

**EIGHTY-FOURTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(1986-87)**

**(EIGHTH LOK SABHA)**

**REVIEW ON COMPENSATION CLAIMS**

**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**



*Presented in Lok Sabha on 24 April, 1987*  
*Laid in Rajya Sabha on 24 April, 1987*

**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*April, 1987/Chaitra, 1909 (Saka)*

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## PART II\*

Minutes of the sittings of Public Accounts Committee (1985 86) held on 18.9.1985 (AN) and 19.9.1985 (FN & AN) and sitting of the Public Accounts Committee (1986-87) held on 8.4.1987 (AN).

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**PUBLIC ACCCOUNTS COMMITTEE**  
(1986-87)

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## INTRODUCTION

1. The Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this 84th Report of the Committee on Para 1 [except sub-paragraphs 1.12 (b), 1.12 (c), 1.12 (d) and 1.12 (e)] of the Advance Report of the C&AG of India for the year 1982-83, Union Government (Railways) relating to Review on Compensation Claims.

2. The Advance Report of the Comptroller & Auditor General of India for the year 1982-83, Union Government (Railways) was laid on the Table of the House on 24 February, 1984.

3. In this Report, the Committee have observed that despite streamlining of railway operations, addition of new wagons, strengthening of claims prevention and security organisations, the amount of compensation paid for loss and damage to goods has been gradually increasing. From Rs. 14.3 crores in 1977-78 it has gone upto Rs. 33.0 crores in 1984-85 and further to Rs. 43.57 crores in 1985-86. Percentage of value of claim paid on earnings, which came down gradually from 0.93 in 1977-78 to 0.77 in 1982-83, has also increased to 0.84 in 1983-84, 0.87 in 1984-85 and further to 0.95 in 1985-86. The Committee have desired the Railways to analyse these increasing trends and take appropriate remedial measures with a view to ensuring greater security of transport of consignments.

4. The Committee have been informed that the loading of high rated commodities on the Railways is declining despite increase in their production. According to the railway themselves, the loading of these high profit yielding commodities in 1984-85 was 85.73 lakh tonnes (earnings Rs. 249.48 crores) as compared to that of 89.42 lakh tonnes (earnings Rs. 257.91 crores) in 1983-84. The Committee have suggested that this decline in traffic may well be due to the high incidence of claims on account of loss and damage. It is evident from the analysis of the percentage of compensation paid to the revenue earned that half of the amount paid in a year as compensation is on the high profit yielding commodities which constitute only 20% of the earnings of the railways. The Committee have concluded that the profitability of railway operations would improve if there is an increase in the traffic of high rated commodities and decrease in the incidence of claims due to loss and damage in respect of these commodities.

5. On broad analysis the claims arise due to complete loss of packages, pilferage, damage by dampness and delay in transit and other causes resulting

from a series of failures in the implementation of the remedial measures by the commercial, operating, mechanical, security and claims departments. However, complete loss of packages and pilferage enroute account for the majority of cases settled. The percentage of number of claims settled by payment in respect of loss/theft of complete consignment increased from 25.5 in 1977-78 to 36.8 in 1983-84 and that in respect of pilferage, although decreased from 44.0 in 1977-78 to 40.7 in 1981-82, remained more or less static thereafter. Damage by dampness, delay in transit and other causes were responsible for about 22.6% of the cases settled by payment in 1983-84. The Committee have asked the railways to take appropriate steps to check the growth of claims, specially on account of complete loss of packages and pilferage.

6. The Public Accounts Committee (1985-86) examined this paragraph at their sittings held on 18 & 19 September, 1985. The Public Accounts Committee (1986-87) considered and finalised the report at their sitting held on 8 April, 1987. The Minutes of the sittings form Part II\* of the Report.

7. For reference, facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

8. The Committee would like to express their thanks to the Officers of the Ministry of Railways (Railway Board) for the cooperation extended by them in giving information to the Committee.

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

NEW DELHI;  
10 April, 1987.  
20 Chaitra, 1909 (Saka)

E. AYYAPU REDDY,  
Chairman,  
Public Accounts Committee.

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## REPORT

### REVIEW ON COMPENSATION CLAIMS

1. The Audit Para on Review on compensation claims as appearing in the Advance Report of the Comptroller and Auditor General of India for the year 1982-83, Union Government (Railways) is reproduced as Appendix I to this Report.

#### *A. Admissibility of a claim*

2. As regards the admissibility of claims, the Ministry of Railways (Railway Board) have stated that under section 73 of the Indian Railways Act, a railway administration is responsible for loss, damage or deterioration of goods in transit arising from any cause except those due to act of God, war, public enemies, omission or negligence of the consignor/consignee, etc. As exceptions to general liability of the Railway as carriers laid down in Section 73, there are other provisions (contained in Section 74 to 78) in the Act under which the liability of the Railway has been further limited. For instance, under Section 74, when the consignment is booked at owner's risk rate, the railway administration is not responsible except on the proof by the claimant that such loss or damage was due to negligence or misconduct on the part of the railway administration.

3. The Ministry of Railways have further stated that under Section 78B of the Indian Railways Act, the claimant is required to prefer this claim to the railway administration where the goods were booked or to the railway administration on whose railway the destination station lies or the loss, etc. occurred, within six months from the date of booking. In receipt of such claim letter, the case is registered, claim file is opened, and acknowledgement, giving the claim file number, is despatched to the claimant. The claim file then remains under the charge of a claims dealer, who is a clerk.

4. According to the Ministry, the first step to be taken, after issue of acknowledgement, is to obtain a report from the destination station. It is called 'missing goods report'. This report either indicates non-delivery of the consignment at the station or in case the goods have already been delivered, it is accompanied by original railway receipt, shortage certificate, damage and deficiency message, etc. This document also contains other particulars, such as name of the party to whom the consignment was delivered, condition of the goods at the time of unloading and at the time of delivery, etc. This report is the most vital document for disposal of a claim. Small valuation claims,

particulars for shortage and damage, are disposed of summarily on the basis of facts verified from the missing goods report. In high valuation cases or non-delivery cases, further detailed enquiries are made. After scrutinising the facts of the case, the claims officer determines the admissibility of the claim or otherwise under law. If the claim is payable, order to that effect is passed on the file and the amount payable is calculated on the basis of quantum of goods lost or damaged and the price thereof. Where the claim is not admissible, it is repudiated and the party is advised.

#### *Number of claims preferred and settled*

5. It is seen from Audit para that the claims for compensation for loss and damage preferred and accepted *vis-a-vis* traffic earnings in 1972-73 and for the years 1977-78 to 1982-83 were as under :

Year	Traffic		Claims		Percentage of claims accepted against claims preferred	Value of claims accepted (Rs. in crores)	Percentage of value of claims paid on earnings
	Tonnage (in millions)	Earnings (Rs. in crores)	Preferred (Nos. in lakh)	Accepted			
1972-73	175	786	7.1	3.2	45	12.3	1.56
1977-78	211	1407	4.6	1.8	39	14.3	0.93
1978-79	200	1397	5.4	1.9	35	12.3	0.88
1979-80	193	1440	5.7	1.7	30	11.5	0.75
1980-81	196	1733	7.0	1.9	27	14.0	0.81
1981-82	221	2486	7.4	2.0	27	19.9	0.80
1982-83	228	3132	6.5	1.7	26	21.9	0.70

6. Value of claims accepted and the percentage of value of claims paid on earnings increased from Rs. 21.9 crores and 0.70 in 1982-83 to Rs. 30.5 crores and 0.84 in 1983-84 Rs. 33.0 crores and 0.87 in 1984-85 and further to Rs 43.57 crores and 0.95 in 1985-86 respectively.

7. In this connection the Chairman, Railway Board stated during evidence :

“Figures of compensation as a percentage of freight earnings has come down from 1.56 to 0.87 which is much less than what it used to be. We will try to bring it down further.”

The representative of Railway Board, added :

“When we carry a consignment, it has to pass through 30 or 40 guards. If a parcel van is loaded, say, from New Delhi, it is handled by so many guards, and they cannot take charge of each parcel physically at every

place. Suppose the guard is changed at Agra and if the guard who relieves says that he will check up the position of each and every parcel and then go further, then the train cannot move at all. Another thing is that we have 97 transshipment points and each point means some pilferage somewhere."

8. However, the Chairman, Railway Board intervened to say :

"But, we do not deny that we have to improve."

The representative of the Railway Board added :

"We have paid serious attention to it and have increased repairing facilities of wagons. New wagons are being received. Old wagons which are built with thin sheets and were prone to pilferage by cutting through a knife are being replaced with sheets made of thick guage. We have added containers also. There is no pilferage from them."

9. It is seen from the table mentioned above that the percentage of claims accepted by the Railways decreased gradually from 1972-73 to 1982-83. The Committee desired to know the reasons for the gradual increase in repudiation of cases (gradual decrease in acceptance of cases) during these years. In a note furnished in this regard, the Ministry of Railways (Railway Board) explained the position thus :

"Table given above gives number of claims preferred, No. of claims paid and percentage of claims paid to total preferred. In this table, No. of claims preferred include opening balance, new claim, and reopened claims. Similar data for 1983-84 and 1984-85 are given below.

	No. of claims preferred (including O. B. and Reopened) (in lakhs)	No. of claims paid (in lakhs)	Percentage of claim paid to total preferred.
1982-83	6.55	1.70	26.0
1983-84	6.04	1.72	28.4
1984-85	5.90	1.68	28.4

It will be noted from the above data that percentage of claims paid has improved during last two years as compared to 1982-83. It is further clarified that the claims which have not been paid are not necessarily repudiated. Very large number of claims are disposed of by delivery, etc. In fact, the percentage of claims repudiated should be in relation to number of claims settled, and not "preferred" to judge the extent of repudiation out of the total settlement.

Complete data of settlement for the years from 1977-78 to 1984-85 are given below, which show that the percentage of repudiation in the total settlement has been gradually decreasing and not increasing. As compared to 1977-78 it has decreased by 6% in 1984-85."



STATEMENT OF NO. OF CLAIMS SETTLED

Year	No. of claims preferred	No. of claims paid	No. of claims repudiated	No. of claims settled otherwise (delivery under clear receipt matching delivery, non-receipt of documents, etc.)	Total number settled	Percentage of total settled			Claims paid & settled otherwise (total 7 & 9)
						Paid	Repudiated	Otherwise settled	
1977-78	460,523	168,133	171,865	88,215	428,213	39.26%	40.14%	20.60%	59.86%
1978-79	567,166	172,504	210,258	144,994	527,756	32.68%	39.84%	27.47%	60.15%
1979-80	628,863	155,834	233,637	185,049	574,520	27.12%	40.66%	33.22%	59.34%
1980-81	704,040	174,949	226,479	239,452	640,880	27.29%	35.33%	37.36%	64.65%
1981-82	734,227	187,707	246,586	265,951	700,244	26.81%	35.21%	37.98%	64.70%
1982-83	655,260	173,329	190,073	197,569	560,971	30.90%	33.88%	35.22%	66.12%
1983-84	604,275	172,682	175,776	161,499	509,957	33.86%	34.47%	31.67%	65.53%
1984-85	590,290	168,810	173,839	167,827	509,976	33.10%	33.99%	32.91%	66.01%

10. The Ministry further stated in this connection that :

“There is increase in the number of claims settled under the head ‘otherwise’. But these are mostly those claims which were adjusted against consignments already delivered in excess to the claimants or settled by way of matching delivery as also claims closed due to the party not submitting necessary documents required for settlement of claims cases.”

11. However, it is learnt from Audit that the claims settled ‘otherwise’ were mainly those that consignor/consignee do not pursue being tired of delay of protracted correspondence.

12. When asked about the causes for repudiation of cases the Ministry of Railways (Railway Board) have stated that sample study of 1363 cases repudiated during last ten days of August 1985 was undertaken on six Railways (South Eastern, Western, Eastern, Central, Northern & Southern) which reveals the following broad reasons of repudiation :

Causes	Section of Indian Railways Act.	No. of claims repudiated
1. Party's negligence	73(f)	364
2. Claims Notice not served within six months	78B	328
3. Defective condition of packing	77C	145
4. Improper loading	78	101
5. Said to contain RR		225
6. Latent defects	73(h)	34
7. Excepted articles percentage charges not paid	77B	33
8. Loss in party's siding	76C	23
9. Goods not claimed		15
10. Carriage in open wagon at party's request	75A	7
11. Natural deterioration or defect due to vice of goods	73(g)	88

13. It is understood that there has been continuous increase in number of court cases instituted every year, decreed against Railways and amount paid as compensation as a result of court decrees; besides a large number of court cases are still outstanding. The Committee desired to know whether the increasing trend of suits against Railways was not indicative of the fact that the claim cases were not examined and disposed of properly or repudiated on untenable grounds. In reply, the Ministry of Railways (Railway Board) stated in a note as under :

“In 1983-84, 33,305 new suits were instituted. It came down to 29,016 in 1984-85, which shows an improving trend. Total amount paid in court cases was Rs. 6.20 crores in 1983-84. It came down to Rs. 5.75 crores in 1984-85. Here also there is a declining trend.

In 1983-84, 25,235 suits were disposed of, of which 9,310 were decreed against the Railways and the balance were either dismissed or compromised out of court or disposed of otherwise. In 1984-85, 23,144 suits were disposed of, of which 8,832 were decreed against the Railways and the balance either dismissed or compromised or disposed of otherwise.

Suits are being filed in about 5 per cent of the claims cases. It indicates that in the remaining 95 per cent of claims, the parties are more or less satisfied with the decisions. Every effort is being made to ensure that all claims are settled expeditiously and correctly and the disputes are reduced to the minimum. Instructions are again being issued to the Railways that cases which do not merit contest in a court of law should be settled by the railway itself, and greater attention should be paid in conducting of contestable suits.”

14. According to Ministry of Railways the number of claims cases pending in courts at the end of the year 1984-85 was 64,420.

15. On being asked whether there was a system of reviewing the cases decreed against the Railways to find out the reasons thereof and to take remedial measures based on results of such reviews, the Ministry stated :

“Such review is done in claims offices of Zonal Railways. This is useful for evolving policy for satisfactory settlement of similar cases in future. The review is also necessary in order to decide the question of going in Appeal. If the Advocate's performance is found to be unsatisfactory that is also taken note of for continuing him or not on the basis of this review.”

16. Under Section 73 of the Indian Railways Act, 1890, as amended in 1962, the railway administration is responsible for loss, damage or deterioration of goods in transit arising from any cause except such as act of God, war, public enemies,

omission or negligence of the consignor/consignee, etc. As exceptions to general liability of the Railways as carriers laid down in Section 73, there are other provisions (contained in sections 74 to 78) in the Act which further restrict the liability of the Railways. For instance, under Section 74, when the consignment is booked at owner's risk-rate, the railway administration is not responsible except on the proof by the claimant that loss or damage was due to negligence or misconduct on the part of the railway administration.

17. The Committee are constrained to point out that despite streamlining of railway operations, addition of new wagons, strengthening of claims prevention and security organisations, the amount of compensation paid for loss and damage to goods has been gradually increasing. From Rs. 14.3 crores in 1977-78 it has gone up to Rs. 33.0 crores in 1984-85 and further to Rs. 43.57 crores in 1985-86. Percentage of value of claims paid on earnings, which came down gradually from 0.93 in 1977-78 to 0.77 in 1982-83, has also started going up and in fact increased to 0.84 in 1983-84, 0.87 in 1984-85 and further to 0.95 in 1985-86. These increasing trends imply that loss and pilferage are on the increase. The Committee feel that once the articles are accepted for transport, the Railways, as public carrier, must take it as a sacred duty to transport them to their destination safely and securely thereby reducing, in the process, the number of claims for compensation and consequently the amount to be paid thereagainst. The Committee would urge upon the Railways to go into the reasons leading to the aforesaid increasing trends and take appropriate remedial measures with a view to ensuring greater security of consignments. The Committee have dealt in detail with some of the reasons responsible for the claim cases as also suggested some remedial measures later in this Report.

18. The three modes of settlement of claim cases are (i) payment to the parties (ii) repudiation and (iii) settlement 'otherwise' (delivery under clear receipt, matching delivery, non-receipt of documents etc.). The Committee find that the percentage of claims paid and repudiated to the total claims settled in a year decreased from 39.26 and 40.14 respectively in 1977-78 to 33.10 and 33.99 in 1984-85. The increase in percentage of cases settled 'otherwise' (from 20.00 in 1977-78 to 32.91 in 1984-85) has been attributed by Railways to those claims which were adjusted against consignments already delivered in excess to the claimants or settled by way of matching delivery as also claims closed due to non-submission of necessary documents by the party required for settlement of claim cases. However, the Committee have been given to understand that the claims settled 'otherwise' consisted mainly of those in respect of which consignors/consignees were frustrated on account of delays and protracted correspondence. The Committee consider that it is the duty of the Railways as a monopoly transporter to process all claims fairly and expeditiously. The Committee therefore desire that broad reasons for the increase in claim cases settled 'otherwise' be analysed and suitable steps taken to ensure that the consignees/consignors do not have to suffer on account of any lethargy or delay on the part of the Railways.

