9-1967, a final decision was taken on 16-5-1970 i.e. after lapse of 2½ years. Again, a further letter on the matter which was addressed to the Board by the railway on 14-8-1970 was replied to by the Railway Board on 1-6-1971 i.e. after a period of more than 9 months. The Committee have observed as follows:—

“This does not speak well of a commercial organization like the Railways. Since any delay in taking a decision has its financial implications, the Committee need hardly emphasize that decisions should be taken without any avoidable loss of time. As has been pointed out by Audit the special concessional rate of Rs. 4.30 per tonne levied

during the period from September, 1967 to June, 1970 (when the matter remained under consideration) but withdrawn thereafter had resulted in loss of revenue to the extent of Rs. 5.85 lakhs. The Committee takes a serious note of this and would like to recommend that suitable instructions be issued to all concerned to obviate recurrence of such cases."

The representative of the affected firm met the Minister of State for Railways in this connection on 20-10-1966. The concerned Joint Director was present but he recorded a note relating to the meeting on 19-6-1967 i.e. after 8 months. Further, since the case was reopened as a result of the representation made by the firm to the Minister of State for Railways, the case should have been put up to him for information when a decision was taken, but this was not done.

The Committee have expressed unhappiness about the delays at the various stages and procedural lapses. They have desired that suitable instructions should be issued to avoid recurrence of such omissions.

The observations of the Committee are being brought to the notice of all concerned for avoiding similar lapses.

No. 72-B(C)-PAC|V|45| (56-57)
dated 30-8-72

Secretary, Railway Board.

To

All Officers and Branches* of Railway Board.

*with 10 spares for G (Accommodation)

Recommendation

The Committee note that as a result of the recommendations made by them in para 11 of their 40th Report (Second Lok Sabha) and in Para 95 of the First Report (Third Lok Sabha) the number of works sanctioned under urgency certificates has been considerably brought down from year to year. The Committee desire that Railway Board should exercise utmost care before sanctioning works under emergency provisions. As a rule only small works of really

emergent nature should be sanctioned under urgency certificates. The Committee feel that under no circumstances huge works costing crores of rupees and requiring years for completion should be sanctioned under urgency certificate unless the board is otherwise satisfied that the work is really urgent. Even in such cases estimates should be finalised on urgent basis and no expenditure should be incurred before the estimates are properly sanctioned.

[S. No. 58 of Appendix V, Para 5.47 of the 45th Report of the P.A.C. (5th Lok Sabha)].

Action taken

The observations of the Committee are noted. The Railway Board have already prescribed that in cases of line capacity works estimated to cost more than Rs. 20 lakhs railways should prepare detailed traffic and engineering survey reports and then only come up to the Board for the sanction of estimates, Situations, however, arise, in which it becomes unavoidable to authorise in the public interest, the undertaking of a work without the pre-conditions such as feasibility studies|traffic-cum-engineering surveys and detailed estimates having been entirely satisfied. In such cases, the Board scrutinize the urgency of the proposed work and sanction only that part of the work under Urgency Certificate which has to be started immediately, even before detailed estimates could be prepared in order to abide by the time schedule for the project. The procedure of sanctioning only the minimum and unavoidable part of expenditure on urgency Certificate has been adopted in certain recent cases and will be generally extended in similar situations.

The observations of the Committee have been brought to the notice of the railways and detailed instructions have been issued to ensure that the costs covered by the Urgency Certificates are realistically estimated and a periodical watch is kept on the needs of the traffic and the time schedule for the anticipated increase in traffic is cross checked with the user agency *vide* Board's letter No. 72-B(C)-PAC|V|45 (58) dated 5-9-1972 (copy enclosed).

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-PAC|V|45 dated 18-10-72|26 Asvina, 1894-S.E.).

**GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)**

No. 72-B(C)-PAC|V|45(58) New Delhi dated the 4th Sept. 1972.

To

The General Manager,

All Indian Railways including CLW, DLW & ICF.

The Chief Administrative Officers M.T.P.

Delhi, Bombay, Calcutta and Madras.

Sub:—Recommendation No. 58 of the 45th Report of the P.A.C. (5th Lok Sabha) relating to para 46 of the C&AG's Report on Railways for the year 1969-70 on Works started on Urgency Certificate on Central Railway.

While examining para 46 of the Audit Report (Railways) 1969-70 on works started on Urgency Certificate on the Central Railway, the Public Accounts Committee have made the following recommendations:—

"5.47. The Committee note that as a result of the recommendations made by them in para 11 of their 40th Report (Second Lok Sabha) and in para 95 of the First Report (Third Lok Sabha) the number of works sanctioned under urgency certificates has been considerably brought down from year to year. The Committee desire that Railway Board should exercise utmost care before sanctioning works under emergency provisions. As a rule only small works of really emergent nature should be sanctioned under urgency certificates. The Committee feel that under no circumstances huge works costing crores of rupees and requiring years for completion should be sanctioned under urgency certificate unless the Board is otherwise satisfied that the work is really urgent. Even in such cases estimates should be finalised on urgent basis and no expenditure should be incurred before the estimates are properly sanctioned".

2. It will be seen that the Public Accounts Committee are unhappy over the issue of a large number of Urgency Certificates, especially relating to works of large magnitude. It is, therefore, necessary to take corrective action to minimise and restrict the issue of urgency Certificates.

3. The existing rules for issue of Urgency Certificates are contained in paras 1003 and 1005-E. The Board, however, appreciate that situations may arise, in the public interest, when it would be necessary to authorise the undertaking of a large work without the pre-conditions such as feasibility studies|traffic-cum-engineering surveys|Works Studies and detailed estimates having been entirely satisfied. In such cases, the Board consider that the scope of the Urgency Certificates should be restricted to the minimum and unavoidable expenditure which must be incurred before completion of the preconditions in order to abide by the time schedules. This expenditure would generally pertain to some distinct sub-work(s) of the project. The Sub-work(s) covered by the Urgency Certificate should be capable of being started immediately and completed in time to abide by the time schedule. In these cases the anticipations of traffic should also be cross-checked, wherever possible, with the time schedule of the user agency. Railways will also have to take special care to see that the quantities and costs covered by the Urgency Certificates are realistically estimated and a periodical watch is kept on the needs of the traffic.

4. In all cases where urgency certificates are sanctioned the detailed estimates should be prepared and got sanctioned by the competent authority within the time stipulated in the sanction letter by that authority.

5. The instructions given above will apply *mutatis mutandis* to smaller works including those within the sanction of the Railway Administrations.

6. The receipt of this letter may kindly be acknowledged.

(P. N. BHASKARAN NAIR)

Director Civil Works Railway Board.

No. 72-B(C)-PAC|V|45(58) New Delhi: dated the 4th Sept. 1972.

Copy forwarded to:—

1. ADAI (Railways), New Delhi with 45 spares for information.
2. All Branches of Civil Engineering, Signal and Telecommunication, Electrical, Mechanical and Finance (Exp) Branches of Railway Board's Office for information and necessary action.

(P. N. BHASKARAN NAIR),

Director Civil Works Railway Board.

DA: 45 for item No. 1.

