

SIXTEENTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1980-81)

(SEVENTH LOK SABHA)

MARKETING & SALES ORGANISATION

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action Taken on 70th Report (Sixth Lok Sabha)]



सत्यमेव जयते

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Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

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Corrigenda to the Sixteenth Report (Seventh
Lok Sabha) of the Public Accounts Committee

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PUBLIC ACCOUNTS COMMITTEE

(1980-81)

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Shri Chandrajit Yadav

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2. Shri D. C. Pande—*Chief Financial Committee Officer.*
3. Shri T. R. Ghai—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Sixteenth Report on action taken by the Government on the recommendations of the Public Accounts Committee contained in their 70th Report (Sixth Lok Sabha) on Marketing and Sales Organisation relating to the Ministry of Railways (Railway Board). The 70th Report dealt with the working of the Marketing and Sales Organisation on the Railways. In this Action Taken Report, the Committee have *inter alia* pointed out that the Railways for want of adequate organisation for marketing research have not been able to draw up as yet an overall plan and marketing strategy for attracting more high rated traffic. The Committee have recommended that necessary steps should be taken to attract high rated traffic especially where there has been diversion to road over long and uneconomical distances.

2. On 20 August, 1980, the following 'Action Taken Sub-Committee' was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the PAC in their earlier reports:

1. Shri Chandrajit Yadav—*Chairman*

MEMBERS

2. Shri K. P. Unnikrishnan
3. Shri K. P. Singh Deo
4. Shri Satish Agarwal
5. Shri N. K. P. Salve
6. Shri V. N. Gadgil

3. The Action Taken Sub-Committee of the Public Accounts Committee (1980-81) considered and adopted the Report at their sitting held on 2 March, 1981. The Report was finally adopted by the Public Accounts Committee (1980-81) on 11 March, 1981.

4. For reference facility and convenience, the recommendations and observations 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 the Appendix to the Report.

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

NEW DELHI;
12 March, 1981

21 Phalguna, 1902 (S).

CHANDRAJIT YADAV,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations of the Committee contained in their 70th Report (Sixth Lok Sabha) on Marketing and Sales Organisation, which was presented to Lok Sabha on 14 April, 1978.

1.2. Action Taken Notes on all the 44 recommendations contained in the 70th Report have been received from Government and these have been broadly categorised as follows:

- (i) Recommendations or observations which have been accepted by Government:

Sl. Nos. 3, 4, 5, 8, 9, 10, 12—18, 20—25, 27—33, 35—37, 39, 40 and 42.

- (ii) Recommendations or observations which the Committee do not desire to pursue in the light of the replies received from Government:

Sl. Nos. 1, 2, 26, 34, 38 and 41.

- (iii) Recommendations or observations replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos. 6, 7 and 11.

- (iv) Recommendations or observations in respect of which Government have furnished interim replies:

Sl. Nos. 19, 43 and 44.

1.3. The Committee expect that final replies to those recommendations or observations in respect of which only interim replies have so far been furnished, will be made available to them expeditiously after getting them vetted by Audit.

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

Laying down of targets and specific goals in relation to various services performed by Marketing and Sales Organisation

(S. No. 6, Para 1.39)

1.5. Regarding laying down of targets and specific goals in relation to various services performed by the Marketing and Sales Organisation on the Railways, the Committee in paragraph 1.39 of their 70th Report (Sixth Lok Sabha) had *inter alia* made the following observations:

“A general review of the different services, however, reveals that no targets and specific goals in relation to these services have been set down. In the absence of these targets and specific goals it is generally impossible not only to measure performance but also to locate or define problems as they arise in day-to-day operations. The Committee would like to point out that considering the enormous scope for expansion of these services the Railways will have to step up their marketing and sales promotion activities in this field considerably. It needs hardly any emphasis that Railways can attract additional traffic only by refurbishing their image as a reliable, dependable and efficient mode of transport at competitive rates.”