19. The Committee further note that a fairly considerable number of claims are repudiated every year. For example in 1984-85, 34% of the cases were repudiated. A sample study of 1363 cases repudiated during August, 1985, undertaken on six Railways (South Eastern, Western, Eastern, Central, Northern & Southern) revealed broad reasons of repudiation as party's negligence (364 cases), claims notice not served within six months (328 cases), defective condition of packing (145 cases), improper loading (101 cases) etc. All these cases were repudiated for violation of one or the other provision(s) of sections 73 to 78 of Indian Railways Act. Since these cases are repudiated, apparently due to infringement of relevant rules on the part of consignees/consignors, it would be a good thing if from time to time attention is specifically drawn to the notice of the parties and assistance given to them to the extent possible before they book their consignments.

20. The Committee are concerned to note that a large number of court cases involving compensation claims are instituted every year and substantial amount is paid by Railways as compensation as a result of court decrees. In 1984-85, 29,016 new suits were instituted and the amount paid in court cases was Rs. 5.75 crores. The Committee are not wholly satisfied with the reply of the Ministry that suits are being filed in about 5 per cent of the claim cases only and in the remaining 95 per cent of claims, the parties are more or less satisfied with the decisions. The Committee desire that further vigorous efforts are necessary to ensure that all the claims are settled expeditiously and correctly so that the Railway Customers do not resort to litigation in courts.

21. The Committee are informed that review of the cases decreed against the Railways is done in claim offices of Zonal Railways and this is useful for evolving policy guidelines for satisfactory settlement of similar cases in future. The Committee consider that a summary of lessons learnt as a result of such reviews should be circulated to all other Zonal Railways for their guidance.

*B. Analysis of the percentage of compensation paid to the revenues earned*

22. Audit para points out that the percentage of compensation paid to the revenues earned viz., 0.8 per cent indicated that it consists of 2 major components viz :

- (i) claims paid on transport of bulk commodities such as Coal and Coke, mineral, oil, grains and pulses, Industrial raw material, lime, stones, etc. which constitute 80 per cent of the earnings of the railways accounting for 0.4 per cent.
- (ii) The remaining 0.4 per cent is in respect of 'balance other goods' which constitute 20 per cent of the total earnings from high profit yielding commodities (tea, leather goods, jute, oil seeds, edible oils,

spices, piece goods, medicines, motor cars and parts and parcel traffic).

23. The Committee desired to know why it was not possible to concentrate on 20% of the traffic 'Balance other goods' which takes toll of 50% of the amount of claims paid. In reply, the Ministry of Railways (Railway Board) stated in a note :

"All possible efforts continue to be made to concentrate on the prevention of claims on 'other goods', but as these consignments mostly move in 'smalls' and in piece-meal with many handling points, those face more transit hazards than the bulk commodities which generally move in train loads."

24. Audit para points out that incidence of claims in respect of "balance other goods" was in the range of 3.4 per cent to 69.5 per cent of their earnings during the year 1981-82, as indicated in the table that follows :

		Amount of claims paid	Traffic earnings	Percentage
		(Rs. in lakhs)		
1	2	3	4	5
1.	Parcel traffic	233.00	7418	3.4
2.	Tea	13.43	226	5.9
3.	Leather goods	15.19	37	41.0
4.	Jute	18.48	485	4.0
5.	Oil seeds	82.22	1308	6.3
6.	Edible oil	43.77	1325	3.3
7.	Spices	20.90	293	7.1
8.	Piece goods	43.99	350	12.5
9.	Medicines	5.08	28	18.0
10.	Motor cars, tractor parts	9.72	14	69.5

25. When asked to comment on the wide variation in the incidence of claims in respect of "balance other goods" during evidence, the Chairman, Railway Board explained as under :

"Here there are computational errors. Probably, it is also our fault. The claims paid have been taken for both motor cars and tractor parts. Audit figure would probably not have been 69.5. It would have been 14.95. We should have pointed it out earlier. It is a slip.

We have worked out the figures for subsequent years also in regard to this in terms of the percentage claims paid to the traffic earnings and we find that in some areas there has been improvement and in other areas we are trying to improve further.

	1982-83	1983-84
	(percentage)	(percentage)
Parcel traffic	1.48	1.85
Tea	6.04	11.02
Leather goods	51.17	40.00
Jute	0.36	0.48
Oil seeds	6.62	5.68
Edible Oils	2.84	2.35
Spices	5.82	9.68
Piece goods	18.24	22.39
Medicines	13.0	17.46
Motor Cars and tractor parts	20.7	7.55
Overall average	2.27	2.58

26. It is learnt from Audit that freight earnings from bulk commodities, mainly grains and pulses, fertilizers, iron ore, raw material for steel plants, lime stone etc., do not cover their haulage cost and the Railway earn surplus only from the freight on high rates commodities. Audit para points out that the loading of several high rates commodities such as tea, edible oil, jute, leather goods, sugar, motor car and tractor consignments has been affected from 1977-78 onwards. Despite increase in their production ranging from 8 to 33 per cent during 1977-78 to 1981-82, the loading of these commodities on the Railways declined resulted in a loss of earnings to the extent of Rs. 77.46 crores.

27. Further, according to Audit, the traffic in high rates commodities carried under other goods has been on the decline since 1980-81 as seen from the goods traffic statistics of Indian Railways.

28. When enquired about the reasons for the decline in traffic under other goods, the Ministry of Railways (Railway Board) stated in a note :

- “(a) The Railway’s preference is for loading in full block rakes (train loads). General goods traffic, by and large, is not offered in block rakes. The traffic which moves in block rakes comprise of coal, iron ore, steel, mineral oils, cement, fertilizers, salt, limestone, etc. These are also the planned commodities for which definite programmes are laid

down and which enjoy higher priority in allotment of wagons. The Railways are, therefore, not in a position to meet the full demand of piecemeal loading of general goods. This policy has proved to be in the overall interest of the Railways as well as national economy.

- (b) Due to inherent advantages of road transport, such as door to door service, flexibility of rates, smaller units of transport and quicker transit time, general goods traffic has been gradually diverted to road."

29. On being enquired whether Railway Board had taken any remedial measures to improve the loading under high rates 'other goods' and what the trend of loading in 1983-84 and 1984-85 was, the Ministry of Railways (Railway Board) stated in a note as under :

"Higher classification of a commodity is not the only criterion for determining the profitability of that commodity. Other important considerations are loadability, lead, susceptibility to loss and damage enroute, volume of traffic offered at a time, etc. Based on these considerations as well as rates, a list of 35 groups of high profit yielding commodities has been drawn up. In 1984-85, loading of these high profit yielding commodities was 85.73 lakh tonnes as compared to 89.42 lakh tonnes in 1983-84. The corresponding earnings were Rs. 249.48 crores as compared to Rs. 257.91 crores in 1983-84. Regular analysis of drop in this traffic is done by the Marketing Organisation for improvement. Some of the measure taken in this regard are indicated below :

- (a) High profit yielding commodities have been exempted from the purview of operating restrictions.
- (b) Wagon allotment priority for these commodities has been upgraded.
- (c) Speed link express trains have been started between important metropolitan cities to provide fast and point to point service.
- (d) ICDs have been opened which serve as dry ports and deal with international containers.
- (e) Station to station rates have been quoted by zonal railways to attract traffic diverted to road.
- (f) Incentive has been given by way of refund of a portion of siding charge when more traffic is loaded from the siding."

30. The Committee have been given to understand that freight earnings from bulk commodities, mainly foodgrains and pulses do not cover their haulage cost and the Railways earn surplus only from the freight on high rated commodities



such as tea, edible oils, jute, leather goods, motor cars and tractor parts etc. Despite increases in their production ranging between 8 to 33 per cent during 1977-78 to 1981-82, the loading of these commodities on the Railways declined resulting in loss of earnings to the extent of Rs. 77.46 crores. According to Audit, this declining trend continued even thereafter. Even according to Railways themselves, the loading of these high profit yielding commodities in 1984-85 was 85.73 lakh tonnes (earnings Rs. 249.48 crores) as compared to that of 89.42 lakhs tonnes (earnings Rs. 257.91 crores) in 1983-84. This decline in the traffic has been attributed by the Railways partly to the fact that they prefer loading of goods in full block rakes and therefore are not in a position to meet the full demand of high rated commodities which are generally offered for piecemeal loading and partly due to gradual diversion of general goods traffic to road due to inherent advantages of road transport. Ministry of Railways have stated in this connection that regular analysis of decline in this traffic is done by the Marketing Organisation for effecting improvement and some measures have been taken to improve the position in this regard. However, the Committee suggest that this decline in traffic may well be due to the high incidence of claims on account of loss and damage. It is evident from the analysis of the percentage of compensation paid to the revenue earned that half of the amount paid in a year as compensation is on the high profit yielding commodities which constitute only 20 per cent of the earnings of the Railways. Further, the percentage of amount of compensation paid to the traffic earning is particularly high in respect of certain commodities. In the year 1983-84, 40.0 per cent of the freight on leather goods, was paid back as compensation for goods lost, damaged etc. This percentage was 22.39 in case of piece goods, 17.46 in case of spices, 7.55 in case of motor cars and tractor parts etc. In the same year as compared to the average percentage of 0.84 only, for all the goods transported by the Railways. The Committee are, therefore, inclined to conclude that the profitability of railway operations would improve if there is an increase in the traffic of high rated commodities and decrease in the incidence of claims due to loss and damage in respect of these commodities. Efforts should be made in this direction.

31. The Committee observe from the Report of the Comptroller and Auditor General of India (Railways) for the year 1981-82 and that the container services were introduced in the year 1966 and by the year 1981-82 16 routes for container services were established. One of the ways in which costly traffic can be weaned over from road transport could be by providing efficient container service which can compete effectively with the road services. Apart from greater safety container service provides door to door delivery. It is unfortunate that the Railways have not developed this service in a bigger way. The Committee recommend that the feasibility of introducing container services on a larger number of routes to meet the needs of small indentors as well as to provide effective, safe and pilfer-proof delivery of the costly goods may be examined. The Committee would like to be apprised of the result of such a study.

*C. Types of claims settled by payment*

32. Cause-wise number of claims settled by payment and amount paid during the year 1977-78 to 1983-84 were as under :

Causes	1977-78			1981-82			1982-83			1983-84		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10			
1. Loss/Theft of complete consignments	48083	452.94 (31.8%)	68109 (33.6%)	690.26 (34.7%)	73001 (38.6%)	908.91 (41.5%)	70132 (36.8%)	1485.82 (48.66%)				
2. Pilferage	82926 (44.0%)	546.94 (38.4%)	82496 (40.7%)	620.44 (31.2%)	76279 (40.3%)	634.84 (28.9%)	74424 (39.07%)	791.88 (25.93%)				
3. Damage by Wet	40671 (21.6%)	212.63 (14.9%)	27988 (13.8%)	368.20 (18.5%)	25793 (13.6%)	335.59 (15.3%)	31616 (16.59%)	464.01 (15.19%)				
4. Delay in Transit	6845 (3.6%)	35.95 (2.5%)	12398 (6.1%)	57.80 (2.9%)	6333 (3.3%)	50.98 (2.3%)	4084 (2.14%)	50.71 (1.66%)				
5. Other Causes	10024 (5.3%)	175.37 (12.3%)	11931 (5.9%)	252.95 (12.7%)	7821 (4.1%)	262.31 (12.0%)	7401 (3.88%)	169.76 (5.56%)				

33. It is seen from the above statement that claims settled by payment can be attributed mainly to complete loss of packages, pilferages and damage by wet. Percentage of claims paid for loss/theft of complete consignments increased from 25.5 in 1977-78 to 36.87 in 1983-84. Although the percentage of claims paid for pilferage came down from 44.0 in 1977-78 to 40.7 in 1981-82; it remained more or less the same thereafter. The cause-wise claims settled by Railways are discussed in the following paragraphs.

*Complete loss of packages including loss of wagon load consignments*

34. During 1984-85 compensation was paid in 66852 cases (Rs. 15.94 crores) against 48,083 cases (Rs. 4.53 crores) in 1977-78, thus registering an increase of 39 per cent in number of cases and 252 per cent in the amount paid therefor in these eight years. According to the Audit para the main commodities affected were fresh fruits, vegetables and other perishables, grains and pulses, oil seeds and coal and coke. There were failures of the commercial staff at the booking and enroute stations to ensure 'Pack, Label, Mark' case and to observe the prescribed rules viz. check the contents, seals of wagons etc.

35. The Committee desired to know whether the increasing trend of loss and damage claims on account of complete loss of packages did not indicate laxity in observations of rules by the Railway staff and whether the rules did not need further tightening. In reply the Ministry of Railways (Railway Board) stated in a note as under :

"The number of claims paid on account of complete loss of packages during the last 4 years has been as under :

<i>Year</i>	<i>No. of cases</i>	<i>Amount paid (in lakhs of Rs.)</i>
1981-82	68,109	690.26
1982-83	73,001	908.91
1983-84	70,132	1485.82
1984-85	66,852	1593.68

This would show that the number of such cases has come down in 1984-85. Adherence of rules is under constant watch of the supervisors and officers. Incidence of complete loss is also dependent on Law and Order situations."

*Pilferage*

36. The number of claims admitted due to pilferage and the amount paid therefor during 1977-78, 1981-82, 1982-83 and 1983-84 were as under :

<i>Year</i>	<i>No. of claims</i>	<i>Amount in lakhs of Rs.</i>
1977-78	82926	546.94
1981-82	82496	620.44
1982-83	76279	634.84
1983-84	74424	791.88

37. Audit para points out that pilferage mainly occur when wagon loads remain unconnected or suffer detention enroute, through the door crevices due to defective doors of wagons, by cutting the panel of covered wagons by miscreants and from the custody of guards and road van clerks owing to non-observance of instructions of lock brakeavans, inadequate watching by the security staff, etc.

38. It is learnt from Audit that pursuant to the recommendations of the Railway Convention Committee (1973), the Railway Board introduced in 1973 an analysis of the reasons for pilferage/partial loss cases to pin point the area of loss, devise preventive measures and fix responsibility.

39. But, such a detailed analysis is done only by 6 out of 9 Railways (Central, Eastern, Southern, South-Central, South-Eastern and Western Railways). Thus for about 32,810 cases out of 82,426 pilferage cases of 1981-82, reasons available were as under :

Factors contributory to pilferage on Railway	1981-82 No. of pilferage cases	Amount of compensation paid (Rs. in lakhs)
1. Through door crevices and body holes	12033	148.65
2. In godshed and parcel offices platform outside the walled accommodation.	1301	5.93
3. From the custody of guard and road van clerk	19476	61.30
	32810	215.88

40. The Committee enquired as to how wagons with defective doors were supplied for loading by the trade. The Ministry in a note stated as under :

“Every care is taken to see that wagons with defective doors are not supplied to trade for loading. Instruction also exist that coal-tar gunny strips should be used so that rain water does not seep into the wagon through the door crevices. There is also a provision for providing dummage by the consignors near the wagon doors to protect the contents from criminal interference through the door crevices. Pilferage from door crevices is generally, therefore, not due to wagons having defective doors at the time of loading but due to victimisation by anti-social elements while the wagons are in transit.”

41. The Committee desired to know as to how thefts could occur from custody of guards/brake van clerks and why the road van clerks could not even observe the primary duty of locking the brake vans/store vans. To this, the Ministry of Railways (Railway Board) stated in a note as under :

“The cases referred in this para mostly pertain to small parcels, like bundles of newspapers and magazines, baskets of fish, fruits and vegetables etc. which are handed over and taken over by the guards and brake van clerks during short halts of trains. During this short time counting and checking of large number of packages is rather difficult. Fixation of responsibility for pilferages, is, therefore, not always practical. However, no laxity is allowed, and wherever responsibility can be fixed, defaulters are taken up. Considering the volume of the transportation of such small packages, claims on this account is small. Indian Railways run about 3800 passenger, mail and express trains daily carrying lakhs of such packages and handle them at thousands of stations. Number of such cases has gradually come down as the following data indicate :

<i>Year</i>	<i>No. of cases pilfered under the custody of guards/road van clerk</i>
1981-82	19,583
1982-83	16,879
1983-84	12,707
1984-85	11,000

42. On being asked about the role played by RPF staff in guarding goods in Railway custody, the Ministry stated in a note as under :

“RPF personnel are out to guard packages given in their custody at goods sheds, parcel offices and platforms. Besides, these major yards, transshipment points and some other important yards are guarded by RPF personnel round the clock. Wherever RPF personnel are specifically provided for guarding of goods, effective improvements in respect of prevention of theft/pilferage is noticed.”