Recommendation

5.48. The Committee have not made recommendations/observations in respect of some of the paragraphs of the Report of the Comptroller & Auditor General of India for the year 1969-70—Central Government (Railways). They expect that the Ministry of Railways (Railway Board) will take note of the contents of the other paragraphs dealt with in the Audit Report and take suitable remedial action in consultation with audit where necessary.

[Sl. No. 59 of Appendix V, Para 5.48 of the 45th Report of the P.A.C. (5th Lok Sabha)].

Action taken

The observations of the Committee are noted. The line of action required to be taken in each of these cases was discussed with Audit and in the light of the discussions, necessary action has been taken| is being processed.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-BC-PAC/V/45-dated 27-11-72/6, Agraphayana, 1894].

CHAPTER III

RECOMMENDATIONS|OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF THE GOVERNMENT

Recommendation

The Committee note with concern that for the Fourth year in succession the working of the Railways showed a deficit in 1969-70 also. Against a nominal surplus of Rs. 1.92 crores anticipated in the Budget, the accounts for the year closed with a deficit of Rs. 9.83 crores. Apart from the unsatisfactory state of Railway finances which is reflected in the working results during the year under review i.e. 1969-70, the Committee feel that the methods employed for estimation of earnings and expenditure require further improvement. During the past four years over-estimation of goods traffic and goods earnings and under-estimation of the revenue expenditure seems to have been the most significant recurring feature of the Railway Budgets. The overestimation of goods traffic and goods earnings can only mean that the anticipations of traffic given out by various Ministries/Departments of Government of India are not scrutinised in the light of experience at the initial stages with the utmost care they deserve. The Committee are of the view that with the vast experience and elaborate planning machinery which they have, the Railway Board should be in a position to exercise a judicious check on the traffic anticipations by other Ministries|Departments so as to arrive at realistic targets for achievements. In this connection the Committee would also like to draw attention to para 1.25 of their 116th Report (Fourth Lok Sabha) wherein it was emphasised that the estimation of traffic requirements should be done on a more realistic basis.

[S. No. 1 of Appendix V Para 1.14 of the 45th Report of the P.A.C.
(Fifth Lok Sabha)]

Action taken

As for the revenue expenditure, it may be submitted that, as per the existing rules and practices, the estimates of working expenses during the budget year are based on the revised estimates for the current year and all other known factors likely to affect the revenue expenditure during the next financial year. It is a sound financial

principle of budgeting and Parliamentary Procedure that only such factors should be provided for in the budget as are clearly foreseeable and are susceptible of verification. It is not appropriate to request the Parliament to sanction funds for items of unforeseen nature, as such a provision for funds will not be realistic nor will it present true financial picture in the prevailing situation. For example, if a certain provision is made in the Budget for meeting a contingency, and the revenues are raised with reference to that contingent expenditure, but the contingency does not actually materialise, the Railways would be open to criticism for having unjustifiably taxed the public. Rules of Parliamentary Procedure make specific provisions for approaching the Parliament for Supplementary Demands as and when funds allotted are found to be inadequate due to post-budgetary factors affecting the estimates or other reasons.

2. The Ministry of Railways (Railway Board) have prescribed and developed a very comprehensive system of framing the budget estimates of revenue working expenses. With a view to make the estimates of expenses as realistic as possible and to ensure a sense of participation at all levels of management, the budget estimates originate at the lowest formations upwards on the Zonal Railway Administrations. The budgets at the divisional and district levels are scrutinised by the heads of departments and the G.Ms in consultation with the F.A. & C.A.Os. The estimates proposed by the railways receive the closest scrutiny in the Board's office when each item of expenditure is subjected to detailed and searching analysis before inclusion in the budget.

3. The budget estimates sanctioned by the Parliament are subject to periodic reviews during the year:

- (i) in the month of August;
- (ii) the Revised Estimates in December; and
- (iii) Final Estimates in March.

The objective of these reviews is to make an assessment of the adequacy of the allotted funds, keeping in view the trends of actual expenditure during the months preceding the review and any developments that may have taken place in between or likely to take place in the near future. Stock is taken of the post-budgetary factors affecting the estimates and Parliament approached with Supplementary Demands, if necessary.

4. From the following figures for the last 3 years it will be observed that budget estimates were vitiated not because of bad esti-

mation but because of post-budgetary factors which could not be foreseen. If the impact of post-budgetary increases sanctioned by the Parliament in Supplementary Grants is excluded from the actual expenditure the actuals are as close to budget estimates as —0.2 per cent, —0.9 per cent —0.3 per cent during the years 1967-68, 1968-69, 1969-70 respectively. These variations, it may be submitted are not significant.

Ordinary Expenses

(In crores of Rupees)

	Budget Estimates	Actual Expenditure	Supplementaries voted by Parliament to cover Post-budget factors	Actual expenditure excluding supplementary on a/c of Post-budget factor	Variation between 1&4	% variation 1&4
	1	2	3	4	5	6
1967-68	364.24	655.07	21.97	633.10	-1.14	-0.2
1968-69	683.78	704.80	27.29	677.51	-6.27	-0.9
1969-70	736.79	757.73	23.42	734.42	-2.48	-0.3

From the foregoing it will be noted that the procedures for estimating working expenses are substantially satisfactory. However, the observations of the Committee are noted and every effort will continue to be made to profit by the advice of the Committee and modern management techniques.

5. In regard to the estimation of goods, traffic, the observations of the Committee are noted and efforts would continue to be made in consultation with the Planning Commission, to exercise a judicious check on the forecasts of traffic given by other Ministries.

6. In this connection, it may be pointed out that while formulating the Fourth Five Year Plan, the initial forecast given by the various Ministries had worked out to 290 million tonnes of freight traffic by 1973-74. The working Group on Rail Transport convened by the Railway Ministry, however, reduced this target to 264.7 million tonnes. Again when the traffic during the first two years did not come up to expectation, the freight traffic target was further scaled down by the Planning Commission at the instances of the

Railway Ministry to 240.5 million tonnes by 1973-74. It will, therefore, be appreciated that the Ministry of Railways have been doing their best and applying a moderating influence in the preparation of forecasts by other Ministries.

7. The planning process on the Railways has of necessity to be a part of the integrated planning in the country. The Railway development programmes have a long gestation period—2 to 3 years in case of rolling stock and 3 to 5 years in case of new lines and important line capacity works. The Railways have therefore to depend on the forecasts in other sectors finalised by the Planning Commission, and when new or expansion schemes are taken in hand, the Railways have no option but to accept this forecast and gear themselves in time to handle the traffic.

8. The period of inter-Plan years was one of recession, drought and the fall out from the Indo-Pak conflict of September, 1965. Having actually moved 203 million tonnes of originating freight traffic in 1965-66 (end of the Third Plan), the Railways could not foresee that conditions of the economy would be so bad that the traffic would fall down to 201.6 and 196.6 million tonnes in 1966-67 and 1967-68 respectively. The traffic again picked up to 204 million tonnes in 1968-69 and with the revival of economy expected during the Fourth Plan, the target during 1969-70 was fixed at 212 million tonnes. The traffic during the first five months did increase by 5.15 million tonnes as compared to the corresponding period of previous year which shows that the forecast was not unrealistic. However, with the deterioration in the law and order situation in the eastern sector, this trend was reversed and during the next seven months the traffic decreased by 1.25 million tonnes, a situation which the Railways could have hardly anticipated or foreseen.