1.6. In their Action Taken Note dated 2 December, 1978, the Ministry of Railways (Railway Board) have stated:

“The Committee’s observations have been noted. Railways have been told to work up to the targets and to identify the problems which may be affecting day to day operations.”

1.7. In the same note, the Ministry of Railways (Railway Board) have added:

“The Railway Board would submit that instructions have been issued to all zonal Railways to ensure a minimum improvement of 15 per cent over the performance during last year in the loading of high rated/high value goods. container loading, freight forwarder loading and punctuality of QTS services. A constant watch is being kept. Personalised contact for attracting traffic and personalised service for customer satisfaction are the main measures taken for stepping up railways’ revenues.

There are targets not only for the total performance in terms of total loading for each division but also targets of performance for every sector of activity e.g. wagon mobility, engine utilisation, sectional speeds of trains etc. There are also targets for quality of service e.g. for settlement of claims. If these targets are achieved the total loading as well as loading of high profit yielding commodities will automatically improve; but for various extraneous reasons, the achievements of these targets are vitiated."

1.8. The Committee are not satisfied with the Ministry of Railways' response to their suggestion that set targets and specific goals in relation to various services such as container service, freight forwarder service and quick transit service should be laid down with a view to watch the actual performance of each service. The fact that the Railways have been told to work upto the targets and to ensure a minimum improvement of 15% over the performance during the previous year only partially meets the Committee's point of view. What the Committee had pointed out was that no targets and specified goals in relation to different services had been set down and unless such targets had been laid down it was not possible to make a realistic appraisal of the performance vis-a-vis targets. If the targets are pre-determined it no doubt becomes easier to watch actual performance and initiate remedial measures as and when considered necessary. The Committee therefore reiterate that targets and goals in relation to each service undertaken under the aegis of the Marketing and Sales Organisation should be laid down. Similarly, the measures actually taken to step up marketing and sales promotion activities with a view to expanding the various services rendered by the Marketing and Sales Organisation should be clearly indicated stating separately how far these have proved effective. The Committee desire that action on these lines be taken without delay.

Drawing up of an overall plan and marketing strategy for the Marketing & Sales Organisations.

(S. Nos. 7 and 11—Paras 1.40 and 1.69)

1.9. Dealing with the functions and duties assigned to the Marketing and Sales Organisations on the Railways, the Committee had in

para 1.40 of their 70th Report (Sixth Lok Sabha) observed as under:

“Yet another task before the Marketing and Sales Organisation is to keep watch on the loading of high profit yielding commodities and to take up measures to arrest the effect of rail-road competition and to have coordination between rail and road transport. They have also to undertake marketing research, prospecting and development and commodity/road surveys to ascertain commodity-wise pattern of traffic. The Committee find from the review of the Institute of Management, Ahmedabad on the Marketing and Sales Organisation of the Western Railway that precious little has been done in the field of planning of work for the overall marketing strategy, and for strengthening of specific services and integrating them into an overall plan. The organisation had set no targets for itself or for the Divisions. Even information about total market size and Railway's share in it, which is so vital for planning work, was found to be missing in the work of the organisation. The Committee feel that enough and serious attention has not been paid to the working of the organisation and its results.”

1.10. In their Action Taken Note dated 2 December, 1978, the Ministry of Railways (Railway Board) have stated:

“Efforts were made by the Marketing and Sales Organisation to collect information about the total transportation market and the railways' share in it. However, the size and the pattern of traffic has been constantly changing and it is not possible for the small organisation in the zonal headquarters and Railway Board to do this stupendous job of surveys constantly in addition to their other functions. Besides keeping a close liaison with the trade, they keep a day to day watch on the containers, freight forwarder services etc. They have also to keep a day to day watch on the loading of high profit yielding commodities to improve their loading.”

1.11. In the same note, the Ministry of Railways (Railway Board) have added:

“It has not been found possible to draw up an overall plan and marketing strategy scientifically for want of adequate organisation for marketing research.