#### *Claims arising from damage by wet*

43. According to Audit para, in 1981-82, the Railways had paid compensation amounting to Rs. 3.68 crores in 27,988 cases due to supply of non water tight (NWT) wagons at the loading, transshipment and repacking stations. Out of the above, claims for damage by wet to grains and pulses (14106 cases, value of claim paid Rs. 1.98 crores) had a lions share.

44. A test check at Royapuram (Madras) by the train examiners of Southern Railway during July to September 1981 showed that out of 1,586 covered wagons loaded with grains and pulses, 1199 were found as NWT wagons.

45. This indicates that there were recurring failures of Mechanical Department to follow the prescribed maintenance practices in the sick lines and transportation sheds, such as :

- application of roofing compound to wagons with leaky roof, and
- repairs to wagons with defective door, proper welding and refitting of wagons with cotters, etc.

46. When enquired about the reasons for the Mechanical Departments' failure to attend to leaky wagons in the sick lines and transportation shed, the Ministry of Railways (Railway Board) explained in a note as under :

"The practice in vogue in this regard is that train examination staff are called by the commercial staff to examine any suspect wagons before the same are offered for loading to the consignor. Based on this examination any defects noticed are attended to. In cases of minor openings—such as gaping joints, distorted doors, etc.—ingress of water is prevented by the application of suitable sealing compounds, small strips etc. Corrosion damages and cuts within the capacity of sicklines are attended to by panel patching. Abnormally heavy damages necessitate the wagon being sent for NPOH repair/POH, as the case may be. Special gangs are organised for this purpose during the monsoon season to minimise the extent of damages by wet.

2. Whilst overall arrangements in this regard are considered generally satisfactory, there may be cases of damages by wet resulting from :
  - (i) humping of wagons enroute resulting in flaking off of the water sealing compound which cannot be detected in a loaded wagon; and
  - (ii) unseasonal rains or unanticipated rains during transit.

The sustained efforts of the Mechanical Department in this regard have resulted in a reduction in the number of claims accepted in respect of grains and pulses, as will be seen from the figures given below :

<i>Year</i>	<i>No. of claims due to damage by wet</i>
1977-78	15,470
1978-79	18,785
1979-80	18,348
1980-81	16,349
1981-82	14,106
1982-83	13,826"

47. It is learnt that the number of claims due to damage by wet in respect of grains and pulses for the year 1983-84 was 17,948 against that of 13,826 in 1982-83. The number of loss and Damage claims (all commodities) due to damage by wet during 1982-83 and 1983-84 was as under :

Year	No. of claims	Amount (Rs. in lakhs)
1982-83	25,793	335.59
1983-84	31,616	484.01

48. The Committee enquired about these figures in respect of the year 1984-85 and queried whether those support the Railway's claim of reduction in the number of claims accepted as a result of efforts of Mechanical Department. In reply, the Ministry stated in a note as under :

"The position of claims cases on account of damage by wet to grains and pulses as well as to all commodities during the last three years was as under :

Year	Claims cases on grain and pulses due to wet	Claims cases on all commodities due to wet	Amount paid on all commodities due to wet. (Rs. in lakhs)
1982-83	13,826	25,793	335.59
1983-84	17,948	31,616	484.01
1984-85	19,215	33,060	502.00

With sizeable number of overaged covered stock in use claims due to damage by wet have further gone up despite panel patching etc. The efforts of mechanical department are a saving factor in the situation and in sustaining high level of food grain loading despite shortage of covered wagons, and their not too satisfactory condition, by panel patching, damage to goods in old four wheeler wagons through door crevices etc. cannot be eliminated.

49. Audit Para further points out that the mechanical department of the Railways had also failed to utilise fully the panel patching facilities created in the sick lines and workshops. Against the capacity of 25,500 wagons per month, the actual out turn was around 10,851 in 1982 which meant a capacity utilisation of only 45 per cent. This resulted in continued circulation of panel cut, body hole wagons.

50. When enquired as to why the Railways utilised capacity for patching facilities created in their sick lines and workshops only to the extent of 45 per cent in 1982, the Ministry replied in a note :

“Facilities for panel patching, attention to BG wagons, on the Divisions were created in 1972 and target of 25,500 wagons to be so attended to per month was laid down which is equivalent to 306,000 wagons per year. As against this target, 2,29,111 wagons were attended to in 1982-83 and 2,44,432 wagons were attended in 1983-84 representing 74.9% and 79.9% capacity utilisation. A major factor which contributed to this somewhat lower capacity utilisation was the diversion of resources to attend to BOX wagons which were showing signs of endemic distress due to abnormally heavy corrosion and hence had to be attended to on war footing.”

51. In reply to a query the Ministry of Railways (Railway Board) stated that the capacity utilisation (Railway-wise) for 1982-83 and 1983-84 of panel patching was as under :

Rlys.	Target	1982-83		1983-84	
		Out turn	% Utilisation	Out turn	% Utilisation
		No. of wagons	Wagons	No. of wagons	Wagons
CR	54000	30986	57.4	31406	58.2
ER	30600	20908	68.3	23590	77.1
NR	48600	44589	91.7	46895	96.5
NE	NIL	19131	...	28713	...
NF	7200	12672	176.0	12672	176.0
SR	32400	19813	61.2	17332	53.5
SC	36000	14553	40.4	14932	41.5
SE	39600	32848	82.9	32920	83.1
WR	57600	33611	58.3	35972	62.5
Total :	306000	229111	74.9	244432	79.9

52. It is seen from the above that except on Northern Railway and North East Frontier Railway, the capacity utilisation needs improvement on all other Zonal Railways.

53. Audit Para points out that there were heavy arrears in the POH of wagons, the percentage of wagons overdue POH had risen from 9.22 (BG wagons) and 8.52 (MG wagons) in 1977-78 to 25 (BG) and 17 (MG) in 1981-82. The Commercial Department had failed to segregate such defective overdue POH wagons and reject them for loading, leading to loading of commodities in defective and leaky wagons. Investment of Rs. 612.45 crores in replacement of 34,358 derelict wagons and acquisition of 34,663 wagons during 1977-78 to 1981-82 had thus not proved fully productive due to the failure of Mechanical Department.



*Delay in transit*

54. Delay in transit and consequent deterioration of consignment was another major factor accounting for the increase in claim cases. Audit para points out that there were series of operational failures impeding the movement of such traffic according to schedule as detail below :

- (i) Overcarriage of parcels. During 1981-82, the number of such over-carried parcels on Southern Railway alone was 7,236.
- (ii) Non-despatch of parcel way bills.
- (iii) Non-adherence to the prescribed transit time, non-maintenance of schedule of parcel/QTS trains.
- (iv) Less procurement of parcel vans on replacement account resulting in less availability of such vans for parcel traffic.
- (v) While there is shortage of vans for loading parcel traffic, a substantial number of available parcel vans/wagons (822 vans in 1981-82) were allotted for loading by freight forwarders at concessional rates resulting in recurring loss of earnings.
- (vi) The luggage/brake vans (LR SLR, VP) attached to the Rajdhani and other intercity super fast express trains invariably run underloaded due to passengers' habit of not depositing their heavy luggage in brake vans. A test check in audit in August, 1983, revealed that in each of the three luggage brake vans of the Rajdhani express running between New Delhi—Bombay and New Delhi—Howrah invariably run empty despite considerable traffic in fresh fruits and perishable items.

55. The Committee desired to know the number of cases of over carriage of parcel in 1983-84 and 1984-85. To this, the Ministry replied in a note :

“The statistics of over-carried parcels are not maintained. Therefore, it is not possible to furnish the figures for 1983-84 and 1984-85.”

56. The Committee desired to know as to how the Ministry of Railways (Railway Board) proposed to bring down the incidence of over-carriage of parcels. In reply, the Ministry stated in a note as under :

“The Ministry of Railways are fully seized with the problem of over-carriage of parcels. The basic reason is non-availability of sufficient room in important long distance passenger carrying trains for the loading of perishable parcels. These trains halt at stations for very short periods during which loading/unloading is to be completed. Any loss of punctuality due to loading/unloading is seriously taken up. In adequacy

of room, seasonal fluctuations of perishable traffic and the tendency of many merchants to bring in their consignment at the last moment aggravate the problem. As a result haphazard loading, over-loading and uncountable marshalling of packages takes place, ultimately leading to over-carriage. To avoid, this situation, the Railways have rationalised the movement of parcels and have fixed specific quotas for all the important parcel loading stations. The supervisors and the Inspectors have the instructions to ensure rigid adherence of these quotas, and those who violate such instructions are taken up. Instructions have also been given that perishables should not be accepted for booking within one hour of the departure of the train, so that P. W. Bills can be prepared and handed over to guards."

57. The Committee desired to know as to why Railways did not prescribe a time schedule for parcel Express Quick Transit Service Trains and monitor their punctuality as in case of passenger trains. The Ministry of Railways replied in a note :

"Parcel Express trains are time tabled to run to a fixed schedule. The punctuality of Parcel Trains is monitored at Divisional level and also reviewed at Headquarters periodically. Wherever the actual transit time is found in excess of the target laid down, reasons for the same are ascertained and efforts made to improve the position. It may, however, be mentioned that the punctuality of parcel trains is not monitored on the same footing as that of Mail/Express and other Passenger carrying trains."

58. In reply to a question as to why the punctuality of parcel trains was not monitored, the Ministry stated in a note :

"The running of parcel trains is also regularly watched but the priority for them is lower than that of the mail/express and other passenger carrying trains. It is accepted that with quicker transit time more parcel traffic with less claims is possible. But when there are constraints of line capacity, terminals etc. passenger trains get first priority. It may be mentioned that a large number of parcels is carried in the luggage vans or VP's attached to passenger carrying trains."

59. The Committee desired to know the justification for allotting parcel vans on preferential basis to freight forwarders at important loading centres like New Delhi and Madras, when there is shortage of such vans for Railway's own parcel traffic at such centres. The Ministry of Railways (Railway Board) stated in a note :

"It may be stated that the main routes where the freight forwarder traffic in parcel vans is available are Delhi to Madras and Howrah to

Madras. Both these routes are in the empty flow direction of the parcel vans and, therefore, the freight forwarder traffic in parcel vans continue to operate mainly on these two routes, without being detrimental to normal parcel traffic.

The main aim of the Freight Forwarder Scheme in Parcels is to achieve better loadability of parcel vans by attracting additional traffic. Freight forwarders consolidate smalls into a full parcel van and provide door-to-door basis. In this way the average load and earnings per VPU is more than what is yielded in sectional or through sealed Parcel Vans. Moreover the claims are almost eliminated, as the entire traffic under the scheme is carried on Owner's risk basis, and is taken care of by Freight Forwarders. Therefore, this scheme is in the overall interest of Railways."

60. Audit para points out that a test check in Audit in August 1983 revealed that the second cubicle of 15.2 tonne capacity in each of the three luggage brake vans of the Rajdhani Express running between New Delhi-Bombay and New Delhi—Howrah invariably run empty despite considerable traffic in fresh fruits and perishable items. The Committee enquired whether there was any improvement in the matter of capacity utilisation of brake vans of Rajdhani Express and other superfast trains. The Ministry of Railways (Railway Board) stated in a note thus :

"The main reason for under utilisation of brake van space in Rajdhani Express and other Superfast trains was increased in parcel rates w. e. f. 1.10.1981. Subsequently, the rates have been suitably rationalised and lowered. This has helped in improved utilisation of brake van space on these trains.

In this context, the Railways have recently introduced a scheme known as "Premier Parcel Service" on certain Superfast and Mail/Express trains. Under this scheme, hard parcel consignments are accepted for booking and clearance upto 1 hour before the scheduled departure of the nominated trains. Delivery of these parcels to consignees is guaranteed on arrival of the trains at the destinations concerned. A Surcharge of 5% is recovered for this guaranteed service, except in the case of Rajdhani Express and Superfast Trains for which no additional surcharge over the existing 5% surcharge is levied. Efforts continue to be made for capturing as much additional traffic as possible.

For clearance of Postal Traffic the existing arrangements envisage despatch of Postal Traffic by RMS Vans attached to trains and brake vans of trains as mutually agreed to by Railways and Department of P&T. The question of clearing the Postal Traffic by brake vans of Superfast Trains has not so far been specifically examined. However, the system of despatching Postal Traffic by Nos. 135/136 Vaigai Express and 115/116 Pallavan Express between Madras and Madurai has already been introduced on the Southern Railway."

### *Transshipment points*

61. According to Audit para at many transshipment points damage to consignments occur due to loading in defective wagons, non-observance of monsoon precautions provision of non-standard dunnage, etc. There was no system of certification of wagons by train examiner before loading of consignments like sugar, fire-works, matches etc.

62. The Committee desired to know the steps proposed to overcome the existing arrangement for certification of fitness of BG/MG wagons prior to loading. In reply, the Ministry stated in a note as under :

“Instructions exist that TXR staff wherever provided should check all covered wagons for their water tightness and certify their fitness before loading commodities liable for damage by wet. TXR staff are, however, not provided at each and every loading station. Instructions have now been issued that monsoon precautions may be followed all the year and that where TXR staff are provided they should check and verify all covered wagons for their water tightness before commodities susceptible to damage by wet are loaded in them both at the transshipment/repacking/Goods sheds as also at loading stations in all kinds of weather.”

63. The Committee note that the claims settled by Railways are attributed to complete loss of packages, pilferage, damage by dampness and delay in transit and other causes resulting from a series of failures in the implementation of the remedial measures by the commercial, operating, mechanical, security and claims departments. However complete loss of packages and pilferage enroute account for the majority of cases settled. The percentage of number of claims settled by payment in respect of loss/theft of complete consignment increased from 25.5 in 1977-78 to 36.81 in 1983-84 and that in respect of pilferage, although decreased from 44.0 in 1977-78 to 40.7 in 1981-82, remained more or less static thereafter. Damage by dampness, delay in transit and other causes were responsible for about 22.6 per cent of the cases settled by payment in 1983-84. These are discussed in the following paragraphs.

64. The Committee are constrained to find that during 1984-85, compensation for complete loss of packages including loss of wagon load consignments was paid in 66,852 cases (for Rs. 15.94 crores) as compared to 48,083 cases (for Rs. 4.53 crores) in 1977-78; thus registering an increase of 39 per cent in the number of cases and 252 per cent in the amount paid therefor in those eight years. The main commodities affected were fresh fruits, vegetables and other perishables, food grains and pulses, oil and seeds and coal and coke. Significantly, of all the causes, complete loss of packages is the only cause due to which claims settled by payment are increasing gradually over the years. The extent of increase in the number of claims on this account and the amount paid therefor calls for close scrutiny by Railways of these cases with a view to identifying the precise reasons therefor

resulting in huge payments. The Committee understand that the failure of the commercial staff at the booking and enroute stations to ensure 'Pack, Label, Mark' care and to observe the prescribed rules viz., check the contents, seals of wagons etc. is partly responsible for the spurt in these cases. Lack of security measures, possible connivance of the staff at various levels with the organised anti social elements and large number of wagons remaining unconnected could also, possibly be, the other reasons. The Committee, therefore, desire that Railways should deploy special cell to identify and bring to task the persons indulging in malpractices in connivance with the Railway staff in proceeding false and fictitious claims.

65. The Committee note that in pursuance of the recommendations of the Railway Convention Committee (1973), the Railway Board had introduced in 1973 a system of analysis of the reasons for the pilferage/partial loss cases to pinpoint the area of loss, devise preventive measures and fix staff responsibility. The Committee regret to find that such a detail analysis is done only by 6 out of 9 Railways (Central, Eastern, Southern, South Central, South Eastern and Western Railways). Moreover, the Railways do not appear to have utilised such analysis with a view to taking preventive measures with the result that there has not been any perceptible decrease in the number of claims due to pilferage from 1977-78 onwards. These declined only marginally from 82,926 (for Rs. 5.47 crores) in 1977-78 to 74,424 (for Rs. 7.92 crores) in 1983-84. The Committee consider that such measures have considerable scope for prevention of such claims provided concerted efforts are made by the Railway Administration.