9. The Railways would like to assure the Committee that, under the aegis of the Planning Commission, more frequent reviews are now being undertaken of the likely traffic on the Railways, both in respect of the formulation of the Five Year Plans and Annual Plans and it is hoped that the gap between the forecast and the actual materialisation will narrow down. The importance of giving realistic estimates is being impressed upon all the Ministries concerned and the Planning Commission.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-PAC|V|45 dated 7-12-1972/16 Agrahayana, 1894].

Recommendation

The Committee note that even though the position of net revenues as a ratio to capital—at—charge has shown an upward trend in 1968-69 and 1969-70 the deficits are increasing primarily as a result of growing payments to General Revenues arising from additional capital investment, of which the current investment constitutes a major portion. The Committee have repeatedly emphasised the need for great selectivity in incurring capital expenditure on Railways. If the additions to capital are not made with a view to ensuring overall remunerativeness the deficits may grow. The Committee would therefore like that all investment proposals should be thoroughly scrutinised so as not to accentuate the difficult financial position of the Railways.

[S. No. 7 of Appendix V, para 1.60 of the 45th Report of the P.A.C. 5th Lok Sabha)]

Action taken

The observations of the Committee are noted. The operative part of the Committee's recommendation is that all investment proposals should be thoroughly scrutinised before sanction. It is submitted that the Ministry of Railways are extremely careful in sanctioning any project particularly those chargeable to capital.

2. Railway projects are planned for each Five Year Plan on the evaluation of traffic demands, after the targets of production and growth in different sectors of economy have been derived and firmly indicated, and secondly on a reasonably close determination of the traffic patterns as they develop.

3. In case of new lines, conversions, doublings and other line capacity works, costing more than Rs. 20 lakhs each, traffic and or engineering surveys are carried out in order to ensure that the estimates of anticipated traffic, capital costs, and recurring expenditure, etc., are realistic. A Finance Officer is invariably a member of the Traffic Survey Team. Further, Works Study Teams study the working of existing yards in depth before proposals for expansion or remodelling of the yards are considered, so as to ensure maximum utilisation of existing assets.

4. The forecasts of additional traffic as estimated by other Ministries are thoroughly scrutinised by the survey/work study teams

and the traffic projections are discussed with the concerned Ministries and the Planning Commission. This is done even in the cases of major project oriented schemes where the traffic projections have been worked out by working groups constituted by the concerned Ministry including the representatives of Planning Commission and the Railways among other concerned Departments/Corporations. To further safeguard the interests of the Railways, where ever considered necessary, the question of obtaining an undertaking from the user Ministry to compensate the Railway, suitably in case the traffic does not materialise to the extent anticipated is also examined with reference to the project.

5. The investment worth of a project costing over Rs. 20 lakhs is determined by using the modern Discounted Cash Flow method taking into account only the incremental revenues and expenses. Capital intensive investment proposals (electrification, doubling, gauge conversion, etc.) are also subjected to an economic evaluation. A decision to accept a proposal is taken only if the return on capital is found to be adequate according to acceptable norms. Further, there is a system of assignment of priorities for works even after the justification for the work has been accepted.

6. Thus comprehensive planning, detailed financial scrutiny and careful economic evaluation are made before new assets are created or existing assets expanded.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-BC-PAC/V/45 dated 7-12-1972/16, Agraphayana, 1894].

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee regret to observe that prior to placement of import orders for mobile flash but welding sets in May, 1962 detailed investigations were not made by the Railway Board to find out whether mobile plants with their own generating sets or fixed plants which could be fed with outside power would be more suitable for their requirements. The desirability of importing the welding sets without power equipment was brought to the notice of the Railway Board both by the suppliers of the equipment and the Eastern Railway Administration well before the placement of order and even otherwise the Railways had previous experience of working both mobile as well as stationary type of welding plants but still it was decided to go in for mobile units with power equipment. It is further seen that in February, 1963 the Railway Board issued instructions to keep the mobile units mounted on stagings instead of on special wagons as it was felt that the plants would not require frequent shifting. Following this decision the South Eastern Railway Administration was allowed to run the imported mobile plant as stationary unit fed with power from the State Electricity Board. The policy of ordering mobile units was, however, not subjected to a review nor were any instructions given to Western and Southern Railways who were yet to receive the imported plants, about the desirability of working the plants with the direct power.

The Committee further note that in the periodical meetings of the Railway welding plant engineers held in September, 1963 and May, 1964, the question of saving anticipated in running the welding plants with power obtained from outside source of supply was considered and brought to the notice of the Railway Board through the minutes of the meetings. Despite this the Railway Board did not make any change in the order for the further three sets placed in April, 1964. A final decision about keeping all the welding plants stationary was, however, taken in August, 1967 after the report of a French Expert who visited all the Flash Butt welding plants on the Indian Railways. The Committee felt that if the Railway Board

were not inclined to rely on their own past experience it would have been much better to have the opinion of an expert well before the decision to import 6 mobile units was taken.

The delay in taking a decision for keeping the welding plants stationary to be fed with direct power from outside sources not only resulted in the avoidable import of power generating units attached to the welding plants but also enhanced the cost of welding which was cheaper to the extent of Rs. 5 to 6 per joint if power was obtained from outside source of supply.

The Committee also feel that the time taken for installing and commissioning the plants was excessive in many cases. Although, on the Western Railway the plant was commissioned within a period of about 9 months yet on other Railways it took a very long time ranging between 1|12 years to nearly 4 years. Besides this there was abnormal delay in taking the question of power supply with the respective State Electricity Boards. For example on Southern Railway the plant was commissioned in August 1955 but the correspondence to obtain power from the State Electricity Board was initiated on 18-6-70 i.e. after about 5 years.

[S. Nos. 46 to 49 of Appendix V, paras 4.45 to 4.48 of the 45th Report of the P.A.C. (5th Lok Sabha)].

Action Taken

The observations of the Committee are noted. It is, however, submitted that the period involved in negotiating with the State Electricity Boards for supply of current to the Flash Butt welding plant takes considerable time. In the case of Southern Railway, although the matter was initiated in June, 1970, the railway hopes to change over to outside power supply by the middle of 1973-74. Similar action will be taken by the Eastern and Central Railways, if found feasible and economical. Shortage of power for Industry and current power cuts have slowed down progress in the change over.

This has been seen by Audit.

(Ministry of Railways (Rly. Board) O.M. No. 72-BC-PAC|V|45 dated 7-12-72|16 Agrayayana, 1894)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee find that about Rs. 26 crores have been invested by the Railway in various State Board Transport Corporations primarily with a view to regulate rail-road coordination. Even though the Railways are getting adequate return on their investment in the form of fixed rate of interest, the aim of rail-road coordination has not been achieved. The basic reason for this is that the representation of the Railway Board on the Boards of Directors of these Undertakings is not effective enough. The Committee recommend that the Railway Board should in concert with the Ministry of Transport and State Governments review the position to devise methods for making the Railways participation more effective.