However, the same results have been attempted to be achieved by collecting information about commodities being moved by road in large quantities and by devising ways and means to attract them to rail for transportation."

1.12. Again in para 1.69 (Rec. S. No. 11) of the same Report, the Committee had *inter alia* observed:

"Thus a very small percentage of high rated/profit earning traffic of the Railways fetches a comparatively much larger/share of the earnings and thereby makes an important contribution to the Railway Revenues. This clearly highlights the need for careful planning and marketing strategy development for attracting more high rated traffic which in fact is the only hope for the survival and growth of the Indian Railways in case they do not want to become a liability on the Public exchequer."

1.13. In their Action Taken Note dated 2 December, 1978, the Ministry of Railways (Railway Board) have stated:

"Railways are a government undertaking and have to move items required for national economic development on priority and programmed basis. These commodities include iron ore, fertilizers, coal etc. besides foodgrains etc. The total loading done by the Railways has been increasing and so also the total quantity of bulky items mentioned above which are necessary for the economic development of the country. Hence the proportion of the loading of the high rated commodities to the total loading is bound to go down in view of what has been stated above."

1.14. The Ministry of Railways (Railway Board) have further stated:

"It has not been found possible to draw up an overall plan and marketing strategy for attracting more high rated traffic for want of adequate marketing research. However action has been taken to exempt 25 high rated commodities from the purview of normal operating restrictions as a measure for boosting up their loading. A proposal for exempting some additional high rated commodities from normal operating restrictions is under consideration. Loading of high profit yielding commodities upto end of September 1978 has been 13 per cent more than that in the corresponding period of last year.

Loading of high profit yielding commodities also depends upon the quality of service, viz. Transit time, reduction of theft and pilferages, quick settlement of claims etc. Concerted action is being taken in this direction also.”

1.15. The Committee are unhappy to note that the Railways, for want of adequate organisation for marketing research, have not been able to draw up as yet an overall plan and marketing strategy for attracting more high rated traffic. This only goes to prove that enough and serious attention has not been paid to make the Marketing and Sales Organisations on the Railways effective. What is required is an organisation with grass root contacts with Trade and Industry so that by understanding their problems it could help attract as much as possible of the high rated traffic especially where there has been diversion to road over long and uneconomical distances. The Committee recommend that necessary steps in this regard may be taken.

CHAPTER II

RECOMMENDATIONS OR OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Railway Board has claimed that the expenditure on this Organisation is a very meagre amount. The Committee would like to point out that the totality of the situation is that besides incurring expenditure on this organisation the railways offer a number of other concessions under the freight forwarder scheme, container services, station to station rates and quick transit service. The Railway Board should therefore ensure that the objectives with which a separate organisation i.e. the Marketing and Sales Organisation was created, have been achieved.

[Serial No. 3, Para No. 1.36 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The Committee's observations have been noted. However, it is submitted that the concessions mentioned above are the very measures which have been introduced at the instance of the organisation for attracting more traffic with a view to augmenting railways' revenue. These are some of the expediences which are adopted to counteract the advantages of the road transport and are financially evaluated before they are introduced. In fact, these measures have increased the gross and net railway revenue and cannot as such be treated as concessions which would tantamount to expenditure.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70,
dated 2nd Dec., 1978]

Recommendation

One of the main functions of the Marketing and Sales Organisation was to maintain close liaison with manufacturers and trading

interests and to ascertain and solve their problems in connection with expeditious and safe transportation of their goods by rail by improving the quality of service. The Committee have been informed that this organisation had made 4114 and 4585 contacts with private parties and Government/Semi-Government and public undertakings during the years 1975-76 and 1976-77 respectively. From the list of duties assigned to the various categories of personnel in the organisation it would appear that these contacts are being made by the junior rank officers such as junior Commercial Inspectors. The Committee are of the view that if Railways are earnest in establishing business contacts through proper salesmanship techniques, the present pattern of staffing of the organisation needs a through reappraisal.