66. The Committee have been given to understand that pilferage mainly occur when wagon loads remain unconnected or suffer detention enroute, through the door crevices due to defective doors of wagons, by cutting the pannel of covered wagons by the miscreants and from the custody of guards and road van clerks owing to non-observance of instructions to lock brake-van, inadequate watching by the Security staff, etc. The Committee are informed by the Railways that pilferage from door crevices is generally not due to wagons having defective doors at the time of loading but due to sabotage by anti-social elements while the wagons are in transit. The Committee feel that apart from ensuring that wagons with defective doors are not supplied to consignors for loading, the areas during transit where anti-social elements strike should be identified and steps taken to guard such vulnerable zones in an effective manner. For this purpose whatever arrangements are necessary should be agreed upon with the State Government concerned. The Committee would also like the Railways to take every care to ensure that adequate security arrangements are made when wagons remain unconnected or suffer detention enroute or at transshipment points, at yards and platforms and when open wagons are used for transporting foodgrains and other vulnerable items. The Committee find it difficult to understand how thefts could occur from the custody of guards/brake van clerks. The Committee are not impressed by the plea of the Railways that due to short halts of trains, the counting and checking of large

number of packages by the guards and brake van clerks is rather difficult. Although the number of such cases has come down from 19,583 in 1981-82 to 11000 in 1984-85, this could still be further reduced by suitably altering the train halts, if necessary, and by devising a system of suitable random sample check and by making the concerned staff accountable for any loss of consignment from their custody.

67. The Committee find that the amount and number of claims paid due to supply of non-water tight (NWT) wagons at the loading, transshipment and repacking stations increased gradually from Rs. 3.68 crores and 27,988 respectively in 1981-82 to Rs. 5.02 crores and 33 060 in 1984-85. Out of the above, claims for damage by dampness to foodgrains and pulses constituted a lions share and the claims paid therefor is amounted to Rs. 1.98 crores in 14,106 cases. The number of such cases during the years 1982-83 and 1983-84 were 13,826 and 17,948 which further increased to 19,215 in 1984-85. Obviously, much of the damages could have been averted, if the Mechanical Department had adhered to the prescribed maintenance practices in the sick lines and transportation sheds such as application of roofing compound to wagons with leaky roof and repairs to wagons with defective door besides proper welding and ravelting of wagons with cotters, etc.

68. The Committee note that the facilities for panel patching created in the sick lines and workshops laid down a monthly target of 25,500 wagons to be attended to equivalent to yearly target of 3,06,000. Against this target, the out turn of wagons was 2,29,111 during 1982-83 and 2,44,432 during 1983-84, showing capacity utilisation of 74.9 percent and 79.9 per cent respectively. The underutilisation of capacity to the extent of 20-25 per cent resulted in continued circulation of panel-cut-body-hole wagons, which was avoidable. From the figures of capacity utilisation of workshops in panel patching facilities of Zonal Railways, it is seen that, except on Northern and North-East Frontier Railways. There is need for improvement in all other Railways. According to the Ministry, a major factor which contributed to this lower capacity utilisation was the diversion of resources to attend to BOX wagons which had to be attended to on war footing due to heavy corrosion. In any case, the factor of corrosion was not unexpected and resources could have been provided therefor. The Committee take the view that it should have been possible with greater coordination to have achieved a more satisfactory level of utilisation of established capacity. The Committee would like to be assured that the established capacity is now fully utilised and no faulty wagons are in use.

69. The Committee further note that there were heavy arrears in the Periodical Overhaul (POH) of wagons, the percentage of wagons overdue POH had risen from 9.22 (BG wagons) and 8.52 (MG wagons) in 1977-78 to 25 (BG) and 17 (MG) in 1981-82. The Commercial Department had failed to segregate

such defective overdue POH wagons, leading to loading of commodities in 'defective and leaky wagons'. Thus, the failure of Mechanical Department to follow the prescribed maintenance practices coupled with failure of Commercial Department to reject defective wagons for loading purposes resulted in heavy payment of compensation due to damage by dampness. The Committee would, therefore, advise that maintenance facilities should be used to the fullest extent in future. At the same time, a phased programme should be chalked out for the gradual replacement of derelict wagons. Timely action should also be taken to segregate defective overdue POH wagons. The expectation that acquisition of new wagons (on replacement and additional account at a cost of Rs. 612.45 crores during 1977-78 to 1981-82) would reduce the incidence of claims has so far not been realised thanks to the failure of Mechanical and Commercial Departments.

70. The Committee further desire that the practice in vogue of examining any suspect/wagon by train examination staff at the behest of the Commercial staff, before they are offered for loading to the consignor, should be scrupulously followed so as to reduce the incidence of claims on this account.

71. Yet another major factor accounting for the increase in claim cases is the delay in transit and consequent deterioration of consignment. There were a series of operational failures impeding the movement of such traffic according to schedule. The Committee suggest that more procurement of parcel vans on replacement account in future than hitherto should be attempted so that the availability of such vans for parcel traffic improves. The other irritants like over-carryage of parcels, non-adherence to the prescribed transit time and scheduled of parcel/QTS train: etc. should be eliminated. It is surprising to note that the Railways do not maintain statistics of over carried parcels. By maintaining such statistics, the Committee feel, it should be easier for the railway administration to identify the areas prone to this problem and the extent of the prevalence of over carriage. This in turn, can help the railways in taking appropriate remedial measures with a view to reducing claims on this account. The Committee would, therefore, desire that railways should maintain such statistics in future.

#### *D. Railway Protection Force*

72. Schedule of duties of Railway Protection Force, according to Ministry of Railways, is as under :—

"As per the RPF Rules, all members of the Force shall take all legitimate and possible steps to ensure the fullest protection and security of railway property and to remove any obstruction in the movement of railway property and shall also, co-ordinate and act in close co-operation with the concerned police and other authorities in regard to prevention of crime and matters of safety and security on railways.

They shall also interpose to prevent and attempt to steal or damage or tamper with railway property or to obstruct the movement of railway property and they shall, to the best of their ability, prevent such attempts and remove any such obstruction."

73. The total expenditure incurred on RPF during the years from 1977-78 to 1984-85 was as under :—

<i>Year</i>	<i>Expenditure (in lakhs of Rs.)</i>
1977-78	2695.1
1978-79	2943.3
1979-80	3508.2
1980-81	4284.2
1981-82	4844.6
1982-83	5628.9
1983-84	7232.9
1984-85	7848.15

74. The total strength of RPF during the financial year from 1977-78 to 1984-85 was as under :—

<i>Financial Year</i>	<i>Total strength of RPF</i>	
	<i>RPF</i>	<i>RPSF</i>
1977-78	60,256	4,978
1978-79	60,095	4,594
1979-80	61,492	4,867
1980-81	61,859	4,756
1981-82	61,587	4,628
1982-83	61,996	4,699
1983-84	62,941	4,571
1984-85	62,941	4,571
	(approx.)	(approx.)

75. Audit Para points out that despite the expansion in the strength of RPF, there was a steep increase in the number of complete loss and pilferage cases registered for investigation by them from 37585 in 1977-78 to 62367 in 1981-82 (i. e. 66 per cent). Further, decline in the activities of the RPF as seen from a sample study of their schedule duties on Northern Railway is detailed below :

	1977-78	1981-82
1. No. of trains escorted	2680	1959
2. Patrol parties deployed	415	469
3. Pickets arranged	62	22



76. The Committee desired to know as to how there was a decline in the schedule of the normal protecting functions of RPF viz. number of trains escorted, patrol parties deployed and pickets arranged during this period on Northern Railway. The Ministry of Railways (Railway Board) stated in a note :

“The strength of RPF on Northern Railway increased from 8413 in 1977-78 to 8708 in 1981-82. It would be seen that this increase of 295 men is only marginal considering the increase in traffic and unscheduled duties of RPF. It is true that there has been a decline on Northern Railway in the number of trains escorted by RPF during 1983 when compared to 1982. This has been because RPF staff have had to be deployed in larger number and on greater occasions for un-scheduled duties like Bandobust duties, track patrolling ticket checking, anti-alarm, chain pulling duties etc. Track patrolling duties have particularly claimed more resources of RPF in 1983 due to serious law and order problem prevailing in the state of Punjab.

77. When enquired about the Comparative position in this regard on all other Railways upto 1983, the Ministry explained in a note as under :—

“The following is the comparative position of all the Railways except Northern Railway in respect of (a) No. of goods trains escorted by RPF (b) No. of pickets posted by RPF and (c) No. of patrols sent by RPF :—

Railway	Year	No. of goods trains escorted by RPF	No. of pickets posted by RPF	No. of Patrols sent by RPF
Central	1982	1,939	1,478	3,786
	1983	2,443	1,502	3,199
Eastern	1982	42,191	4,244	34,257
	1983	39,698	3,953	27,982
North Eastern	1982	4,167	1,001	5,316
	1983	4,327	1,029	6,637
North-east Frontier	1982	21,575	17,632	7,902
	1983	22,557	16,448	10,527
Southern	1982	1,575	7,279	4,490
	1983	660	6,900	3,007
South Central	1982	2,195	19,024	3,110
	1983	1,491	13,731	3,516
South Eastern	1982	12,652	17,457	59,754
	1983	15,188	13,684	58,920
Western	1982	6,607	282	3,037
	1983	4,661	836	2,284

On other Railways also like Northern Railway, R.P.F. is deployed to a large extent on non-scheduled duties e. g. track patrolling, escorting of passenger trains, prevention of unauthorised alarm chain pulling and ticketless travel and law and order bandobust duties. South Central Railway also had to depute R. P.F. staff for law and order duties in connection with communal disturbances and political agitation and also had to depute staff to Assam and Punjab to attend emergency calls."

78. In this connection, the Director General of R.P.F. informed the Committee during evidence :

"The list of duties include preventing theft of unbooked luggage. It is a police duty. We are still doing it. We don't have legal powers to deal with it. There is a lot of public expectation from us and so we do it. Take anti-chain pulling measures. It is a police duty. We do it. Also, prevention of hose-pipe disconnection. Also, prevention of roof travels and bring people down. We are doing it. We are conducting anti-hawkers' drive in Railway premises. There is anit-begger drive in which we cooperate. We assist in maintaining law and order in railway colony. It is the legitimate duty of Railway Police."

79. He added :

"There are some more duties-removal of unauthorised structures helping the police in strikes/dharnas, organising various law and order situations which are not ours really, plus deputing our staff for election duty from December 1984."

80. When asked to indicate the percentage of strength of R.P.F. employed for these unscheduled duties during each of these years, the Ministry of Railways (Railway Board) stated in a note :

"It is an extremely difficult task to collect figures regarding man-power deployed on unscheduled duties at this belated stage, since it would require detailed scrutiny of old records of almost all the R.P.F. posts throughout India. However, in order to make a general assessment of the total deployment of manpower in this regard, a sample survey of duties performed by RPF over a period of 3 months was conducted in 1984 in which it was found that approximately 30 per cent of the sanctioned strength had been deployed on unscheduled duties for which there was no specific sanction of Force.

It is true that over the years deployment of man-power on such duties has increased and it was definitely less in 1977-78 as compared to 1982-83 or 1983-84 or 1984-85."

81. The Committee desired to know as to why Railway Police was not attending to its duties which RPF had to attend in addition to its own regular duties. In a note furnished in this regard, the Ministry of Railways (Railway Board) explained the position thus :—

“GRP is a part of State Police and functions under the administrative control of the State Governments. The Railways have no control over it. Deployment of the GRP personnel on various duties is done by the IG/DIG and S.P. of the Govt. Railway Police and other supervisory officers working under them. Since GRP, due to their various commitments, are not in a position to attend to all duties entrusted to them, the RPF has to assist them or performs these duties to ensure smooth and safe running of the railways.

The Railway administration has, time and again brought this position to the notice of the State Government/GRP authorities and has impressed upon them the desirability of posting adequate GRP personnel to take these duties. The Railways already bear the 50% cost of the Govt. Railway Police and in pursuance with this decision whenever the State Govts. come up with proposals for increase in the strength of the Govt. Railway Police in their States, these proposals are scrutinised both at the level of the Zonal Railways as well as the Railway Board and, in concurrence with the Associate Finance, increase in the strength of the GRP, as is considered necessary, is agreed upon. Consequently, the present strength of the GRP, after the recent increase, is as under :

*GRP Strength as it existed on  
30.3.79*

20,885

*Total GRP Strength as on  
31.3.85, i. e. after the  
increase*

31,354

It would thus be seen that Railway Ministry has agreed for an increase of over 10,000 men in the strength of GRP of all States in last 6 years.”

82. However, the Chairman, Railway Board stated in this connection during evidence as under :

“These are difficulties. But we do not deny that things have to be improved. I think this (attending to unscheduled duties) is only one of the factors. The other is the deficiency in the efficacy of the RPF. We recognise that it needs to be improved and we are very much on the job.”

83. In reply to a query whether RPF needs additional powers for effective working, the witness replied :

“The powers have been given recently. For the present, I would say that we will certainly approach Parliament if we need any more force. Let us first of all try the additional powers which have been given. The RPF is strengthened by the armed wing of the RPSF. We are grateful to Parliament for allowing to do that. It will certainly improve the efficiency of this organisation and it needs to be done because we must get more out of the same number of people. We cannot increase the staff because we have financial difficulties.”

84. According to Audit para, the number of complete loss and pilferage cases registered for investigation according to RPF was 62,367 in 1981-82, whereas the number of such claims accepted by the Railways was 1,50,605 which indicate that many cases of consignments lost from seal intact wagons and pilferage from the custody of guard/road van clerk were not reported to the RPF for their investigation by the Commercial Department. The Security and Commercial Deptts. had failed to coordinate their activities to combat the claims cases.

85. It is further learnt that during 1982-83 and 1983-84 the number of complete loss/pilferage claim cases accepted by the Railways were 1,49,280 and 1,44,556 respectively. When asked about the number of cases of loss of complete package/consignments with which RPF was associated during these years, the Ministry of Railways (Railway Board) stated in a note as under :—

“All the cases of shortages due to criminal interference are reported to the RPF by the Commercial Staff through damage and deficiency messages. However, if the loss is due to reasons other than the criminal interference like misdespatch, overcarriage etc. though the claim is paid, the RPF does not come in the picture and cases are not registered.

The number of such cases registered with RPF during 1982-83 and 1983-84 was as under :—

<i>Year</i>	<i>No. of cases</i>
1982-83	62,293
1983-84	53,610

The difference in the number of cases registered by the RPF compared to the number of cases in which claims are paid on account of losses and pilferage is mainly due to the fact that whereas RPF registers only one case on the basis of one D.D. Message, the claims departments register as many claim cases depending upon the number of invoices mentioned in the concerned D.D. message. Some of the D.D. Messages may get

lost in transit before being received by the RPF post, which too account for the variations in the figures. RPF registers a case of theft/pilferage immediately after it is reported but the causewise classification in the claims office is done after the claims cases have been settled. Thus the 2 sets of figures refer to two different points of time."

86. At the instance of the Committee, the Ministry of Railways (Railway Board) have furnished the following statement indicating the number of cases of thefts/pilferage of booked consignments registered by RPF on the Railways and the value of property stolen, pilfered and the recoveries made thereof, percentage of recovery and the number of persons arrested by RPF during each of the years from 1977-78 to 1984-85.