[S. No. 8 of Appendix V, Para 1.71 of the 45th Report of the P.A.C. (5th Lok Sabha)]

Action Taken

The observations of the Committee are noted. The Committee's recommendation for making the Railways' participation in the State Road Transport Corporations more effective has been referred to the Ministry of Shipping and Transport (Transport Wing) and the matter is being followed up with that Ministry. The views of the Ministry of Transport when received will be advised to the Committee.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 72-BC-PAC/V/45 dated 7-12-72|16 Agrahayana, 1894].

Recommendation

In para 1.75 of their 11th Report (Fifth Lok Sabha) the Committee had pointed out that there had been steep decline in the percentage of rail movement of sugar and cotton manufactures to

their total production. From the available information it is seen that even though the Railways continue to be by far the main carriers of the bulk of production of the basic and heavy industries like coal; ores, cement and iron and steel, the relative share of the Railways in the carriage of these commodities has appreciably come down. In the case of other commodities such as oil-seeds, raw cotton, salt and paper and paper boards etc., the percentage of rail movement is also steadily coming down from year to year. The Committee would like Railways to carry out a systematic analysis and take necessary measures to retain and increase their share in the transport of these commodities.

The Committee take note of the work done by the Marketing and Sales Organisation through its various services and agencies. They would, however, suggest that through proper studies the economics of each service such as Container Service, Freight Forwarders' Scheme, Super Express Goods Services, etc., should be evaluated so that necessary measures could be taken to improve the services and extend them in the interest of attracting more traffic to Railways.

[S. Nos. 11-12 of Appendix V, Paras 1.118 & 1.119 of the 45th Report of the PAC (5th Lok Sabha)].

Action Taken*

The Committee's observation is noted.

With the considerable expansion of roads and road vehicles fleet in the past decade there has been an inevitable trend towards increased road movement particularly with regard to short distance traffic and traffic in light weight commodities. The Railways are fully alive to this position and it was with a view to ensuring that the railways' legitimate share is not diverted to the road that Marketing and Sales Organisations were set up in all Zonal Railways in 1967.

2. The Marketing and Sales Organisation has conducted surveys of traffic in principal commodities namely textiles, cotton, sugar, rubber manufactured, grains and pulses, oil-seeds, wood unwrought, petroleum products, fertilizers, manufactured jute and raw jute with the object of—

(a) Analysing the pattern of traffic moving by road,

*The matter is under correspondence with Audit.

- (b) determining what specific traffic, moving by road would be worth while attracting to railways,
- (c) adopting steps and affording freight concessions, if necessary, to secure such traffic for the Railways.

3. In order to maximise the railway revenues particularly from high rated commodities, 47 high rated commodities including some of those mentioned above have been selected for special attention. The Railways have taken various steps for maximising the traffic in high rated commodities including—

- (a) exemption of high rated commodities classified at class 60 and above from operational restrictions normally,
- (b) guaranteed wagon supply in selected goods sheds,
- (c) quotation of reduced rates,
- (d) carriage of traffic to guaranteed time schedule through quick transit service, and
- (e) running of super express goods trains to provide fast schedule.

4. As a result of the various measures adopted, the originating tonnage of these selected high rated commodities has increased by 6.4 per cent in 1971-72 as compared to 1970-71 as against an increase of 1.2 per cent during the same period in the total revenue earning goods traffic. (The increase in the industrial production in the country during the first eight months of 1971 as compared to the corresponding period of 1970 was only 2 per cent). The percentage of these selected high rated commodities to the total goods revenue originating tonnage has also registered an increase in 1971-72 as compared to 1970-71. The details are as follow:—

Total revenue earning goods traffic (in lakhs of tonnes)		Traffic in Selected high rated commodities (lakhs of tonnes)		Percentage increase in 1971-72 in respect of		Percentage of traffic in selected high rated commodities to total revenue earnings goods traffic	
1970-71	1971-72	1970-71	1971-72	Total Revenue earnings goods traffic	Selected high rated commodities	1970-71	1971-72
1679.02	700.00	135.00	143.67	1.2	6.4	8.04	8.50
	(Approx.)		(Approx.)				

5. There has also been an increase in the tonnage lifted in respect of the following commodities during 1971-72 as compared to 1970-71 as would be seen from the following table:

	1970-71	1971-72 Approx.	Percentage variation.
	(In thousands tonnes)		
1. Oil seeds	1049	1124	+ 7.1
2. Cotton raw	376	442	+ 17.6
3. Jute raw	687	836	+ 21.7
4. Sugar	1258	1273	+ 1.2
5. Paper & Paper Board	889	911	+ 2.4
6. Salt	2521	2721	+ 8.0
7. Tea	245	280	+ 14.0

The Container service and freight forwarder scheme which provide an integrated rail-cum-road transport to the users have been showing satisfactory financial results. Before a container service/freight forwarder scheme is introduced over a particular route, the economics of the service/scheme is carefully examined from the point of view of both the customer and the Railway. In the case of every container service, annual financial appraisal is worked out. Out of the 9 routes on which container services at present are operating two were started in 1970-71. The latest financial results indicated that 5 of the 7 services introduced before 1970-71 earned adequate profits. The remaining two i.e. the Bombay-Bangalore and the Madras-Bangalore services have shown a loss of 1.4 per cent and 5.3 per cent respectively in 1970-71. However, in the case of the former service (Bombay-Bangalore) gross earnings in 1971-72 have shown an increase of 60 per cent over those of the preceding year. In the case of Madras-Bangalore service the increase in gross earnings in 1971-72 over 1970-71 was 44 per cent. Both these services are, therefore, expected to show profits in 1971-72. The actual returns in 1971-72 can be known only when the audited figures of working expenses are available.

2. In regard to freight forwarders' scheme and super express goods service, no financial evaluation has been worked out so far. A sample study of the economics of the working of the freight forwarders' scheme and super express goods services is being undertaken and further action will be taken to improve and extend the services.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-PAC/V/45 dated 12-12-72/21 Agrahayana, 1894].

Recommendation

The Committee note that against 178 locomotives anticipated to be produced at Chittaranjan Locomotive Works in 1969-70 only 98 locomotives of different types were manufactured. Similarly in the Diesel Locomotive Works, Varanasi, only 82 locomotives were produced in 1969-70 against an anticipated production of 105 locomotives. The shortfall in the production has been attributed to non-materialisation of anticipations in regard to supplies of raw materials and components from local as well as foreign sources. In the case of DLW besides other extraneous factors the release of foreign exchange for import of vital components was delayed, which necessitated slowing down of production. So far as supplies of raw materials and components are concerned, the Committee would urge better planning and advanced procurement so that these do not hold up production schedule. The Committee are perturbed to note the delay of 4 to 5 months in the release of foreign exchange for imports of components which affected adversely the production programme. The Committee desire that there should be better coordination and advanced planning to secure foreign exchange allocations in order to import in time the requisite components to sustain the production programme.

The Committee feel that any shortfall in the targetted production which is related to the installed capacity of a production unit, not only adds to the overall cost of production but also results in under-utilisation of the installed capacity. As against the projected production of 325 locomotives during the period from 1966-67 to 1970-71, the actual production of only 216 locomotives at CLW during the same period would mean that a portion of the capital investment remained unutilised during this period. This could also in a way imply over-capitalisation with all its attendant disadvantages. The Committee would therefore like that all out efforts be made to ensure that the installed capacity of the production units is utilised to the optimum level.