[Serial No. 4, Para 1.37 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The Committee's views have been noted and the Efficiency Bureau of the Railway Board has been asked to do a thorough reappraisal of the pattern of the staffing of the Marketing and Sales Organisation. However, it is clarified that the contacts with the trade are being made not only at the Inspectors' level but also at the senior officers' level including the Chief Marketing Superintendent himself. The level of contacts depends upon the importance of the party from the point of view of the quantum of traffic.

The results of the re-appraisal of the pattern of staffing of the Marketing and Sales Organisation to be done by the Efficiency Bureau of the Railway Board will be submitted to the Public Accounts Committee in due course.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70,
dated 2nd Dec., 1978]

Recommendation

The Committee were surprised to find that so far no special attention has been paid by the Marketing and Sales Organisation of the Railways to the specialised traffic of Government Departments and Public Undertakings. Even though the Government Departments had instructions to use the Railways for their transportation needs as this is by far the cheapest mode of transport for

the long distance in any case, the freight of these departments has not always been carried by the Railways. A case in point is the transportation of copies of Delhi Telephone Directory from Calcutta by the road hauliers. Another example is transportation of cement where the Member Traffic had himself admitted that the required quantity was not moving by rail. The Committee cannot but emphasise that the Railways should direct their attention in this direction as the Government Departments and Public Undertakings are by no means small users of transport facilities. It is unfortunate that the Railways have not tried to attract the traffic of Government Departments/Undertakings to the extent desirable.

[Serial No. 5, Para 1.38 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The Committee's observations have been noted. However, it is clarified that in the past also the Marketing and Sales Organisation had been contacting the Government Departments and Public Undertakings for attracting their traffic for movement by rail. However, in view of the Committee's observations, the thrust on these undertakings has been increased.

This has been seen by audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70
dated 2nd Dec., 1978]

Recommendation

The Committee learn that during the last 2 years (1975-76) and (1976-77) four meetings were held by the Railway Board with the Chief Marketing and Sales Superintendents of all the Railways. It is stated that during these meetings achievements of the Organisation were reviewed and the scope for further improvements spelt out. But the review conducted by the Indian Institute of Management, Ahmedabad in respect of the Western Railway in 1970 had pointed out that (i) barring a few exception, initiative for most of the marketing schemes came from Members of the Board at such meetings and Marketing and Sales Superintendents then took on the job of proposal preparation and if approved implementation thereof; (ii) there appeared a tendency in such meetings to push all Marketing and Sales Superintendents to implement schemes or work on proposals which were found successful on any one zone without any proper study of the conditions obtaining on other zones.

The Committee feel that if the Railways have to have its rightful share of the high profit yielding, traffic the Board will have to motivate the Chief Marketing Superintendents to come forward with new innovations and the Board will have to most actively monitor those schemes.

[Serial No. 8, Para 1.41 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

Committee's observations have been noted. It may however be pointed out that whereas Chief Marketing Superintendents are encouraged to come forward with new innovations for boosting up their marketing efforts, their suggestions have to be counted in the context of the overall commitment to the movement of essential bulk commodities and other national obligations which the Railways are frequently called upon to shoulder. And since some priority movements consume almost all available capacity, it is not always possible to comply with sophisticated demands of high profit yielding traffic. Marketing organisations are therefore handicapped in their drive but this does not imply a lack of initiative.

As already indicated, within the overall constraints, the Chief Marketing and Sales Superintendents are encouraged to come forward with their innovations. Reference may also be made to the Railway Board's further remarks against para 1.40.

Besides, Chief Marketing Superintendents are very senior officers and are selected for their initiative, drive and enthusiasm exhibited by them in their earlier long career and they always feel accountable for explaining what marketing efforts they make.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/IV/70,
dated 2nd Dec., 1978]

Recommendation

In the light of what has been stated above the Committee cannot but conclude that functioning of the Marketing and Sales Organisation of the Railways needs to be properly evaluated with a view to streamlining it.