Years	No. of cases registered	Value of property stolen (in lakhs)	Percentage of Increase or Decrease in value of stolen property as compared to the immediate preceding year	Value of property recovered (in lakhs)	Percentage of recovery	No. of persons arrested			
						O/S	R/E	RPF Total	
1977-78	37585	140.47	(+) 19.33%	16.71	11.51%	4372	311	74	4757
1978-79	39121	199.67	(+) 42.14%	18.40	9.21%	3356	296	65	3717
1979-80	54578	379.18	(+) 89.90%	33.91	10.62%	4347	326	83	4756
1980-81	58454	529.40	(+) 39.61%	56.30	10.63%	5293	402	99	5794
1981-82	62367	681.57	(+) 28.74%	54.43	07.98%	5242	490	82	5814
1982-83	62298	685.24	(+) 00.53%	86.13	12.56%	4886	505	66	5457
1983-84	53010	663.21	(-) 03.21%	40.77	6.14%	4634	308	73	5015
1984-85	46978	555.43	(-) 16.25%	35.30	6.35%	3874	345	39	4258

O/S = Out Sider

R/E = Railway Employees

RPF = Railway Protection Force personnel

87. In reply to a question, the Ministry stated that the number of persons prosecuted and sentenced, out of those arrested by RPF, during the years from 1977-78 to 1984-85, is shown as under :

Year	Prosecuted	Sentenced
1977-78	2,966	1,651
1978-79	3,121	1,599
1979-80	3,358	1,824
1980-81	3,528	1,519
1981-82	3,773	1,318
1982-83	2,983	881
1983-84	3,061	875
1984-85	2,282	405

88. According to Ministry of Railways, the number of RPF personnel involved and arrested in pilferage/theft cases of booked consignments and the number of those prosecuted and punished during each of these years were as under :

*Number of RPF personnel*

Year	Involved, arrested and prosecuted	punished
1977-78	34	16
1978-79	26	14
1979-80	48	12
1980-81	47	24
1981-82	54	36
1982-83	34	21
1983-84	31	15
1984-85	16	7

89. The Committee find that there has been significant increase in the strength of Railway Protection Force from 60,256 in 1977-78 to 62,941 in 1984-85. The increase in expenditure thereon has been even higher from Rs. 26.95 crores to Rs. 78.48 crores. At the same time the schedule of the normal protecting functions of RPF has been curtailed. The extent of such reduction in the scheduled duties of RPF can be estimated from a sample study conducted by Audit on Northern Railway. According to this study, the number of trains escorted declined from 2,680 in 1977-78 to 1,959 in 1981-82. Similarly, the number of patrol parties deployed came down from 415 in 1977-78 to 169 in 1981-82 and the pickets arranged went down from 66 in 1977-78 to 22 in 1981-82. Further, the efficiency of RPF has

declined in the recent years also which is evident from the fact that the percentage of value of property recovered by RPF to that stolen has declined from 11.51 in 1977-78 to 7.98 in 1981-82 and further to 6.35 in 1984-85. The number of total persons arrested by RPF has also decreased from 5,814 in 1981-82 to 4,258 in 1984-85. According to a sample survey of duties performed by the RPF, conducted by the Railways in 1984, it was found that approximately 30 per cent of the sanctioned strength had been deployed on unscheduled duties. The amount paid on the claims for complete loss or pilferage has been increasing gradually over these years. It is pertinent to note in this regard that the Chairman, Railway Board conceded during evidence "I think this (attending to unscheduled duties) is only one of the factors. The other is the deficiency in the efficacy of the Railway Protection Force. We recognise that it needs to be improved." The Committee are informed that the Railway Protection Force (Amendment) Act 1985 has bestowed additional powers to the Railway Protection Force. The Committee require to be satisfied that this amended Act has been effectively used to improve the efficacy of RPF.

#### *E. Claims Department*

90. As regards the organisation of Claims Department, the Ministry of Railways (Railway Board) stated *inter alia* in a note as under :

"Zonal Railways are fully authorised to settle all claims for loss or damage of booked consignments. The claims organisation on a Zonal Railway works under Chief Claims Officer. He is assisted by one Additional or Deputy Chief Claims Officer and one or two Senior Scale Claims Officers and a number of Assistant Claims Officers. Powers of these officers are as under :

General Manager	: Unlimited
CCS/CCO	: Rs. 40,000
ACCO	: Rs. 25,000
Dy. CCS (Claims)	: Rs. 15,000
Senior Commercial officer	: Rs. 8,000
Asstt. Comml. Supdt.	: Rs. 4,000
Station Masters of selected important stations and inspectors	: Rs. 400

Prior financial concurrence is required for payment of compensation of Rs. 25,000 and more in each case. Officers are assisted by indoor staff who process the claims files, and by outdoor staff (inspectors and tracers) for tracing of consignments, verification of claims, and field investigations.



Even though the settlement machinery is most centralised in headquarters, some claims officers are also working in the divisions or outstations. For example, Northern Railway has a claim office at Varanasi, Central Railway has got claims offices at Wadi Bunder and Jhansi, Southern Railway has got claims offices at Tiruchirapalli and Bangalore City, and Western Railway has got a claims office at Ahmedabad. Officers at these outstations are, however, directly under Chief Claims Officer. Average number of claims settled by a claims officer comes to about 650 cases per month.

There is a separate court case section attached to each C. C. O. under a separate ACO (Claims) having some legal background. He is assisted by a number of law assistants. There is also a claims prevention cell under the charge of a Senior Scale Officer who is assisted by a number of claims prevention inspectors."

91. Audit Para points out that despite re-organisation of the claims office into a separate department and increase in their staff strength (20 per cent between 1977-78 and 1981-82), the claims organisation had failed to arrest the increasing trend of claims owing to various reasons. One of them is that the claims Department do not have powers to penalise the staff involved directly. When enquired about the reasons therefor, the Ministry of Railways (Railway Board) stated in a note :

"The Claims Officers in Head Quarters do not have the disciplinary powers to punish Divisional staff directly: It has to refer the cases against the staff found responsible for causing the claims to their disciplinary authorities. But it pursues with them and where it notices that the punishment is not adequate it draws the attention of the disciplinary authorities as well as the appellate authorities to review the punishment."

92. According to Audit para, lapses of staff noticed by Claims Department are reported to the concerned department (Commercial operating and mechanical). But, due to lack of same zeal and effort, the other Departments take action against the staff at fault belatedly and ineffectively. When asked to confirm whether Ministry of Railways (Railway Board) agreed with this statement, they stated in a note :

"All cases of lapses of staff leading to Claims are reported by claims office to the concerned departments for necessary action under Discipline and Appeal Rules. But a lapse is viewed by a particular department on the merits of each case. All possible efforts are, however, made by the Claims Branch, by pursuing with other branches, to avoid recurrence of cases of lapses of serious nature. Instructions have also been issued to the Railways for periodical review of adequacy of punishment in these cases by the Divisional Railway Managers and the General Managers."

93. According to Audit paragraph, the Security Department is neither associated with their investigation nor consulted in system improvement measures. When enquired as to why it was not done, the Ministry stated in a note :

“The Security Department is associated with the investigations into important claims cases which arise due to criminal interference with the consignments. The Security Department also initiates enquiries independently in this respect. Particularly in high valuation cases arising out of theft and pilferage, the enquiry report from the Security Department is called for while processing the case for settlement. Deficiencies noticed in respect of loading and unloading, supply of defective wagons, inadequate covered sheds, security arrangements etc. are also brought out in these investigations as also in the periodical inspections in the field by the inspecting officials at various levels.”

94. According to Audit Paragraph 75 per cent of the claims received and settled by each Railway related to through traffic and hence the responsibility for the loss and damage is to be fixed by other Railways. There is considerable time lag in reporting such cases and initiating action to fix staff responsibility. When asked about the period taken to finalise staff responsibility in a claim involving inter-Railway responsibility, the Ministry explained in a note as under :

“As per Conference Rules, in claims of over Rs. 5000/- as soon as a claim is received, notices are served on the Railways concerned, to enable them to investigate and to prove delivery of the full consignment in sound condition. Wherever they fail to do so or any lapse is found on their system, effort is made to fix staff responsibility.

- (i) 50 cases selected at random for the period 1980-81 to 1983-84, and studied by Western Railway indicates that on an average 21 months were taken to finalise action against staff in inter-Railway liability cases.
- (ii) The analysis conducted by Western Railway shows that the percentage of claim cases where correspondence with other Railways is required is not 75 per cent but approximately 15 per cent. In 3/4th of these 15 per cent cases staff responsibility is not involved. In those cases it is only the tracing which is to be done by other Railways. Since departmental action against the defaulting staff is a time consuming process on account of its inherent nature, the settlement of claims is not delayed on account of staff responsibility. This is followed after the settlement of claims so that the claimants do not suffer on this account.”

95. The Committee desired to know the improvements that are proposed by the Railways to speed up the settlement of such inter-Railway claims and render more effective the existing machinery to punish the staff at fault. The Ministry of Railways (Railway Board) stated in reply :

“The present provisions of the Conference Rules, which govern the aspect of inter-railway liability are quite comprehensive. Delay in settlement of such claims should not occur if these rules are properly followed.

However, settlement of claims gets delayed when a railway deutes its own Inspector for tracing and other investigations on other railways generally in case of claims of non-deliveries/partial deliveries of high valued consignments.

As regards claims settled by a Railway in which staff working in other Zonal Railways are held responsible for lapses, such cases have naturally to be reported by the claims settling Railway to the other Zonal Railways concerned for disciplinary action. This will indeed involve certain delay which is inherent in the system of Railway working and cannot be helped. It is, however, endeavoured that no avoidable delay in reporting such cases to the other zonal Railways occur.

As for the punishment to the defaulting staff, it may be mentioned that overwhelming majority of claims arise on account of circumstances like damage by wet, breakage/damage due to shunting, rough handling, non compliance of packing condition and finally due to theft and pilferage which either cannot be localised or where staff responsibility cannot easily be determined. Consequently cases where the staff are held responsible are very few and the offence is mostly of a technical nature.”

96. The Committee desired to know the manner in which it was proposed to avoid delays in reporting such cases to other Zonal Railways. In a note furnished in this regard, the Ministry explained as under :

“(i) Some delay is caused in settlement of those claims which require collection of transit particulars from yard to yard, situated on different Railways. This tracing by correspondence takes longer time. Hence, tracers/inspectors are deputed in important cases, not only on settling Railways but also on other Zonal Railways to trace the consignment. Railways have been asked to maximise the output of existing outdoor staff to minimise the delays.

(ii) The settlement of inter-Railway claims will be helped considerably after computerisation of freight operations as tracing of wagons would become easy and quicker. It would be particularly helpful in case of wagon load consignments, as their location and status would be readily available.

97. Audit Para points out that on the Northern, North-Eastern and North-east Frontier Railways, 90 to 99 per cent of the claims paid under 'complete loss of packages' and pilferage were not analysed in detail but shown under 'unlocated causes' leaving thereby very little scope for remedial action. The other Railways carry out more detailed analysis regarding cases of occurrence of losses for about 27 per cent (Western Railway) to 73 per cent (South Central Railway) of the cases of total loss, indicating separately commodity-wise, losses reported from seal intact and seal tampered covered or open wagons at the forwarding, repacking transshipment, enroute stations and from the custody of guards. The Committee desired to know why Northern, North-Eastern and North-East Frontier Railways did not undertake any analysis of the claims paid. Ministry of Railways (Railway Board) replied in a note as under :

"Causes of claims paid are analysed by the Railways to the extent feasible. Northern, North-Eastern and North-east Frontier Railways also carry out this analysis. In case of the claims paid under 'complete loss of packages' and 'pilferage' these Railways appear not to have taken due care while doing the classification.

Instructions have, however been issued to the Railways that each claim should be treated as a separate entity. Details of causes of claims be compiled from individual files and the statistical form filled in properly so that the actual position is correctly reflected in the cause-wise and commodity-wise analysis."

98. When enquired as to how was the position after the issue of those instructions, the Ministry replied in a note :

"The position has improved on North Eastern and North-east Frontier Railways, but not on Northern Railway. Northern Railway has again been asked to ensure that each claim file is analysed in detail to give the maximum break up of causes under various sub-heads."

99. When asked whether this analysis was being used for taking preventive measures, the Ministry explained *inter-alia* in a note as under :

"Specific preventive measures taken by the Railways during the material period on the basis of such compilation are indicated below :

1. K.P. Dock and Shibpurchar being vulnerable points, restriction has been imposed on booking of non-crane, piecemeal iron and steel consignments from stations on S.E. Railway and via.
2. To arrest pilferage from POL consignments measures have been taken to escort the POL rakes right from the forwarding point to destination station by Commercial staff in addition to RPF staff.

3. To prevent fish consignments booked to Howrah (main perishable terminating point on S.E. Railway) getting unconnected, arrangements have been made to provide tie-on-labels on fish baskets so as to ensure legible marking on the baskets.
4. Inspectors are deputed to booking points of perishables over S.C. Railway to ensure that the booking of these consignments are properly documented and consignments are despatched. As a result the number of claims cases arising from the loss and misconnection of perishable traffic has come down considerably.
5. On Southern Railway claims paid on Grains and pulses on account of damage by wet showed an increase during Quarter ending June 1983 and December 1983. This was brought to the notice of Chief Claims Officers of concerned booking Railways for taking necessary action.
6. Some specific steps i.e. tightening up at the loading points and important yards and decanting points as well as by ensuring proper escorting of POL specials and deputing the carriage and wagon staff over certain length is a case where such analysis and steps and follow up action taken has helped in considerable reduction in such cases on the South Central Railway.

100. It has been stated above, by the Ministry, that to arrest pilferage from POL consignments measures have been taken to escort the POL rakes right from the forwarding point to destination station by commercial staff in addition to RPF staff. It is learnt from the Audit that in the years 1982-83 and 1983-84, the data of loss and damage claims on 101 is as under :

Year	No. of cases	Amount of claims (Rs. in lakhs)
1982-83	1,169	5,297
1983-84	1,546	10,688

101. When asked about the reasons for sudden increase in the number of these claim cases, the Ministry stated in a note as under :

"The increase of 377 POL cases paid in 1983-84 compared to 1982-83 was on account of heavy increase of 412 cases on Northern Railway. The cases of oil companies which were pending for a long time were cleared in a special drive during 1983-84 and that led to the increase in that year (1983-84). Another reason for the increase in the payment was diversion of tank wagons to Railways and to other Public Sector Undertakings.

The figures for 1984-85 are as under :

Number of cases	— 1453
Amount paid	— Rs. 102.00 lakhs."

102. According to Audit Para, staff responsibility for the lapses had been fixed only in small number of cases as detailed below for 1982 :

Railway	Claims paid Number	Total No. of staff found responsible and punished	No. of staff punished for claims paid (Ratio of Col. 2 to 3)
Central	29724	87	342 : 1
Eastern	41987	92	456 : 1
Northern	26558	242	110 : 1
North Eastern	18992	96	198 : 1
Northeast Frontier	16459	45	366 : 1
Southern	17521	76	231 : 1
South-Central	5995	84	71 : 1
South-Eastern	20493	28	732 : 1
Western	25193	259	97 : 1

Further, the number of staff taken up for lapses was very much less in 1982 than in 1977, as may be seen from the following sample study on four Railways :

Railways	1977-78		1981-82	
	Claims paid (Nos.)	No. of staff punished	Claims paid (Nos.)	No. of staff punished
Central	32661	175	29724	87
Northern	22611	1,358	26558	242
North-Eastern	12377	508	18992	96
Western	28524	221	25193	259

In majority of the cases (about 66 per cent) the staff was let of with censure and recording of the error only."

103. The Committee desired to know the reasons for the number of staff members taken up for lapses being small with reference to the number of loss and damage claims admitted, specially on the Central, Eastern and South

Eastern Railways and why the number of staff punished was much less in recent years than in 1977-78. The Ministry of Railways (Railway Board) stated in a note :

“The reasons why the staff responsibility cannot be fixed in most of the claims cases are indicated below :

- (a) Claims on account of damage by wet arise account of defective and old condition of wagons, water getting in through door crevices, heavy monsoons, etc.
- (b) Claims on account of breakage, damage and leakage often arise due to hazards of railway operations e.g. rough shunting and rough handling. It is difficult to pinpoint individual staff responsibility in such cases.
- (c) Most of the claims on account of thefts and pilferage are paid, yet it is not possible to pinpoint the responsibility on any particular staff as these take place either from open wagons or seal missing covered wagons. A number of cases are of low value and arise in the case of perishables and newspapers in charge of guards, but the nature and volume of traffic is such that it is not economical to deploy a large number of staff to investigate each individual case and pinpoint definite responsibility. It is also to be borne in mind that proper handing over and taking over of large number of parcels during short halts of passenger trains is not possible, and as such, the system is working more on mutual trust than on actual counting and checking at the time of handing over of such parcels by station staff to the guards and *vice versa*.

In clear cases of negligence and misconduct, particularly which result in heavy payment, enquiries are completed and disciplinary action pursued with the divisional officers and even got reviewed by higher authorities whenever punishments are found to be inadequate.

The Railways have again been instructed to give exemplary punishment where the staff responsibility is established.”

104. The Committee find that despite reorganisation of the claims office into a separate department and despite increase in the staff strength by 20 per cent between 1977-78 and 1981-82, it has not yet been possible to arrest the delay in settlement of claims. It is noticed that all Zonal Railways, except Northern, North Eastern and North East Frontier carry out detailed analysis regarding areas of occurrence of losses from about 27 per cent (Western Railway) to 73 per cent (South Central Railway) of the cases of total loss, classifying them separately commodity-wise, losses from seal intact and seal tampered, covered or open wagons at the forwarding repacking, transshipment, enroute stations and from the

2. custody of guards. These Railways (Northern, North Eastern and NE Frontier), according to the Ministry, do not appear to have taken due care while doing classification in case of the claims paid under 'complete loss of packages' and pilferage'. Instructions have, however, been issued to the Railways to fill in the form properly on the basis of details of cases of claims completed from individual files so that the actual position is correctly reflected in the cause-wise and commodity-wise analysis. However, the Committee find that based on this broad analysis, specific preventive measures were taken only in a limited number of cases i. e. only six cases during the period under review. The Committee suggest that as soon as the monthly compilation and analysis of claims settled is completed, the particular case or trend noticed should invariably be pin-pointed to the concerned railway or railways and the claims prevention cell to initiate forthwith preventive measures. This would ensure timely plugging of the loopholes, thereby reducing the chances of loss or pilferage. The Security Department should also be associated with system improvement measures.