As regards the marked increase in 1969-70 when compared to 1968-69 in the cost of production of W.G. Steam locos and ACFT electric locos produced by CLW, the Committee are not convinced with the reasons given such as increase in the cost of labour and raw materials etc. which are common factors in all the production units. The natural inference therefore would be that because of shortfall in production the overhead expenses debitable to each unit actually produced got enhanced and hence the overall production

cost has gone up. To that extent the contention that the shortfall in production has not affected the absorption of overhead costs does not sound convincing.

Another point on which the Committee would like to comment is that although the cost of production of locomotive or coaches may not be comparable to similar locomotives and coaches imported earlier, an attempt should be made to find out the ex-works cost of similar or comparable units being turned out by the collaborators in their own country as also the prices prevailing for comparable rolling stock turned out by leading manufacturers in the world.

The Committee are confident that with sustained efforts it should be possible to bring down our costs further and thus improve our competitive position in the export market.

The Committee would like that the comparative study of the performance of the diesel locomotives produced by DLW and electric locomotives produced by CLW vis-a-vis the imported locomotives should be completed at an early date so as to effect improvements in our locomotives.

Concerted efforts should also be made to progressively increase the indigenous contents of the locomotives manufactured in CLW and DLW. There should be a time bound programme for developing manufacture of such components which are at present being imported so that we can attain self-reliance at the earliest.

[Sl. Nos. 13 to 19 of Appendix V, Paras Nos. 1.136 to 1.142. of the 45th Report of PAC (5th Lok Sabha)].

Action taken

The matter is under detailed examination, in consultation with the Railway). Production Units and final reply will be furnished to the Committee shortly.

[Ministry of Railways (Rly. Board) O.M. No. 72-B(C)-PAC/V/45 (22-23) dated 12th December, 1972/21 Agrahayana, 1894 (Saka)].

Recommendation

The Committee note that the figures of surplus of locomotives as calculated by Audit are not being accepted by the Railway Board now and it was pleaded by the Chairman, Railway Board, during evidence that an opportunity might be given to give the correct

figures. From the written note furnished to the Committee by the Railway Board it is observed that the figures in regard to requirement and surplus of locomotives during 1966-67 to 1968-69 have still not been furnished. The Committee would, therefore, like that the complete information indicating the method of calculation of locomotive holdings, requirements and surplus for all these years may be furnished duly vetted by Audit.

However, coming to the specific question of locomotive holdings on the Railways, the Committee would like to emphasise that as the assessments of locomotive requirements made from time to time form the basis for their requirement in future, these calculations should always be based on realistic norms. The Railway Board should also evolve a satisfactory basis for future planning and acquisition of locomotive.

[Sl. Nos. 20 & 21 of Appendix V, Paras 2.16 and 2.17 of the 45th Report of PAC (5th Lok Sabha)].

Action taken*

Detailed calculations indicating the requirements of the locomotives for the traffic handled for each of the three interplan years and the actual holding during those years are given in the Annexures A to H.

The Directors Committee, after necessary deliberations, have fixed certain norms and the same have been adopted in making the calculations.

The conversion of electric/diesel locomotive units into steam terms has been made on the basis of 1:2.5 for through goods services, 1:1.5, for passenger services and 1:1.25 for inferior services.

The summary at Annexure A no doubt indicates some surplus both on B.G. and M.G. but as has been pointed out in the discussion, such calculation on a year to year basis is not realistic. The locomotive requirements are worked out at the planning stage on the basis of estimated traffic that the railways are likely to be called upon to carry at the end of the plan period while the calculations made by the audit are with reference to the actual net tonne kilometres year to year. The plan requirements are worked out in consultation with the Planning Commission and the concerned Economic

* (The matter is under correspondence with Audit).

Ministries. The shortfall in actual traffic was due to general economic recession over which the railways had no control. The manufacture of locomotives in the Railway Production Units have also fallen short of the original targets as mentioned in para 9 of C & AG's Report on Railways for the year 1969-70.

It is relevant to mention in this connection that the number of over-aged locomotives shown in Annexure 'A' were more than the surplus calculated on the basis of actual traffic. The railways have to maintain sufficient capacity to meet the anticipated traffic requirements as any fall in actual movement of traffic during short periods can be attributed more to the prevailing uncertain conditions and these may not be taken as determining factors.

The observations of the Committee are noted. As already explained in the course of discussion, the method of working out the requirements have been improved by following the net tonne kilometre method from 1969 instead of the earlier incremental method. Similarly, instead of the past formula of wagons-locomotive ratio, the calculations are now being made on the net tonne kilometre basis. Efforts continue to be made to arrive at as real an assessment of locomotive requirements as possible. It will, however, be appreciated that much depends on the materialisation of the anticipated traffic which, in the past, has for one reason or the other fallen short of expectations. In any case, necessary steps are being taken to see that traffic forecasts are properly scrutinised, and revised from time to time on the basis of past experience, so that the gap between the forecast and its materialisation is reduced to the barest minimum.

Director Accounts,
Railway Board.

[Ministry of Railways (Railway Board) O.M. No. 72-BC-PAC/V/45
dated 12th December, 1972, Agrahayana, 1894 (Saka)].

ANNEXURE 'A'

Summary of locomotive requirements and actual holding during the Inter-Plan period

As on	Actual holdings	Calculated requirements	Surplus	Overaged locomotives
Broad Gauge				
1-9-1967	8640.5	8009	631.5	1638
31-3-1968	8770.5	8281	489.5	1417
31-3-1969	8847.5	8336	511.5	1258
Meters Gauge				
31-3-1967	4058.5	3668	390.5	586
31-3-1968	4122	3673	449	562
31-3-1969	4177	3821	356	587

LOCOMOTIVE IN SERVICE
POSITION AS ON

	31-3-67			31-3-68			31-3-69						
	BG		M.G.		B.G.		M.G.		B.G.				
	Units	Steam	Units	Steam	Units	Steam	Units	Steam	Units	Steam			
	1	2	3	4	5	6	7	8	9	10	11	12	13
Passenger	1785	1785	1292	1292	1761	1761	1302	1302	1681	1681	1681	1323	1323
Steam	34	34	51	3	4.5	40	60	8	12	43	64.5	5	7.5
Electric	97	145.5	13	19.5	126	189	14	21	125	187.5	14	21.0	
Goods	2336	2336	1315	1315	2237	2237	1300	1300	2148	2148	1292	1292	1292
Steam	485	1212.5	153	382.5	556	1390	182	455	615	1537.5	209	522.5	
Electric	290	725	7	17.5	332	830	6	15	351	877.5	6	15	
Mixed	80	80	80	136	136	87	87	133	133	105	105	125	125
Steam	11	22.5	1	2.5	8	16	1	2.5	1	2.5	4	8	8
Diesel	..	..	..	..	..	..	..	..	..	..	..	..	..
Electric	..	..	..	..	..	..	..	..	..	..	..	..	..