[Serial No. 9, Para No. 1.42 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The Committee's observations have been noted.

Work in this direction is under progress and would be intimated to the Committee in due course.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70,
dated 2-12-1978]

Recommendation

The Committee note that one of the main functions of the Marketing and Sales Organisation of the Railways is to keep a watch on the loading of high profit yielding commodities. As a matter of fact the total efforts of this organisation are directed towards this end. Despite this the Committee regret to find that over the years the Railways have not been able to wean away this traffic from the road hauliers. The analysis made by Audit of high profit yielding commodities carried by rail has revealed that the Railways have not only failed to capture additional traffic but have also been unsuccessful in retaining the existing traffic. The quantum of and earnings from high rated/profit yielding commodities on which the Organisation is required to keep a special watch have shown a down-ward trend over the last five years. During 1971-72, when the Organisation was keeping a watch on loading of 47 commodities, the tonnage originating was 11.4 millions constituting 6.70 per cent of the total revenue earning traffic and 15.99 per cent of earnings, while in 1975-76 when the number of high rated/profit yielding commodities had been raised to 80, the quantum of traffic was only 13.5 million tonnes constituting 6.86 per cent of total revenue earning traffic and 13.95 per cent of earnings. In regard to the prospects of attracting more high rated traffic to the Railways the Chairman, Railway Board had in his evidence before the Committee stated:

“We do feel that the Railways will lose more and more of high-rated commodities to the Roads.”

The Committee feel concerned about this situation.

[Serial No. 10, Para 1.68 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

No doubt one of the main functions of the Marketing and Sales Organisation of the Railways is to keep a watch on the loading of high profit yielding commodities but there are factors beyond the control of railways which have been affecting the loading of and earnings from high rated commodities. Some of the important factors are:—

Normally rail transport is most suitable for bulky goods for all distances and high rated goods for medium and long distances. This was brought out in the draft paper on National Transportation Policy also. However, 8050 national permits have been sanctioned and issued to the road hauliers which are syphoning away the high value goods even for long distances. The State Governments and the Ministry of Shipping and Transport are bringing a great deal of pressure for getting the number of national permits increased by 2000 more. This is being resisted by the railways.

With the fleet of trucks increasing progressively from year to year at fast rate and the conditions of roads improving and the issue of a large number of national permits with all the advantages that go with the road transport, it is reasonable to expect that the railways will lose more and more high value goods to road.

In 1971-72 the watch was being kept on 47 commodities which accounted for a total of 215 sub-commodities. Later on when the number was revised to 80 the number of sub-commodities came down to 164 only.

However, the Committee's observations regarding the need for careful planning and development of the market strategy for attracting more high rated traffic has been noted and action has been initiated so that the loading of high rated traffic can be improved. It has been decided to keep the target for current year 15 per cent higher than the loading achieved during the last year.

The following steps have been taken to improve the loading of high rated traffic:

- (i) 25 important high rated commodities have been completely exempted from the purview of normal operating restrictions.

- (ii) Railways have been asked to achieve 15 per cent increase in loading of these commodities in the current year as compared to last year. During the first 6 months of the current year the increase already achieved is 13 per cent over the loading during the corresponding period of last year.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70, dated 2nd Dec., 1978]

- Recommendation

The Committee were surprised to learn that the marked deterioration in the loading of high profit yielding traffic over the years on different Railways was inter alia attributable to the restrictions imposed on booking of traffic on account of operational difficulties and inadequate supply of empty wagons particularly covered wagons. It is a little ironical that on the one hand the Railways are making all-out efforts to retrieve the lost traffic and to secure additional traffic on the other hand they do not pay sufficient attention to ensure that the High rated traffic was exempt from normal operational restrictions and demand for covered wagons for loading such commodities is fully met. This indicated that there is no coordination at a fairly high level in the organisation between operating, commercial and marketing activities of the Railways. This situation needs to be remedied in the interest of attracting more high profit yielding traffic.