105. The Committee note that 75 per cent of the claims received and settled by each Railway relate to through traffic and hence the responsibility for the loss and damage is to be fixed by other railways. The Committee are informed that in claims of over Rs. 5000/-, as soon as a claim is received, notices are served on the Railway concerned, to enable them to investigate and to prove delivery of the full consignment in sound condition. Wherever any lapse is found on their system, effort is made to fix staff responsibility. Although, according to a random study conducted by Western Railway, cases where staff responsibility is involved come to between 4 to 5 per cent of the total cases, on an average 21 months were taken to finalise action against staff in inter-Railway liability cases. The Committee consider the time taken to finalise such cases as unduly long and desire that steps should be taken to fix the staff responsibility as expeditiously as possible.

106. The Committee consider that Railways' efforts to maximise the output of the tracers/inspectors consignment in important cases is a step in the right direction to minimise delays in settlement of those claims which require collection of transit particulars from yard to yard, situated on different Railways. The committee also appreciate the assurance given to them that after computerisation of freight operations, tracing would become quicker, resulting in speeding up the settlement of inter-Railway claims. They would like to be apprised of the progress made towards computerisation of freight operations in due course.

107. The Committee note that as per a sample study of claims cases on four railways (Central, Northern, North-Eastern and Western) the number of staff punished has declined sharply in 1981-82, when compared to the figures of 1977-78. Moreover, in majority of the cases (66 per cent approx), the staff was let off with censure and recording the error only. This shows that there is some inherent defect in the process of reviews undertaken by the higher authorities in cases where punishments are found to be inadequate. The Committee have been informed that the Zonal Railways have again been instructed to give adequate punishment where



staff responsibility is established. They would like the Ministry of Railways to tighten up the monitoring machinery set up to watch progress of disciplinary cases so as to ensure that instructions reiterated now are scrupulously followed by both disciplinary and reviewing authorities.

NEW DELHI;  
*10 April, 1987*  
*20 Chaitra, 1909(S)*

E. AYYAPU REDDY  
*Chairman,*  
*Public Accounts Committee*

## APPENDIX I

(Vide para 1)

### Review on compensation claims

#### *Audit Paragraph*

1.1 In terms of the provisions of the Indian Railway Act, 1890, as amended in 1962, the Railways as carriers, are responsible for loss, damage or deterioration of goods in transit arising from any cause except those\* specified in the Act.

1.2 Details of such claims for compensation for loss and damage preferred and accepted vis-a-vis traffic earnings in 1972-73 and for the last six years were as under :

Year	Traffic		Claims		Percentage of claims accepted against claims preferred	Value of claims accepted (Rs. in crores)	Percentage of value paid on earnings
	Tonnage (in millions)	Earnings (Rs. in crores)	Preferred (Nos. in lakh)	Accepted			
1972-73	175	786	7.1	3.2	45	12.3	1.56
1977-78	211	1407	4.6	1.8	39	14.3	0.93
1978-79	200	1397	5.4	1.9	35	12.3	0.88
1979-80	193	1440	5.7	1.7	30	11.5	0.75
1980-81	196	1733	7.0	1.9	27	14.0	0.81
1981-82	221	2486	7.4	2.0	27	19.9	0.80
1982-83	228	3132	6.5	1.7	26	21.9	0.70

1.3 In 1972-73, the Public Accounts Committee (PAC)\*\* had called upon the Ministry of Railways (Railway Board) to make all out efforts to reduce the loss and damage claims and keep a special watch on theft of sensitive (high rated) goods. The PAC had also commented\*\* that payment of such claims in some of the foreign railways—Japanese National and German Federal Railways—were only 0.06 and 0.26 per cent of the traffic earnings. The Minis-

\*Losses due to act of God, war, public enemies, omission or negligence of the consignor/consignee, etc.

\*\*Para 1.72 of PAC's 77th Report V Lok Sabha.

try of Railways (Railway Board) undertook the following measures from 1973-74 to combat the incidence of claims :

- Condemnation of derelict wagons and acquisition of new stock, specially covered, in greater proportion on replacement account.
- Provision of facilities for patch repair of panels of body cut wagons in sick lines and workshops.
- Despatch of vulnerable commodities like grains and pulses in block rakes under armed escorts.
- Provision of dunnage and packing according to tariff specification to prevent theft and pilferage through flap doors.
- Greater emphasis was laid on proper documentation, sealing, marking, loading/unloading of wagons according to schedule, specially in case of perishables, to avoid memo deliveries, mixing up and overcarriage of consignments.
- Guaranteed transit time for intercity movement of parcels using available spare capacity in the luggage vans of super fast express trains.
- Augmentation of Railway Protection Force from 1973 to provide for better supervision and patrolling duties.
- Reorganisation of the existing claims prevention and disposal cell of the commercial department into a separate department under a Chief Claims Officer to devise preventive measures, analyse claims data in greater detail, to pinpoint the area of loss for remedial action, and prompt fixation of staff responsibility.

1.4 Apart from the above, the railway operations were further streamlined in recent years (1977-78 to 1981-82) with increased running of block specials with lesser detention to wagon loads in inter-mediate yards and reduced chance of tempering and damage.

1.5 34,358 derelict wagons were replaced and 34,663 wagons were added i.e. in all 69,021 wagons, at a cost of Rs. 612.45 crores during 1977-78 to 1981-82. In March 1980\*, the Public Accounts Committee was also advised that for the traffic requiring use of covered wagons (i.e. vulnerable commodities like foodgrains, fertilisers, cement and other high rated goods), the Railways had covered wagons to the extent of 54 per cent of total wagon holding.

1.6 The staff strength and expenditure of the security (RPF) and the claims department (CCO) were expanded between 1977-78 and 1981-82 as under :

	Staff strength*			Expenditure		
	(Numbers)			(Rs. in lakhs)		
	1977-78	1981-82	Percentage increase	1977-78	1981-82	Percentage increase
REF	54272	59413	9.5	26.96	48.45	80
CCO	4503	5416	20	4.91	9.20	88

1.7 Despite all these measures, the value of claims preferred and accepted had been on the increase specially after 1977-78. The number of claims preferred for loss and damage had increased from 4.6 lakhs to 7.4 lakhs between 1977-78 and 1981-82. In absolute terms the value of claims accepted, Rs. 14.3 crores in 1977-78 increased to Rs. 19.9 crores in 1981-82. Though the percentage of compensation paid out of earnings has remained at 0.9 to 0.8 per cent which is itself a high rate, this is partly attributable to the fact that the rate of rejection of claims had substantially increased. The percentage of claims accepted against claims preferred has come down from 45 per cent in 1972-73 to 26 per cent in 1982-83.

1.8 A further analysis of the percentage of compensation paid to the revenues earned viz., 0.8 per cent indicated that it consists of 2 major components viz :

- (i) Claims paid on transport of bulk commodities such as coal and coke, mineral oil, grains and pulses industrial raw-materials, lime stones, etc. which constitute 80 per cent of the earnings of the railways, accounting for 0.4 per cent.
- (ii) The remaining 0.4 per cent is in respect of 'balance other goods' which constitute 20 per cent of the total earnings from high profit yielding commodities (tea, leather goods, jute, oil seeds, edible oils, spices, piece goods, medicines, motor cars and parts and parcel traffic).

Incidence of claims in respect of "balance other goods" was in the range of 3.4 per cent to 69.5 per cent of their earnings during the year 1981-82,

\*Staff statement annexure to Budget Demand No. 12 of relevant years.

as indicated in the table that follows :

	Amount of claims paid (Rs. in lakhs)	Traffic earnings	Percentage
1. Parcel traffic	233.00	7418.	3.4
2. Tea	13.43	226	5.9
3. Leather goods	15.19	37	41
4. Jute	18.48	485	4
5. Oil seeds	82.22	1308	6.3
6. Edible oils	43.77	1325	3.3
7. Spices	20.90	293	7.1
8. Piece goods	43.99	350	12.5
9. Medicines	5.08	28	18
10. Motor cars, tractor parts	9.72	14	69.5

1.9 The number and amount of claims paid for loss of vulnerable commodities like grains and pulses, fresh fruits and vegetables, coal and coke had increased as under :

	Number of claims accepted			Amount paid		
	1977-78	1981-82	Percentage increase over column 1	1977-78	1981-82	Percentage increase over column 4
	(No. in lakhs)			(Rs. in lakhs)		
	1	2	3	4	5	6
1. Grains and pulses	35374	33734	—	240	429	79
2. Fresh fruits and other perishables	41043	71554	74	99	238	141
3. Coal and coke	5062	7113	41	165	384	132

1.10 Though the Railway Administration has been incurring increasingly higher expenditure between 1977-78 and 1981-82 to strengthen the protection forces (expenditure increased from Rs. 26.96 crores to Rs. 48.45 crores), to streamline the traffic management (Rs. 4.91 crores to Rs. 9.20 crores on claims department alone) and to replace defective, derelict and overaged wagons (69021 wagons added at a cost of Rs. 612 crores), the percentage of compen-

sation payments to earnings have registered large increase in the areas of parcel and high value commodities. This has affected confidence of the customers and has led to reduction in the movement of high value goods by the Railways.

1.11 The claims settled were attributed to :

- 'Complete loss of packages' and 'pilferage' (69 per cent) of the total claims.
- Damage by wet (22 per cent).
- Delay in transit, mainly in case of parcel traffic and quick transit service (6 per cent) and other causes (3 per cent).

#### 1.12 (a) Complete loss of packages including loss of wagon load consignments

During 1981-82, compensation was paid in 68,109 cases (for Rs. 690 lakhs) against 48,083 cases (for Rs. 453 lakhs) in 1977-78, thus registering an increase of 42 per cent in five years. The main commodities affected were fresh fruits, vegetables and other perishables, grains and pulses, oil seeds and coal and coke. There were failures of the commercial staff at the booking and enroute stations to ensure 'Pack, Label, Mark' care and to observe the prescribed rules viz., check the contents, seals of wagons, etc.

#### 1.13 Pilferage

Despite expansion of RPF and extra vigilance and patrolling activities, claims paid due to pilferage had remained almost constant during all these years, the number of such cases was 82,936 in 1977-78 and 82,426 in 1981-82.

Pilferage mainly occur when wagon loads remain unconnected or suffer detention enroute, through the door crevices due to defective doors of wagons, by cutting the panel of covered wagons by miscreants and from the custody of guards and road van clerks owing to non-observance of instructions to lock brake-vans, inadequate watching by the security staff, etc.\*

The tractor consignments despatched in block rakes from Madras to Northern Railway destinations were escorted by the RPF only for part of their journey due to lack of coordination between the Security Departments of adjacent Railways as noticed in case of food specials moving from Northern Railway. This resulted in pilferage of detachable parts and payment of compensation for Rs. 21.32 lakhs in 1980-81 and 1981-82.

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\*27240 such cases of pilferage (through body holes, door crevices, etc.) were reported in 1981-82 against 17516 cases in 1977-78 as seen in audit from the detailed analysis into the causes of pilferage on Central, Eastern, Southern, South Central and South Eastern Railways.

#### 1.14 Claims arising from damage by wet : Failure of the Mechanical and Commercial Departments

In 1981-82, the Railways had paid compensation amounting to Rs. 3,68 crores in 27,988 cases due to supply of non water tight (NWT) wagons at the loading, transshipment and repacking stations. Out of the above, claims for damage by wet to grains and pulses (14106 cases, value of claim paid Rs. 1.98 crores) had a lions share.

A test check at Royapuram (Madras) by the train examiners of Southern Railway during July to September 1981 showed that out of 1,586 covered wagons loaded with grains and pulses, 1,199 were found as NWT wagons.

This indicates that there were recurring failures of Mechanical Department to follow the prescribed maintenance practices in the sick lines and transportation sheds, such as :

- application of roofing compound to wagons with leaky roof, and
- repairs to wagons with defective door, proper welding and rebitting of wagons with cotters, etc.

The mechanical department of the Railways had also failed to utilise fully the panel patching facilities created in the sick lines and workshops. Against the capacity of 25,500 wagons per month, the actual outturn was around 10,851 in 1982 which meant a capacity utilisation of only 45 per cent. This resulted in continued circulation of panel cut, body hole wagons.

There were heavy arrears in the POH\* of wagons, the percentage of wagons overdue POH had risen from 9.22 (BG wagons) and 8.52 (MG wagons) in 1977-78 to 25 (BG) and 17 (MG) in 1981-82. The Commercial Department had failed to segregate such defective overdue POH wagons and reject them for loading, leading to loading of commodities in defective and leaky wagons.

Investment in wagons of Rs. 612.45 crores referred to in the preceding para No. 1.5 had thus not proved fully productive due to the above failures of Mechanical Department.

#### 1.15 Major operational failures leading to increase in claims for compensation

##### (a) Unconnected wagons

Wagons get unconnected at the marshalling yards and transshipment points owing to recurring failures of the staff of the Operating Department to observe the following prescribed rules and procedure :

(i) Non-marking of the goods, non-provision of paste on labels on wagons at the loading, repacking transshipment points.

(ii) Non-despatch of transit invoice with the consignments.

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\*POH—Periodical overhaul.

- (iii) Failure to record full particulars of repacked/transhipped contents on the seal card of wagons.
- (iv) Non issue of transhipment advices for wagons becoming sick enroute.
- (v) Non-submission of fortnightly statements of unconnected wagon load consignments and under statement of the number of such wagons to Railway Headquarters and to Railway Board for circulation to other Railways for tracing and despatching to correct destination.

Mismarshalling and irregular shunting in marshalling yards further aggravate the claims position by causing transit delay and making wagons unconnected beyond a certain point.

According to fortnightly data circulated by the Railways and Railway Board, the incidence of such wagons remaining unconnected were on the increase between 1977 and 1982 as seen below :

Railway	Number of unconnected wagons on any day at the end of month in		Contents in such wagons
	1977	1982	
Central	37	76	Grains and pulses, cement, chemical manure, iron and steel, stones, timber etc.
Eastern	37	56	
Northern	20	33	
Southern	69	66	
Western	74	113	
<b>Total</b>	<b>237</b>	<b>344</b>	

The above data is circulated after an interval of over a month to the Railway by the Railway Board and is used by the claim offices only when a claim is received. The accuracy of this data can not also be vouchsafed as seen from a test check on Central and Southern Railways; on the Central Railway many of the important stations do not send such fortnightly statements of unconnected wagons to their headquarters; on Southern Railway while the number of unconnected loads intimated by the stations to Railway Headquarters was 131 for October 1982, the number circulated to other Railways and to the Railway Board was 62.

Besides pilferage through flap doors, etc. contents of unlinked wagons get auctioned elsewhere at low prices on other Railways also. Instances of such cases were mentioned in para 36 of Report of Comptroller and Auditor General of India—Union Government (Railways) 1978-79 and also noticed recently on the South Eastern and Southern Railways.



*(b) Transhipment points*

At many @ transhipment points damage to consignments occur due to loading in defective wagons, non-observance of monsoon precautions, provision of non-standard dunnage, etc. There was no system of certification of wagons by train examiner before loading of consignments like sugar, fireworks, matches, etc.

*(c) Delay in transit*

Delay in transit and consequent deterioration of consignments was another major factor accounting for the increase in claim cases in 1981-82. The number of claim cases paid by the Railways due to delay in transit increased from 6845 (value Rs. 36 lakhs) in 1977-78 to 12398 (value Rs. 58 lakhs) in 1981-82. The commodities affected were fresh fruits, vegetables and other perishables such as fish, eggs, etc. which are mainly booked as parcel traffic, in parcel vans attached to mail and express trains or in parcel express, quick transit service (QTS) goods train run between important cities.

Rules and procedure for perishables, fruits, vegetables and high rated traffic, whether booked as parcel or smalls or in wagon load as goods traffic prescribe that such wagons should be distinctly labelled and a "push message" issued by booking station to the junctions enroute and that the parcel way bill should invariably accompany the goods.

There were, however, series of operational failures impeding the movement of such traffic according to schedule as detailed below :

- (i) Overcarriage of parcels. During 1981-82, the number of such over-carried parcels on Southern Railway alone was 7,236.
- (ii) Non-despatch of parcel way bills.
- (iii) Non-adherence to the prescribed transit time, non-maintenance of schedule of parcel QTS trains.
- (iv) Less procurement of parcel vans on replacement account resulting in less availability of such vans for parcel traffic.
- (v) While there is shortage of vans for loading parcel traffic, a substantial number of available parcel vans, wagons (822 vans in 1981-82) were allotted for loading by freight forwarders at concessional rates resulting in recurring loss of earnings.\*
- (vi) The luggage/brake vans (LR, SLR, VP) attached to the Rajdhani and other intercity super fast express trains invariably run underloaded

@As noticed from a test check in audit at Baiyyappanaholli, Tiruchchirappalli and Royapuram on Southern Railway.