	1	2	3	4	5	6	7	8	9	10	11	12	13
Inferior													
Steam		2224	2224	860	860	2143	2143	858	858	2122	2122	853	853
Diesel		50	62.5	7	9	56	70	8	10	79	99	8	10
Electric		15	19	..	..	1	1	..		15	19		
Total in terms of steam													
			8640.5		4058.5		8770.5		4120.5		8847.5		4177.00

Basis

- (1) Total number of locomotives in service for all services combined has been taken from Statement 10-A of Board Administrative Report.
- (a) The total locos have been divided into different services in the proportion of average number of locos on line for operation on each service as taken from Statement 22 of Railways Analysis of Working Part III.

Calculation of Locomotive requirements
1966-67 (B.G.)

	Bare	Spare	Total	Total in Steam
1. Diesel/Electric Loco for through goods at 2,35,000 NTKMs per loco in use daily—				
<u>84955155,000</u>				
2,35,000 X \$365	990	£273	1263	3158
2. Locomotive on Sec/Van goods @ 36000 per loco in use daily—				
<u>12,369,088</u>				
36000 X 365	941	@166	1107	1107
3. Locomotive required for passenger services at 10.5 bogie per loco in use & spare at 20%	1435	227	1722	1722
4. Locomotives for inferior service at 240 steam per 30000 NTKMs (millions)	1219 } 500 }	203@	2022	2022
5. Locomotives for Departmental trains				
Total requirement in steam terms				8009
Holding of locomotives as on 31-3-67 in steam terms				8640.5
Surplus in steam terms				631.5
<u>@Spare at 17.6% on bare.</u>				
<u>£Spare at 17.6% on bare and 10% on bare surge allowance;</u>				

Calculation of locomotive requirements

ANNEXURE 'D'

1967-68 (B.G)

	Bare	Spare	Total	In steam
I				
1. Diesel /Electric Loco for through goods of 2,35,000 NTKMs per loco in use daily—				
88586976000				
<u>2,35,000 x 365</u>				
	1033	285	1318	3295
2. Locomotives in sect Van @goods 36000 tonnes KM per loco in use daily—				
<u>11,120,634</u>				
36000 X 365	846	149	995	995
3. Locomotive required for Pass engine train at 10.5 Bogie/loco steam in use.	1489	298	1787	1787
4. Locomotives for inferior services @ 240 steams- 30,000 million NTKMs.	1238			
5. Locomotive for departmental trains.	500	306	2044	2044
Total in terms of Steam.				8121
Holding of loco in Steam terms as on 31-3-68.				8770.5
surplus in steam terms.				649.5

Calculation of locomotive requirements

1968-69 (B.G.)

	Bare	Spare	Total	In steam
1. Diesel/Electric Locomotives for the rough goods at 23,000 NTKMs per loco in use daily—				
94108428000				
<u>235200 X 365</u>	1097	303	1400	3500
2. For section train (Van trains @ 36,000 NTKMs per steam loco use per day, No of steam loco are—				
19477, 120				
<u>36000 X 365</u>	797	140	937	937
3. Locomotives required for Passenger trains at 10.5 bogie per steam loco in use—	1507	301	1808	1808
4. Locomotive for inferior service @ 240 steam for 30,000 million NTKMs on additional traffic	1278			
	500			
4. Locomotives for departmental trains		313	2091	2091
Total in terms of steam				8336
Holding of locos as on 31-3-69 in steam terms				8336
Surplus in steam terms				8847.5
				511.5

ANNEXURE 'F'

Calculation of locomotive requirements
1966-67 (M.G.)

	Excess	Spare	Total	In steam
1. Steam locomotive for through trains at 50,000 NTKMs per loco in use daily—				
<u>12,716,252, 000</u>				
50,000 x 365	697	193	890	890
2. Steam loco for Sec. Van trains at 25,000 NTKMs per loco in use daily—				
<u>5,712,830,000</u>				
25,000 x 365	626	110	736	736
3. Requirement of locomotives for Passenger services at 11.2 bogies/steam	1099	220	1319	1319
4. Inferior Services, Locomotives (Steam in use) @4220 million NTKMs for 120 steam locomotives (as per Directors Report)	415			
5. Inferior service locomotive for Deptt. train	200	108	723	723
Total in terms of steam				3668
Holding of locos as on 31-3-67 in steam terms				4038.5
Surplus in steam terms				390.5

Calculation of locomotive requirements
1967-68 (M.G.)

	Bare	Spare	Total	In steam
1. Steam Locomotive for through goods trains at 50,000 NTKMs per loco in use daily—				
12,780,373,000				
<u>50,000 x 365</u>	700	193	893	893
2. Steam loco per sec/Van train at 25,000 NTKMs per loco in use daily —				
5,565,965,000				
<u>25000 x 365</u>	610	107	717	717
3. Requirement of steam locomotive for passenger train at 11.2 bogies per steam loco in use	1118	224	1342	1342
4. Requirement of inferior service locomotive at 120 steam locos per additional 4220 million NTKMs per Directors Committee Report.	413	108	721	721
5. Requirement of Steam locos for deptt. train.	200			
Total in terms of steam			3673	
Holding as on 31-3-1968 in steam terms				4122
Surplus in steam terms				449

Calculation of Locomotive requirements

1968-69 (M. G.)

	Bare	spare	Total	In steam
1. Steam locos for through goods train @ 50,000 NTKMs per steam loco in use daily—				
14, 375,283, 000				
<u>50,000 x 365</u>	788	218	1006	1006
2. Steam loco for sec/Van trains @ 25000 NTKMs per steam loco				
5,321,962,000				
<u>25000 x 365</u>	583	103	686	686
3. Requirement of steam locos for passenger train at 11.2 bogies per steam locos in use	1136	227	1363	1363
4. Requirements of steam inferior service loco at 120 steam locos for additional 4220 million NTKMs as per Directors Committee Report.	451			
5. Requirement of steam locos for departmental trains.	200	115	766	766
Total in steam terms				3821
Holding of locos in steam terms as on 31-3-69				4177
Surplus in steam terms				356

Recommendation

2.29. The Committee regret to observe that the scheme for improvement of water supply at Suratgarh approved in 1959 could fructify only in 1971 i.e., after more than eleven years. The time taken in sanctioning the detailed estimates as also in starting the work was considerable. The Committee feel that delay at various stages could have been avoided with proper planning and coordination.

2.30. It has been stated that the main cause for the non-completion of the work was delay in getting possession of the land from the State Government. This indicates that the question of acquisition of land was pursued by the Railway Administration with the State Government in a routine manner. If the matter had been taken up at the appropriate higher level, the land could have been acquired much earlier and delay in the completion of the work avoided. The Committee would like that the whole matter should be thoroughly investigated with a view to fixing responsibility for delay at different stages.

[Sl. Nos. 22 and 23 of Appendix V, Para 2.29 and 2.30 of the 45th Report of the P.A.C. (5th Lok Sabha)].

Action taken

The observations of the Committee are noted. The question of fixation of staff responsibility for delays at various stages is under examination in consultation with the Northern Railway. -

[Ministry of Rlys. (Rly Board) O.M. No. 72-BC-P.A.C./V/45 (22-23) dated 12th December, 1972/21 Agrahayana 1894].