[Serial No. 12, Para No. 1.70 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

Co-ordination among the three departments concerned namely marketing, commercial and operating is maintained at all levels including the level of the heads of departments. Normal operating restrictions are imposed by the railways when there is congestion at the goods sheds, transshipment points, yards etc. and these are unavoidable in order to obviate shortage of wagons. Sometimes the wagons are not available because they are required for rushing essential commodities like coal, raw material etc. for the industries that are about to close down or foodgrains to be moved to deficit areas for human consumption. However, 25 out of 80 high profit yielding commodities have been exempted from normal

operating restrictions. The number of such commodities will be increased further shortly.

A copy of the instructions is enclosed (Annexure).

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70,
dated 2nd Dec., 1978]

ANNEXURE

Prabhinder Singh,
Director, Traffic Transportation.

D.O. No. 78/TC/M&S/1/1

New Delhi, dated 2-9-1978

My dear (All G.Ms.)

SUBJECT.—*Clearance of O.D.Rs. and loading of high rateu traffi.*

The Board have, for some time now, been worried about:—

- (i) Loading of high profit yielding commodities;
- (ii) Clearance of old-dated registrations.

2. Regarding the first item, viz., the loading of high profit yielding commodities, a decision has been taken by the Board that the important commodities, which are very high profit yielding, should not be subjected to any operating restriction and must be allowed to move freely, except when restrictions become necessary in the event of any unusual occurrence, such as floods, breaches, civil disturbances, etc. Recognising the fact that loading of such commodities should be limited to a certain number of wagons per day, which can easily be loaded and moved, despite restrictions, these 25 commodities (list appended—Annexure I) have been selected as the movement is limited to a few wagons and the profitability per four-wheeler warrants it. These are to be loaded on demand and should not be subjected to any of the normal operating restrictions. Whenever it is felt that the movement of these commodities has to be subjected to any restriction, the Board has to be approached and special permission be taken. Railways must therefore, note that the inclusion of the phrase “including high profit yielding commodities” in restriction messages does not apply to these commodities. These instructions supersede all other instructions issued on this subject from time to time.

3. Regarding item (ii), a Railway-wise analysis has been made in regard to the outstanding demands; it will be noted that only a few commodities are holding up the ODR and are also keeping

the number of outstanding indents at a very high level. These commodities are known to you, but given in Annexure-II is a list of the commodities and the oldest dates of registrations, which must be tackled to bring down the outstanding registrations, and pull up the ODRs. In respect of these commodities, block rake loading, where possible, and consistently good supplies as well as closed circuit operations should be tried. Board desire that during the month of September, 1978, a concerted drive should be launched in this regard, so that with the commencement of the busy season, the Railways are not saddled with spurious old-dated demands and heavy registrations. A special Report in connection with this drive should be sent to the Board by the 1st October, 1978, along with the results achieved.

Yours sincerely,

Sd/-

PRABHINDER SINGH.

Encls: Annexures I & II.

ANNEXURE-I

List of high profit yielding commodities, which should not be subjected to normal operating restrictions by the Railway without prior approval of the Board.

- (i) Iron and steel 'A', 'B' and 'C'.
- (ii) Cotton raw fully pressed.
- (iii) Liquid petroleum gas in cylinders.
- (iv) Piece goods, cotton, woollen and artificial silk.
- (v) Soap.
- (vi) Electrical appliances and fittings Division 'A', 'B' and 'C'.
- (vii) Rosin.
- (viii) Glass-ware Divisions 'A' and 'B'.
- (ix) Jute manufactured.
- (x) Aluminium ingots.
- (xi) Leather and leather goods.
- (xii) Bicycles and bicycle parts.
- (xiii) Gunnies and sacks.
- (xiv) Tobacco manufactured.
- (xv) Tobacco un-manufactured.
- (xvi) Magnesite calcined, burnt or powdered.
- (xvii) Turmeric.

(xviii) Paints and Varnishes.