\*Loss estimated by Audit at Rs. 2 lakhs for Southern Railway and Northern Railway in 1981-82.

due to passengers' habit of not depositing their heavy luggage in brake vans. A test check in audit in August, 1983 revealed that the second cubicle of 15.2 tonne capacity in each of the three luggage brake vans of Rajdhani express running between New Delhi—Bombay and New Delhi—Howrah invariably run empty despite considerable traffic in fresh fruits and perishable items.\*\*

#### 1.16 Failure of Railway Protection Force—the Security Department.

Despite the expansion in the strength of RPF from 54272 in 1977-78 to 59413 in 1981-82 i.e. increase of 9.5 per cent, there was decline in the activities of the RPF as seen from a sample study of their schedule duties on Northern Railway detailed below :

	1977-78	1981-82
1. No. of trains escorted . . . . .	2680	1959
2. Patrol parties deployed . . . . .	415	169
3. Pickets arranged . . . . .	62	22

Similar trend was noticed on other Railways also resulting in discontinuance of arrangements for escorting food specials, tractor consignments, inadequate security arrangements in goods sheds, etc. reported in earlier paragraphs.

The expansion of RPF strength by 9.5 per cent referred to above had not resulted in any improvement in the area of claim prevention. There was a steep increase in the number of complete loss and pilferage cases registered for investigation by them from 37585 in 1977-78 to 62367 in 1981-82 (i.e. 66 per cent).

While the number of complete loss and pilferage cases registered for investigation according to RPF was 62,367 in 1981-82, the number of such claims accepted by the Railways were 1,50,605 which indicate that many cases of consignments lost from seal intact wagons and pilferage from the custody of guard/road van clerks were not reported to the RPF for their investigation by the Commercial Department. The Security and Commercial Departments had failed to coordinate their activities to combat the claims cases.

#### 1.17 Failure of the claims department and inadequate fixation of staff responsibility

Despite re-organisation of the claims office into a separate department and increase in their staff strength (20 per cent between 1977-78 and 1981-82),

\*\*Financial implications of these brake vans running empty is estimated in audit as Rs. 391 lakhs per month.

the claims organisation had failed to arrest the increasing trend of claims owing to the following reasons :

- (i) The Claims Department do not have powers to penalise the staff involved directly. Lapses of staff noticed by them are reported to the concerned department (Commercial, Operating and Mechanical). Due to lack of same zeal and effort, the other departments take action against the staff at fault belatedly and ineffectively.
- (ii) The Security Department is neither associated with their investigation nor consulted in system improvement measures.
- (iii) 75 per cent of the claims received and settled by each Railway related to through traffic and hence the responsibility for the loss and damage, is to be fixed by other railways. There is considerable time lag in reporting such cases and initiating action to fix staff responsibility.
- (iv) The claims department also conduct monthly detailed analysis of the losses sustained in respect of 35 selected commodities separately for local and foreign\* traffic to bring out areas of occurrence of loss with a view to pin point lapses of the Railway staff and for rationalising Railway operations. This analysis does not bring out data regarding parcel and goods traffic separately, though claims paid on parcel traffic take a toll of 3 to 5 per cent of the parcel earnings every year.

On the Northern, North Eastern and Northeast Frontier Railways, 90 to 99 per cent of the claims paid under 'complete loss of packages' and pilferage were not analysed in detail but shown under 'unlocated causes' leaving thereby very little scope for remedial action. The other Railways carry out more detailed analysis regarding areas of occurrence of losses for about 27 per cent (Western Railway) to 73 per cent (South Central Railway) of the cases of total loss, indicating separately commodity wise, losses reported from seal intact and seal tampered covered or open wagons at the forwarding, repacking, transshipment, enroute stations and from the custody of Guards. But this analysis was used by them only for compilation of statistics and not used for fixing staff responsibility and taking remedial action to remove any operational bottlenecks. Consequently staff responsibility for the lapses had been fixed only in small number of cases as detailed below for 1982 :

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\*Foreign (Through) traffic inter-railway traffic.

Railway	Claims paid (Number)	Total No. of staff found respon- sible and punished	Number of staff punished for claims paid (Ratio of Col. 2 to 3)
Central	29724	87	342 : 1
Eastern	41987	92	456 : 1
Northern	26558	242	110 : 1
North Eastern	18992	96	198 : 1
Northeast Frontier	16459	45	366 : 1
Southern	17521	76	231 : 1
South Central	5995	84	71 : 1
South Eastern	20493	28	732 : 1
Western	25193	259	97 : 1

Further, the number of staff taken up for lapses was very much less in 1982 than in 1977, as may be seen from the following sample study on four Railways :

Railways	1977-78		1981-82	
	Claims paid (Nos)	No. of staff punished	Claims paid (Nos)	No. of staff punished
Central	32661	175	29724	87
Northern	22611	1358	26558	242
North Eastern	12377	508	18992	96
Western	28524	221	25193	259

In majority of the cases (about 66 per cent) the staff was let off with censure and recording of the error only.

#### 1.18 Effect of compensation on traffic

The impact of the series of failures in the implementation of remedial measures was the increase in the number of claims made (7.4 lakhs in 1981-82 against 4.6 lakhs in 1977-78) and claims repudiated or pending to be settled (5.4 lakhs in 1981-82 against 2.8 lakhs in 1977-78) resulting in loss of goodwill of the customers and more and more diversion of traffic in several high profit yielding commodities to road as referred to in para 1.10 above. Apart from high incidence of loss and pilferage, factors such as failure to adhere to guaranteed transit time inability to supply adequate number of commercially fit covered wagons (e.g. sugar cement) rigid packing conditions, inadequate arrangements for escort in case of motor car, tractor consignment had a greater impact on their traffic offering. (According to recommendations of Rail Tariff Enquiry

Committee (RTEC), 1980 it is economical to transport these items by road only for leads between 450—700 km.

Details given in the two tables on pages 16—18 indicate this trend between 1977-78 and 1981-82 :

1. Details of production\* and tonnage move by rail\*\* of certain high rated commodities.

Name of commodity	1977-78			1981-82			Percentage increase in production 1981-82 over 1977-78
	Production (000 tonnes)	Movement by rail	Percentage of rail Movement	Production (000 tonnes)	Movement by rail	Percentage of rail Movement	
1. Tea	557	104	19	556	63	11	...
2. Edible Oil (Vanspañi)	571	42	7	865	41	5	51.2
3. Jute	965	516	54	1228	216	18	27
4. Oil seeds	9000	899	10	10900	777	7	21
5. Sugar	6462	1520	24	8434	1508	18	31
6. Potato	814	413	51	994	305	34	22
7. Cement	19300	13948	72	20900	11080	5	8
8. Motor cars (Number)	84400	1100	1.3	154400	661	0.4	83

\*Source : Economic survey 1982-83.

\*\*Commodity statistics (Statement 7.B)

II. Extent of fall in traffic and loss of earnings :

Commodity	Percentage increase in production between 1977-78 and 1981-82	Traffic		Traffic level on the basis of increase in production (vide Col. 2) (000 tonnes)	Traffic not offered (short-fall) col. 5. col. 4 (000 tonnes)	Average lead of commodity (km)	Loss of earnings* 1981-82 (Rs. in lakhs)	Remarks (incidence of compensation as percentage of its traffic earnings)
		1977-78 (in 000 tonnes)	1981-82					
1	2	3	4	5	6	7	8	9
1. Tea . . . . .	—	104	63	104	41	1896	147	5.9
2. Edible Oil (Vanaspati)	51.2	42	41	62	21	1682	60	3.3
3. Jute (Raw) . . . . .	27	516	216	655	439	935	883	4.0
4. Oil seeds . . . . .	21	899	777	1088	311	1251	525	6.3
5. Sugar . . . . .	31	1520	1508	1984	476	1334	813	2.5
6. Potato (perishable) . . . . .	22	413	305	504	199	1651	309	5.7
7. Cement . . . . .	8	13948	11080	15064	3984	748	4450	0.3
8. Motor car, tractor, trucks (Figures are in numbers : equivalent tonnes loaded given in bracket)	83	1100 (6.1)	661 (5.6)	2013 (11.0)	1352 (5.4)	1306	14.58	69.5
9. Leather goods . . . . .	**	14	11	14	3	1545	10.06	41

1	2	3	4	5	6	7	8	9
10. Spices . . . . .	**	538	464	538	74	1355	149.40	7.1
11. Piece goods . . . . .	14	99	63	113	50	1490	175.82	12.5
12. Matches . . . . .	**	24	23	24	1	2122	4.41	5.5
13. Fresh fruits & Vegetables	**	672	607	672	65	1555	99.55	5.7
14. Medicines . . . . .	**	14	8	14	6	1561	21.07	18.0
15. Jaggery . . . . .	**	890	371	890	519	1255	84.67	1.2
							7746.56	

Total Loss of earnings due to fall in traffic in 1981-82 vis-a-vis 1977-78 Rs. 7746.56 lacs.

\*Loss of earnings estimated in audited as per formula, shortfall + Lead + average rate per tonne km.

\*\*Special growth rate/increase in industrial production of these items is not available for 1981-82. But general economic growth rate per year is 4.5 per cent on the average during 1977-78 and 1981-82 (Economic Survey 1982-83).

Claims settled in case of container traffic was very negligible, being hardly one case for the entire year 1982 for Rs. 535 against earnings of Rs. 43.77 lakhs from such traffic in 1981-82 (0.01 per cent\*). However, the container\*\* services introduced in 1966 has yet to make a sizeable dent.

### 1.19 Conclusions

- (i) Though the over all percentage of claims paid to earnings was 0.8, such percentage in respect of parcel and high rated commodities ranged from 3.4 to 69.5 per cent. The overall average gives a incorrect picture of the incidence of claims.
- (ii) Loss and damage claims preferred and paid had increased between 1977-78 and 1981-82 despite streamlining of railway operations, addition of new wagons, strengthening of claims prevention and security organisation during this period (4.6 and 1.8 lakhs in 1977-78 to 7.4 and 2.03 lakhs in 1981-82 respectively.
- (iii) Grains and pulses, fresh fruits, vegetables and other perishables and coal and coke were the worst affected commodities. The claims were due to complete loss of packages and pilferage, damage by wet and delay in transit and other causes resulting from a series of failures in the implementation of the remedial measures by the commercial, operating, mechanical, security and claims departments.
- (iv) Improper sealing, documentation and apathy to pack, label mark, care by Commercial Department inadequate security arrangements in goods sheds, non-provision of escorts to block rakes of food specials, by tractor consignments RPF led to increasing shortage and pilferages.
- (v) Mechanical Department used only 45 per cent of panel patching facilities in the workshops. Its failure to follow the prescribed maintenance practices coupled with failure of commercial department to reject defective wagons for loading resulted in heavy payment of compensation due to damage by wet (Rs. 3.68 crores in 1981-82).
- (vi) Mismatching, irregular shunting, despatching of wagons without correct seal card particulars etc. by the Operating Department had been resulting in increasing incidence of wagons remaining unconnected exposing it to loss and pilferage; further inadequate availability of parcel vans, non-adherence to target transit time had taken a heavy toll of claims.

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\*Sample study on Northern Railway.

\*\*C.f. para 2 of the Advance Report of the Comptroller & Auditor General of India on Railways—1981-82.



- (vii) Despite augmentation of strength (9.5 per cent between 1977-78 and 1981-82). RPF had failed to maintain the level of its scheduled duties (i.e.) escorting, patrolling and picketting).
- (viii) Claims Department despite 20 per cent increase in its staff strength between 1977-78 and 1981-82 had proved ineffective in controlling the claims and initiating penal action against commercial and operating staff responsible for lapses. Action against staff responsible for claims of foreign traffic, which accounted for 75 per cent, was wanting due to lack of cordinated efforts between concerned Railways.
- (ix) The impact of all the above failures had affected the loading of several high rated commodities such as tea, edible oil jute, leather goods, sugar, motor car and tractor consignments from 1977-78 onwards, etc. Despite increase in their production ranging from 8 to 83 per cent during 1977-78 to 1981-82, the loading of these commodities on the Railways declined resulting in a loss of earnings to the extent of Rs. 77.46 crores.
- (x) Claims paid respect of traffic moving in containers was only 0.01 per cent of its earnings. However, this service is still in in-fancy and is yet to be developed though introduced in 1966 and the earnings therefrom still constitute negligible percentage (0.2 per cent in 1981-82).

## APPENDIX II

### *Statement of Observations and Recommendations*

Sl. No.	Para No. of Report	Ministry/ Deptt. concerned	Observation and Recommendation
1	2	3	4
1	16	Railways	<p>Under Section 73 of the Indian Railways Act, 1890, as amended in 1962, the railway administration is responsible for loss, damage or deterioration of goods in transit arising from any cause except such as act of God, war, public enemies, omission or negligence of the consignor/consignee, etc. As exceptions to general liability of the Railways as carriers laid down in Section 73, there are other provisions (contained in section 74 to 78) in the Act which further restrict the liability of the Railways. For instance, under section 74, when the consignment is booked at owner's risk, rate, the railway administration is not responsible except on proof by the claimant that loss or damage was due to negligence or misconduct on the part of the railway administration.</p>
2	17	-do-	<p>The Committee are constrained to point out that despite streamlining of railway operations, addition of new wagons, strengthening of claims prevention and security organisations, the amount of compensation paid for loss and damage to goods has been gradually increasing. From Rs. 14.3 crores in 1977-78 it has gone upto Rs. 33.0 crores in 1984-85 and further to Rs. 43.57 crores in 1985-86. Percentage of value of claims paid on earnings, which came down gradually from 0.93 in 1977-78 to 0.77 in 1982-83, has also started going up and in fact increased to 0.84 in 1983-84, 0.87 in 1984-85 and further to 0.95 in 1985-86. These increasing trends imply that loss and pilferage are on the increase. The Committee feel that once the</p>

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			<p>articles are accepted for transport, the Railways, as public carrier, must take it as a sacred duty to transport them to their destination safely and securely thereby reducing, in the process, the number of claims for compensation and consequently the amount to be paid there against. The Committee would urge upon the Railways to go into the reasons leading to the aforesaid increasing trends and take appropriate remedial measures with a view to ensuring greater security of consignments. The Committee have dealt in detail with some of the reasons responsible for the claim cases as also suggested some remedial measures later in this Report.</p>
3	18	Railways	<p>The three modes of settlement of claim cases are (i) payment to the parties (ii) repudiation and (iii) settlement 'otherwise' (delivery under clear receipt, matching delivery, non-receipt of documents etc.) The Committee find that the percentage of claims paid and repudiated to the total claims settled in a year decreased from 39.26 and 40.14 respectively in 1977-78 to 33.10 and 33.99 in 1984-85. The increase in percentage of cases settled 'otherwise' (from 20.60 in 1977-78 to 32.91 in 1984-85) has been attributed by Railways to those claims which were adjusted against consignments already delivered in excess to the claimants or settled by way of matching delivery as also claims closed due to non-submission of necessary documents by the party required for settlement of claim cases. However, the Committee have been given to understand that the claims settled 'otherwise' consisted mainly of those in respect of which consignors/consignees were frustrated on account of delays and protracted correspondence. The Committee consider that it is the duty of the Railways as a monopoly transporter to process all claims fairly and expeditiously. The Committee therefore desire that broad reasons for the increase claim cases settled 'otherwise' be analysed and suitable steps taken to ensure that the consignees/consignors do not have to suffer on account any lethargy or delay on the part of the Railways.</p>

1	2	3	4
4	19	Railways	<p>The Committee further note that a fairly considerable number of claims are repudiated every year. For example in 1984-85, 34 per cent of the cases were repudiated. A sample study of 1363 cases repudiated during August, 1985, undertaken on six Railways (South Eastern Western, Eastern, Central, Northern &amp; Southern) revealed broad reasons of repudiation as party's negligence (364 cases) claims notice not served within six months (328 cases), defective condition of packing (145 cases). improper loading (101 cases) etc. All these cases were repudiated for violation of one or the other provision(s) of section 73 to 78 of Indian Railways Act. Since these cases are repudiated, apparently due to infringement of relevant rules on the part of consignees/consignors, it would be a good thing if from time to time attention is specifically drawn to the notice of the parties and assistance given to them to the extent possible before they book their consignments.</p>
5	20	-do-	<p>The Committee are concerned to note that a large number of court cases involving compensation claims are instituted every year and substantial amount is paid by Railways as compensation as a result of court decrees. In 1984-85, 29,016 new suits were instituted and the amount paid in court cases was Rs. 5.75 crores. The Committee are not wholly satisfied with the reply of the Ministry that suits are being filed in about 5 per cent of the claim cases only and in the remaining 95 per cent of claims, the parties are more or less satisfied with the decisions. The Committee desire that further vigorous efforts are necessary to ensure that all the claims are settled expeditiously and correctly so that the Railway Customers do not resort to litigation in courts.</p>
6	21	-do-	<p>The Committee are informed that review of the cases decreed against the Railways is done in claim offices of Zonal Railways and this is useful for evolving policy guidelines for satisfactory settlement of similar cases in future. The Committee consider that a summary of lessons learnt as a result of such reviews should be circulated to all other zonal Railways for their guidance.</p>