Recommendation

The Committee note that a third goods terminal at Korukkupet in Madras was built at a cost of about Rs. 1.05 crores in December, 1965 on the ground that the aggregate traffic in Madras area would be about 240 wagons. The Committee, however, find that the total number of wagons handled in Madras area since 1965 have remained on an average less than 170 till 1970-71 it was only in the first six months of 1971-72 that there was an increase to 186 wagons on an average per day. The Committee also find that despite the construction of the third terminal goods shed, there has been no marked reduction in the average detention to wagons.

The Committee note that the Railways are carrying out an evaluation of the facilities provided at Korukkupet terminal goods shed. The Committee would be interested to know the findings.

The Committee have no objection to development of adequate facilities for handling traffic (passenger or goods), particularly in metropolitan areas provided these are fully justified on economic considerations. The Committee would like Railways to remember that any capital investment by way of provision for additional goods shed etc. carries obligation to pay dividend to the exchequer, and decision for investment, therefore, should be made after most careful consideration of all factors.

The Committee note that the Railways have explained during evidence that the figures mentioned in the Audit Paragraph about the peak handling of wagons at Salt Cotours are inclusive of the coal loads meant for the Madras Electricity Siding and loco coal wagons for Basin Bridge Loco Shed etc. The Committee wish that the necessary clarification should have been given to Audit at the time the draft Audit Paragraph was received by the Railways. The Committee would like Railways to make sure that in future great care is taken in processing the draft Audit paragraphs and that all relevant facts are brought fully to the notice of Audit without delay.

[Sl. Nos. 24 to 27 of Appendix V, Para Nos. 2.45 to 2.48 of 45th Report of PAC (Fifth Lok Sabha)].

Action taken*

The observations of the Committee are noted.

A productivity review has been carried out and it has indicated that the return on investment for traffic dealt with in 1971-72 works out to 1.7% against the anticipated return of 0.3%. The Southern Railway has advised that, as a consequence of distribution of the workload between three terminals, it has been possible to step up the loading of high-rated traffic, due to availability of additional covered accommodation at Salt Cotours and that it has also been possible to provide container loading facilities at Salt Cotours to utilize the released space, which would not, otherwise, have been feasible.

[Ministry of Railways (Railway Board) O.M. No. 72-B(C)-PAC/V/45 dated 12th December, 1972/21, Agraphayana, 1894].

*(The matter is under correspondence with Audit.).

Recommendation

The Committee find that the decision taken in October, 1966 to continue use of diesels on the Sahibganj Loop, which had been introduced as a temporary measure was based on the consideration that the cost of investment on the line capacity works required for haulage of the expected traffic by steam traction would be much more as compared to the expenditure involved in retaining the diesels on a permanent basis. It is however, seen that before taking a decision no realistic appraisal of the traffic requirements was made. The traffic projections made in 1964 in regard to the level of traffic on different sections of the loop in 1970-71 had remained unrealised. During the period 1964-65 to 1966-67 the traffic had remained more or less stationary and hence the augmentation of line capacity was not at all necessary. Had this aspect been taken into account it would have been realised that the traffic on the section could well be managed with steam traction without provision of any new line capacity works. As the Audit have pointed out that even up to 1969-70, most of the traffic in sections beyond Barharwa to Kiul was being managed mostly by steam traction. Although the Railway Board have not furnished details of traffic being hauled by steam and diesel traction separately it can be presumed that only few diesels are deployed on the section. The Railway Board have also accepted that "as a matter of policy, wherever possible on economic and operational grounds, more of steam traction than diesel should be used on Eastern Railway, than on sections of Southern and Western Railways."

In view of the above, the Committee would recommend that the whole question may be re-examined with a view to find out whether the small portion of the traffic on the Sahibganj Loop being hauled by diesels cannot be managed with steam traction and also whether the diesels deployed on this section cannot more advantageously be pressed into service on other important sections of Railways where the diesel traction is more economical.

[Sl. Nos. 28 & 29 of Appendix V, Para 2.63 and 2.64 of the 45th Report of PAC (5th Lok Sabha)].

Action taken

The details of traffic hauled by steam and diesel traction from 1966-67 to 1970-71 on sections beyond Barharwa to Kiul have already been furnished *vide* Ministry of Railway's Office Memorandum No. 71-BC-Genl.15 dated 22-7-1972.

The matter is being gone into in details in consultation with the Eastern Railway Administration and the result of the examination will be forwarded shortly.

[Ministry of Railways (Railway Board) O.M. No. 72-BC-PAC/V/45 dated 12-12-72] [9 Agra-hayana, 1894].

Recommendation

The Committee regret to observe that the Chunar Yard remodelled at a cost of Rs. 28 lakhs, with a view to deal with the additional traffic anticipated to materialise, has now been found to be avoidable. The Committee cannot but deprecate the huge investment made on the remodelling work.

[Sl. No. 30 of Appendix V, Para 2.73 of the 45th Report of PAC (5th Lok Sabha)].

Action taken

The Yard has not, however, been closed. Only the workload has been reduced by rationalisation. The lines available are still being utilised for reception and despatch of through as well as branch line goods trains.

[Ministry of Railways (Railway Board) O.M. No. 72-BC-PAC/V/45 dated 7-12-72].

Recommendation

The Committee would like the Railway Board to carefully analyse the case and evolve a procedure by which cases of premature failure of rails are thoroughly investigated so as to take timely action against suppliers.

[Sl. No. 41 of Appendix V, Para 3.95 of the 45th Report of the P.A.C. (5th Lok Sabha)].

Action taken

Instructions have been issued to the railways bringing to their notice the recommendation of the Committee and they have been asked, whenever rail fractures take place within the warranty period, to lodge the necessary claims against the supplier within 4 months or before the expiry of the warranty period whichever is earlier *vide* Board's letter No. 70/W6/MR/4 pt. dated 11-8-1972 (copy enclosed).

Matter is further being examined to evolve a procedure to eliminate the delay at various stages so that it is possible to file the claim with the manufacturers within a period of 4 months and Committee will be apprised of the final action taken in the matter.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 72-BC-PAC/V/45
dt. 27-11-72/6, Agraahayana, 1894].

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 70/W6/MR/4 Pt.

New Delhi, dated 11-8-72.

The General Managers,
All Indian Railways.

SUB: *Procurement of rails Audit Paragraph Claims on supplier
for defective supplies.*

The Public Account Committee in the 45th Audit Report on Railways 1969-70 (5th Lok Sabha), have observed as under:—

“The Committee would like the Railway Board to carefully analyse the case and evolve a procedure by which cases of premature failure of rails are thoroughly investigated so as to take timely action against suppliers.”

The Board desire that whenever Rail fractures take place within the Warranty period, Railways should ensure that necessary tests are completed without delay and in case the fractures are due to manufacturing defects, necessary claims should be lodged against the Suppliers within four months from the date of fracture or before the expiry of the warrantly period whichever is earlier.

Receipt of this letter may kindly be acknowledged.

Sd/-

(G. H. JAGDALE)

Deputy Director (Track),
Railway Board.

DA: Nil.

No. 70/W6/MR/4 Pt.

Copy forwarded to:—

1. The Director General, R.D.S.O., Lucknow, for information and guidance.
2. A.D.A.I (Railways), New Delhi (with 45 spare copies).
3. B(C) Branch, Rly. Board (with 70 spare copies).