(xix) Tea.

(xx) Rubber crude.

(xxi) Fire works.

(xxii) Wool raw and waste.

(xxiii) Hemp and fibre.

(xxiv) Non-ferrous metals.

(xxv) Vegetable oil in tins, except for quota fixed for N.F. Railway.

ANNEXURE II

Outstanding demands in important commodities (figures indicate approx. Outstanding indents as on 20th August, 1978)

Railway	Commodity	Approx. indents	ODR
Central	Charcoal	5000	6/2
	Limestone	550	3/5
	Lime	1000	1/6
	Silica sand	430	20/3
	Foodgrains	1500	12/5
	Pulses	650	15/5
Eastern	Stone	11000	1/3
	Charcoal	1150	9/6
	Fire-wood	325	29/5
	Bamboos	350	3/6
	Iron & Steel	250	26/6
Northern	Public foodgrains	2700	15/4
	Lime & Lime stone	500	19/7
	Railway material	220	19/7
	Lime Kali	450	17/7
N.E.	Foodgrains	800	19/6
	Jaggery	650	18/7
N.F.	Bamboo	400	27/7
	Tobacco	500	10/17

Railway	Commodity	Approx. indents	ODR	
Southern	Jaggery	1500	9/6	
	Safety matches	250	17/7	
	Zonal salt	4500	10/6	
	Oil seeds	2300	15/6	
	Bajra	900	13/6	
South Central	Rice and Paddy	1000	16/5	
	Stone and slabs	3000	7/5	
	Barytes	400	16/5	
	Lime and lime Stone	1300	13/6	
	Fire-wood	400	1/7	
	Jaggery	850	31/5	
South Eastern	Fire wood and Charcoal	6700	7/2	
	Timber	3000	5/2	
	Bidi leaves	3700	5/3	
	Foodgrains/pulses	2000	20/3	
	Oil cakes	850	27/2	
	Western	Zonal salt	11000	27/3
		Industrial salt	800	1/5
Stone		1000	19/5	
Bauxite		250	8/7	
Lime stone		400	14/6	
Rock phosphate		1800	2/4	
Soap-stone		2000	20/40	
Foodgrains/pulses		1000	21/4	

Recommendation

According to the findings of the Indian Institute of Management, Ahmedabad, which had studied the functioning of the Marketing and Sales Organisation on the Western Railway, the failure of Railways to attract enough of the high rated traffic in competition with truck

transport can be traced to poor planning enforcement of an unrealistic priority system, faulty pricing policies, lack of an effective selling and servicing organisation, ineffective information system, an overall poor image of the Railways as a dependable mode of transport with customer interest as the 'heart' of the system and relegated status assigned to commercial wing of the organisation. The Institute's study has pointed out that only a small part of the high rated traffic (hardly 2.5 per cent) moved through special services like containers, QTS and the rest of it moved through ordinary system. These observations are of far reaching importance and the Committee would be interested to know what concrete action has been taken by the Railways in pursuance thereof.

[Sl. No. 13 Para 1.71 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The causes mentioned by Indian Institute of Management, Ahmedabad for the failure of railways to attract enough high rated traffic are not in the correct perspective. Basically, these can be put in the following categories:—

Railway's first commitment to move items of importance for national economy like coal, cement, raw material, food-grains, fertilisers etc. on committed basis and programmed.

Inherent advantages and considerable expansion of road transport.

Truck hauliers are able to give many overt and covert advantages to their customers because they are private individuals and do not have to work under rules and regulations as laid down for the railways.