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7	30	Railways	<p>The Committee have been given to understand that freight earnings from bulk commodities, mainly foodgrains and pulses do not cover their haulage cost and the Railways earn surplus only from the freight on high rated commodities such as tea, eligible oils, jute, leather goods, motor cars and tractor parts etc. Despite increases in their production ranging between 8 to 33 per cent during 1977-78 to 1981-82, the loading of these commodities on the Railways declined resulting in loss of earnings to the extent of Rs. 77.46 crores. According to Audit, this declining trend continued even thereafter. Even according to Railways themselves, the loading of these high profit yielding commodities in 1984-85 was 85.73 lakh tonnes (earnings Rs. 249.48 crores) as compared to that of 89.42 lakhs tonnes (earnings Rs. 257.91 crores) in 1983-84. This decline in the traffic has been attributed by the Railways partly to the fact that they prefer loading of goods in full block racks and therefore are not in a position to meet the full demand of high rated commodities which are generally offered for piecemeal loading and partly due to gradual diversion of general goods traffic to road due to inherent advantages of road transport. Ministry of Railways have stated in this connection that regular analysis of decline in this traffic is done by the marketing Organisation for effecting improvement and some measures have been taken to improve the position in this regard. However, the Committee suggest that this decline in traffic may well be due to the high incidence of claims on account of loss and damage. It is evident from the analysis of the percentage of compensation paid to the revenue earned that half of the amount paid in a year as compensation is on the high profit yielding commodities which constitute only 20 per cent of the earnings of the Railways. Further, the percentage of amount of compensation paid to the traffic earning is particularly high in respect of certain commodities. In the year 1983-84, 40.0 per cent of the freight on leather goods, was paid back as compensation for goods lost, damaged etc.</p>

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This percentage was 22.39 in case of piece goods, 17.46 in case of spices, 7.55 in case of motor cars and tractor parts etc. in the same year as compared to the average percentage of 0.84 only, for all the goods transported by the Railways. The Committee are, therefore, inclined to conclude that the profitability of railway operations would improve if there is an increase in the traffic of high rated commodities and decrease in the incidence of claims due to loss and damage in respect of these commodities. Efforts should be made in this direction.

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Railways

The Committee observe from the Report of the Comptroller and Auditor General of India (Railways) for the year 1981-82 and that the container services were introduced in the year 1966 and by the year 1981-82 16 routes for container services were established. One of the ways in which costly traffic can be weaned over from road transport could be by providing efficient container service which can compete effectively with the road services. Apart from greater safety container service provides door to door delivery. It is unfortunate that the Railways have not developed this service in a bigger way. The Committee recommend that the feasibility of introducing container services on a larger number of routes to meet the needs of small indentors as well as to provide effective, safe and pilfer-proof delivery of the costly goods may be examined. The Committee would like to be apprised of the result of such a study.

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Railways

The Committee note that the claims settled by Railways are attributed to complete loss of packages, pilferage, damage by dampness and delay in transit and other causes resulting from a series of failures in the implementation of the remedial measures by the commercial, operating, mechanical, security and claims departments. However, complete loss of packages and pilferage enroute account

for the majority of cases settled. The percentage of number of claims settled by payment in respect of loss/theft of complete consignment increased from 25.5 in 1977-78 to 36.81 in 1983-84 and that in respect of pilferage, although decreased from 44.0 in 1977-78 to 40.7 in 1981-82, remained more or less static thereafter. Damage by dampness, delay in transit and other causes were responsible for about 22.6 per cent of the cases settled by payment in 19-3-84. These are discussed in the following paragraphs.

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Railways

The Committee are constrained to find that during 1984-85, compensation for complete loss of packages including loss of wagon load consignments was paid in 66,852 cases (for Rs. 15.94 crores) as compared to 48,083 cases (for Rs. 4.53 crores) in 1977-78; thus registering an increase of 39 per cent in the number of cases and 252 percent in the amount paid therefor in these eight years. The main commodities affected were fresh fruits, vegetables and other perishables, food grains and pulses, oil and seeds and coal & coke. Significantly, of all the causes, complete loss of packages is the only cause due to which claims settled by payment are increasing gradually over the years. The extent of increase in the number of claims on this account and the amount paid therefor calls for close scrutiny by Railways of these cases with a view to identifying the precise reasons therefor resulting in huge payments. The Committee understand that the failure of the commercial staff at the booking and enroute stations to ensure 'Pack, Label, Mark' care and to observe the prescribed rules viz., check the contents, seals of wagons etc. is partly responsible for the spurt in these cases. Lack of security measures, possible connivance of the staff at various levels with the organised anti-social elements and large number of wagons remaining unconnected could also, possibly be, the other reasons. The Committee, therefore, desire that Railways should deploy special cell to identify and bring to task the

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			persons indulging in malpractices in connivance with the Railway staff in preferring false and fictitious claims.
11	65	Railways	The Committee note that in pursuance of the recommendations of the Railway Convention Committee (1973), the Railway Board had introduced in 1973 a system of analysis of the reasons for the pilferage/partial loss cases to pin-point the area of loss, devise preventive measures and fix staff responsibility. The Committee regret to find that such a detail analysis is done only by 6 out of 9 Railways (Central, Eastern, Southern, South Central, South Eastern and Western Railways). Moreover, the Railways do not appear to have utilised such analysis with a view to taking preventive measures with the result that there has not been any perceptible decrease in the number of claims due to pilferage from 1977-78 onwards. These declined only marginally from 82,926 (for Rs. 5.47 crores) in 1977-78 to 74,424 (for Rs. 7.92 crores) in 1983-84. The Committee consider that such measures have considerable scope for prevention of such claims provided concerted efforts are made by the Railway Administration.
12	66	Railways	The Committee have been given to understand that pilferage mainly occur when wagon loads remain unconnected or suffer detention enroute, through the door crevices due to defective doors of wagons, by cutting the panel of covered wagons by the miscreants and from the custody of guards and road van clerks owing to non-observance of instructions to lock brake-van, inadequate watching by the Security staff, etc. The Committee are informed by the Railways that pilferage from door crevices is generally not due to wagons having defective doors at the time of loading but due to sabotage by anti-social elements while the wagons are in transit. The Committee feel that apart from ensuring that wagons with defective doors are not supplied to consignors for loading, the areas during



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transit where anti-social elements strike should be identified and steps taken to guard such vulnerable zones in an effective manner. For this purpose whatever arrangements are necessary should be agreed upon with the State Government concerned. The Committee would also like the Railways to take every care to ensure that adequate security arrangements are made when wagons remain unconnected or suffer detention enroute or at transshipment points, at yards and platforms and when open wagons are used for transporting foodgrains and other vulnerable items. The Committee find it difficult to understand how thefts could occur from the custody of guards/brake van clerks. The Committee are not impressed by the plea of the Railways that due to short halts of trains, the counting and checking of large number of packages by the guards and brake van clerks is rather difficult. Although the number of such cases has come down from 19,583 in 1981-82 to 11000 in 1984-85, this could still be further reduced by suitably altering the train halts, if necessary, and by devising a system of suitable random sample check and by making the concerned staff accountable for any loss of consignment from their custody.

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Railways

The Committee find that the amount and number of claims paid due to supply of non-water tight (NWT) wagons at the loading, transshipment and repacking stations increased gradually from Rs. 3.68 crores and 27,988 respectively in 1981-82 to Rs. 5.02 crores and 33,060 in 1984-85. Out of the above, claims for damage by dampness to foodgrains and pulses constituted a lions share and the claims paid therefor amounted to Rs. 1.98 crores in 14,106 cases. The number of such cases during the years 1982-83 and 1983-84 were 13,826 and 17,948 which further increased to 19,215 in 1984-85. Obviously, much of the damages could have been averted, if the Mechanical Department had adhered to the prescribed maintenance practices in the sick lines and transportation sheds such as

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			<p>application of roofing compound to wagons with leaky roof and repairs to wagons with defective door besides proper welding and ravelting of wagons with cotters, etc.</p>
14	68	Railways	<p>The Committee note that the facilities for panel patching created in the sick lines and workshops laid down a monthly target of 25,500 wagons to be attended to equivalent to yearly target of 3,06,000. Against this target, the outturn of wagons was 2,29,111 during 1982-83 and 2,44,432 during 1983-84 showing capacity utilisation of 74.9 per cent and 79.9 per cent respectively. The under utilisation of capacity to the extent of 20-25 per cent resulted in continued circulation of panel-cut body-hole wagons, which was avoidable. From the figures of capacity utilisation of workshops in panel patching facilities of Zonal Railways, it is seen that except on Northern and North East Frontier Railways, there is need for improvement in all other Railways. According to the Ministry, a major factor which contributed to this lower capacity utilisation was the diversion of resources to attend to BOX wagons which had to be attended to on war footing due to heavy corrosion. In any case, the factor of corrosion was not unexpected and resources could have been provided therefor. The Committee take the view that it should have been possible with greater coordination to have achieved a more satisfactory level of utilisation of established capacity. The Committee would like to be assured that the established capacity is now fully utilised and no faulty wagons are in use.</p>
15	69	Railways	<p>The Committee further note that there were heavy arrears in the Periodical Overhaul (POH) of wagons, the percentage of wagons overdue POH had risen from 9.22 (BG wagons) and 8.52 (MG wagons) in 1977-78 to 25 (BG) and 17 (MG) in 1981-82. The Commercial Department had failed to segregate such defective overdue POH wagons, leading to loading of commodities in 'defective and</p>

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			<p>leaky wagons'. Thus, the failure of Mechanical Department to follow the prescribed maintenance practices coupled with failure of Commercial Department to reject defective wagons for loading purposes resulted in heavy payment of compensation due to damage by dampness. The Committee would, therefore, advise that maintenance facilities should be used to the fullest extent in future. At the same time, a phased programme should be chalked out for the gradual replacement of derelict wagons. Timely action should also be taken to segregate defective overdue POH wagons. The expectation that acquisition of new wagons (on replacement and additional account at a cost of Rs: 612.45 crores during 1977-78 to 1981-82) would reduce the incidence of claims, has so far not been realised thanks to the failure of Mechanical and Commercial Departments.</p>
16	70	Railways	<p>The Committee further desire that the practice in vogue of examining any suspect/wagon by train examination staff at the behest of the Commercial staff, before they are offered for loading to the consignor, should be scrupulously followed so as to reduce the incidence of claims on this account.</p>
17	71	Railways	<p>Yet another major factor accounting for the increase in claim cases is the delay in transit and consequent deterioration of consignment. There were a series of operational failures impeding the movement of such traffic according to schedule. The Committee suggest that more procurement of parcel vans on replacement account in future than hitherto should be attempted so that the availability of such vans for parcel traffic improves. The other irritants like over-carriage of parcels, non-adherence to the prescribed transit time and schedule of parcel/QTS trains etc. should be eliminated. It is surprising to note that the Railways do not maintain statistics of over carried parcels. By maintaining such statistics, the Committee feel, it should be easier for the railway administration to identify the areas prone</p>

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			to this problem and the extent of the prevalence of over carriage. This in turn, can help the railways in taking appropriate remedial measure with a view to reducing claims on this account. The Committee would, therefore, desire that railways should maintain such statistics in future.
18	89	Railways	<p>The Committee find that there has been significant increase in the strength of Railway Protection Force from 60,256 in 1977-78 to 62,941 in 1984-85. The increase in expenditure thereon has been even higher from Rs. 26.95 crores to Rs. 78.48 crores. At the same time the schedule of the normal protecting functions of RPF has been curtailed. The extent of such reduction in the scheduled duties of RPF can be estimated from a sample study conducted by Audit on Northern Railway. According to this study, the number of trains escorted declined from 2,680 in 1977-78 to 1,959 in 1981-82. Similarly, the number of petrol parties deployed came down from 415 in 1977-78 to 169 in 1981-82 and the pickets arranged went down from 66 in 1977-78 to 22 in 1981-82. Further, the efficiency of RPF has declined in the recent years also which is evident from the fact that the percentage of value of property recovered by RPF to that stolen has declined from 11.51 in 1977-78 to 7.98 in 1981-82 and further to 6.35 in 1984-85. The number of total persons arrested by RPF has also decreased from 5,814 in 1981-82 to 4,258 in 1984-85. According to a sample survey of duties performed by the RPF, conducted by the Railways in 1984, it was found that approximately 30 per cent of the sanctioned strength had been deployed on unscheduled duties. The amount paid on the claims for complete loss or pilferage has been increasing gradually over these years. It is pertinent to note in this regard that the Chairman, Railway Board conceded during evidence "I think this (attending to unscheduled duties) is only one of the factors. The other is the deficiency in the efficacy of the Railway Protection Force. We recognise that it</p>

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needs to be improved." The Committee are informed that the Railway Protection Force (Amendment) Act 1985 has bestowed additional powers to the Railway Protection Force. The Committee require to be satisfied that this amended Act has been effectively used to improve the efficacy of RPF.

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**Railways**

The Committee find that despite reorganisation of the claims office into a separate department and despite increase in the staff strength by 20 per cent between 1977-78 and 1981-82, it has not yet been possible to arrest the delay in settlement of claims. It is noticed that all Zonal Railways, except Northern, North Eastern and North East Frontier carry out detailed analysis regarding areas of occurrence of losses for about 27 per cent (Western Railway) to 73 per cent (South Central Railway) of the cases of total loss, classifying them separately commodity-wise, losses from seal intact and seal tampered, covered or open wagons at the forwarding repacking, transhipment, enroute stations and from the custody of guards. These Railways (Northern, North Eastern and NE Frontier), according to the Ministry, do not appear to have taken due care while doing classification in case of the claims paid under 'complete loss of packages' and pilferage'. Instructions have, however, been issued to the Railways to fill in the form properly on the basis of details of cases of claims completed from individual files so that the actual position is correctly reflected in the cause-wise and commodity-wise analysis. However, the Committee find that based on this board analysis, specific preventive measures were taken only in a limited number of cases i.e. only six cases during the period under review. The Committee suggest that as soon as the monthly compilation and analysis of claims settled is completed, the particular case or trend noticed should invariably be pin-pointed to the concerned railway or railways and the claims prevention cell to initiate forthwith preventive measures. This would

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			ensure timely plugging of the loopholes, thereby reducing the chances of loss or pilferage. The Security Department should also be associated with system improvement measures.
20	105	Railways	The Committee note that 75 per cent of the claims received and settled by each Railway relate to through traffic and hence the responsibility for the loss and damage is to be fixed by other Railways. The Committee are informed that in claims of over Rs. 5000/-, as soon as a claim is received, notices are served on the Railway concerned, to enable them to investigate and to prove delivery of the full consignment in sound condition. Wherever any lapse is found on their system, effort is made to fix staff responsibility. Although, according to a random study conducted by Western Railway, cases where staff responsibility is involved come to between 4 to 5 per cent of the total cases, on an average 21 months were taken to finalise action against staff in inter-Railway liability cases. The Committee consider the time taken to finalise such cases as unduly long and desire that steps should be taken to fix the staff responsibility as expeditiously as possible.
21	106	-do-	The Committee consider that Railways' efforts to maximise the output of the tracers/inspectors consignment in important cases is a step in the right direction to minimise delays in settlement of those claims which require collection of transit particulars from yard to yard, situated on different Railways. The Committee also appreciate the assurance given to them that after computerisation of freight operations, tracing would become quicker, resulting in speeding up the settlement of inter-Railway claims. They would like to be apprised of the progress made towards computerisation of freight operations in due course.
22	107	-do-	The Committee note that as per a sample study of claims cases on four Railways (Central,

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Northern, North-Eastern and Western) the number of staff punished has declined sharply in 1981-82, when compared to the figures of 1977-78. Moreover, in majority of the cases (66 per cent approx), the staff was let off with censure and recording the error only. This shows that there is some inherent defect in the process of reviews undertaken by the higher authorities in cases where punishments are found to be inadequate. The Committee have been informed that the Zonal Railways have again been instructed to give adequate punishment where staff responsibility is established. They would like the Ministry of Railways to tighten up the monitoring machinery set up to watch progress of disciplinary cases so as to ensure that instructions reiterated now are scrupulously followed by both disciplinary and reviewing authorities.