4. Principal, Indian Institute of Advance Track Technology,
Poona.
5. Principal, Railway Staff College, Baroda.

Sd/-

(G. H. JAGDALE)

Deputy Director (Track),
Railway Board.

DA: Spares as above...

Recommendation

The Committee are unhappy to observe that in complete disregard of Section 480 of the Railway Code, an unusual condition specified by the tendered in his offer for purchase of scap was accepted without adequate scrutiny. Besides this, no formal agreement providing for essential safeguards like sale at the risk and cost of the contractor in the event of default by the contractor was executed. During evidence the Chairman, Railway Board admitted that there was alapse in this case and promised to institute an enquiry into the whole affairs. The Committee are informed that an enquiry committee has since been constituted. The Committee would like to be apprised at an early date of the action taken for fixing responsibility on the basis of the findings of the enquiry committee.

[Sl. No. 45 of Appendix V, Para 3.141 of the 45th Report of PAC (5th Lok Sabha)].

Action taken

The report of the Enquiry Committee has been received and is under examination. The Committee will be advised of the action taken on the basis of the findings of the enquiry committee.

[Ministry of Railways (Railway Board) O.M. No. 72-BS-PAC|V|45 dated 7-12-72|16 Agrahayana, 1894].

Recommendation

The Committee note that as a matter of deliberate policy the Railways have been gradually reducing the use of non durable wooden sleepers. This has resulted in a lesser off take of raw sleepers by the Railways from the available sources such as state forests and consequently the four sleeper treatment plants of the Railways established at a cost of Rs. 88.49 lakhs are not being utilised to the maximum extent possible. Because of under-utilisation of the plants the cost of treatment of sleepers per cubic meter has risen from Rs. 47.00 in 1964-65 to 78.00 in 1968-69.

According to the Railway Board whereas the wooden sleepers of durable type are considered as satisfying all the technical requirements of sleepers and as most suitable for the track, the non-durable sleepers do not give satisfactory service and are comparatively expensive because of their short life. The assessment of short service life of treated sleepers made by the Railway Board has been disputed by the principal State Forest Officers and the Forest Research Institute.

During evidence the Committee were apprised that because of better maintenance technique followed and differences in conditions in foreign countries the non-durable sleepers after treatment gave good service for long time. It was also brought to the notice of the Committee by the Inspector General of Forests Government of India that because of the policy of Railway Board the State Forests were facing a shrinkage in the demand of non-durable wooden sleepers.

In view of the above the Committee feel that there is need for reappraisal of the Railways' policy in regard to use of non-durable wooden sleepers. The Committee are informed that the Railway Board have set up an expert Committee to go into the entire questions. The Committee hope that a suitable policy will be evolved as a result of the Expert Committee's deliberations. They would like to be apprised of the decisions taken in due course.

[Sl. No. 50 to 53 of Appendix V, Para 4.91 to 4.94 of the 45th Report of PAC (5th Lok Sabha)].

Action taken

The observations of the Committee are noted.

The report of the Expert Committee set up by the Railway Board to go through the policy regarding the use of treated wooden sleepers and to suggest improvement in order to prolong their service life in track under present day traffic conditions has since been received and a copy is forwarded herewith for information.

The Committee have traced the poor life and performance of treated sleepers to a number of factors - the major one being the meagre and dwindling supplies of creosote leading to inadequate and ineffective treatment. The Committee have also pointed the need for improvements in present procedures for procurement and inspection to reduce degrading of sleepers even prior to treatment and improved quality control in treatment plants. The Committee have suggested deletion of certain species with poor strength and other properties, which had been accepted.

The Committee believe that once effective treatment is imparted to the acceptable species, the performance of treated sleepers would be comparable with that of durable sleepers which do not require treatment before laying in tracks. Accordingly, they have made a number of recommendations, which may be summarised under the following heads:

1. In the current list of 67 species considered acceptable except fir and kail all other species may be accepted by the Railways.
2. Improvements in pre-treatment procurement measures.
3. Improvements in treatment methods and procedures.
4. Improvements in post-treatment in service practices.

The P. A. C. will be apprised of action taken on various recommendations of the Expert Committee, in due course.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 72-B (C) PAC/V/45 dated 27-11-1972/6, Agrahayana, 1894].

ERA SEZHIYAN,

Chairman,

Public Accounts Committee.

NEW DELHI;
February, 1972.
Magha, 1894 (S).

Appendix

Summary of the main conclusions/recommendations

S'l. No.	Para No.	Ministry/Department concerned	Conclusion/ Recommendations
1	2	3	4
1	1.3	Railways	The Committee hope that final replies in regard to the recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit
2	1.7	do	The Committee note that Railway Board have instructed the concerned Railways to take vigorous steps to capture more traffic and reduce the working expenses of the new lines on which deferred dividends became due for payment but could not be paid and to submit a progress report by 31st July, 1972 on the results achieved. The Committee would like to be informed in due course of the progress made in improving the financial position of these lines.
3	1.10	do	The Committee have been informed that the work relating to traffic costing is in progress and that after completion of this process by about the middle of the year 1973 steps will be taken to identify unremunerative passenger trains and classes of service.

The Committee desire that the work relating to traffic costing should be completed expeditiously and the action taken on the basis of this study intimated to them.

4 1.13 do The Committee are of the view that the role of Railways should not be limited to only providing finances for State Road Transport Undertakings. By virtue of their financial participation the Railways should be in a position to influence decisions which are conducive to better rail-road co-ordination avoiding wasteful competition. The Committee would accordingly recommend that Railway Board should in consultation with the Ministry of Transport and the State Government, take necessary measures to ensure that the Railways' participation in the State Road Transport Undertakings becomes effective for securing a better rail-road co-ordination.

5 1.16 do The Committee would like to be apprised of the results of the special reviews of the financial working of the South Central Railway made for the years 1969-70 and 1970-71 and the measures taken, if any, for improving its financial working. They would also like to be informed in due course of the results of the similar special reviews stated to be on hand in respect of other zonal Railways.

6 1.19 do The Committee desire that the examination of the question of fixation of staff responsibility for the delays at various stages of execution of water supply scheme at Suratgarh may be expeditiously

completed and the action taken against the staff found guilty may be intimated to them within 3 months.

7 1.22 do The Committee desire that the findings of the Enquiry Committee, appointed to go into the circumstances leading to inclusion of an unusual condition in the contract for sale of scrap rails, may be processed quickly.

8 1.25 do While the Committee appreciate the Railway Board's contention that negotiations with the State Electricity Boards for the supply of power for Welding Plants take quite some time, they feel that the time lag between the commissioning of the plants and approaching the Electricity Boards was excessive and the responsibility should be fixed for the delay.

9 1.28 do The Committee would like that the action taken on the various recommendations of the Expert Committee set up by the Railway Board to go into the policy regarding use of treated wooden sleepers on Indian Railways be intimated to them within 3 months.

10 1.32 do The Committee note that the Metropolitan Transport projects have been in operation since 1969-70; but so far it has not been possible to take a decision as to which organisation will administer these projects. The Committee desire that Government should take a decision in the matter expeditiously and the action taken in this behalf may be intimated to them within six months.