A systematic assessment of total freight business, assesment of the business strategies followed by the competitors, preparation of operational plans etc. call for additional staff exclusively engaged in this work. Non-availability of additional hands however has not been allowed to affect the adoption of marketing strategies for combating road competition. Introduction and expansion of containerised traffic and traffic from the freight forwarders, apart from upgradation of priorities for commodities having a high profit yielding character, guaranteed supply of wagons at nominated stations and for certain specified commodities, doing away with the rule of wagon registration fee for certain high profit yielding commodities etc. are steps already taken to counteract the competition from road. Action had been initiated on the lines suggested by the Institute,

even before submission of their report and the priority for movement of several profit yielding commodities, had already been upgraded. Subsequently, the priority for movement of some more high profit yielding commodities was again upgraded.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee note that in order to retrieve the lost traffic in high rated commodities and to secure additional traffic, Railway Board proposes to take a number of steps. But there appears to be nothing new in those steps and the Committee are therefore doubtful whether those would serve the objective in view. The Committee feel that Railways should in consultation with their marketing experts review the operational aspects so that increasingly more high profit yielding traffic is attracted to the Railways.

[Sl No. 14 Para 1.72 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The recommendation of the Committee is noted.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee note that in 1971-72 a major portion of tea (which is one of the few selected commodities on which the Marketing and Sales Organisation keeps a watch) produced in the country moved by rail. However, over the years the percentage of the tea traffic moved by rail to the total production of tea had gradually come down from 65 in 1971-72 to 26 in 1975-76. Further, on the Northeast Frontier Railway where a major portion of the tea traffic originates, the drop in the percentage of rail movement is even more pronounced. This figure had come down to 16 in 1975-76 against the figures of 64 and 62 reached respectively in 1969-70 and 1971-72. Explaining the reasons for the drop in the percentage of rail movement of tea it has been stated that the pattern of movement by rail from stations on the Northeast Frontier Railway to Calcutta underwent a complete change with the commissioning of the Farakka barrage in December 1971, because it provided a direct road link with Assam and Calcutta.

[Sl. No. 15 Para 1.78 of 70th Report of PAC (Sixth Lok Sabha).]

Action Taken

The observations of the Committee are noted.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-
PAC/VI/70 dated 2-12-1978]

Recommendation

Although some steps have been initiated by the Railways to capture the tea traffic by ensuring better service to the industry, these, in the opinion of the Committee, are not enough. They desire that the change in the pattern of tea traffic following the construction of the Farakka Barrage be considered as a challenge which has to be effectively met in the interest of Railway revenues. Both short term and long term measures will have to be contrived to recapture this vital traffic. The Committee have been informed that the Railway Board have *inter alia* taken the following steps:—

- (i) The Freight Forwarder Scheme from the tea producing centres to the stations of destination such as Howrah have been introduced.
- (ii) Station to station rates with suitable freight reduction have been introduced to attract more traffic to the Railways.
- (iii) Personal contacts with the planters are being intensified with a view to popularise the new schemes being introduced for the quick transportation of tea by rail.

The Committee will watch with interest the results achieved in this field.

[Sl. No. 16 Para 1.79 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

In addition to the steps already mentioned in the recommendation, the following further steps have been taken to capture tea traffic on the Northeast Frontier railway:

- (i) Exemption from wagon registration fee;
- (ii) prompt supply of tea fit wagons;
- (iii) generous free time (10 days) for loading at the originating station;

- (iv) free supply of tarred gunny strips and bamboo dunnage to avoid damage by wet;
- (v) running of tea specials and monitoring the movement of tea wagons;
- (vi) provision of RPF escorts for tea specials to ensure safety;
- (vii) intensification of various claims prevention measures;
- (viii) Reduction in the incidence of claims as a result of concerted efforts. Claims on tea booked to Eastern Railway terminals came down from 3329 cases in 1975-76 to 986 cases in 1976-77 and 442 cases in 1977-78; and
- (ix) quick settlement of claims on tea.

The above measures have created confidence in the trade for transportation by rail.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee note that the originating traffic in Rubber tyres and tubes on the Eastern Railway had reached the figure of 34.81 thousand tonnes in 1973-74. But this figure slumped down to 25.41 thousand tonnes in 1975-76. Although the reasons for the variation in the originating traffic have been attributed to several factors which adversely affected the Eastern Railway's operation, the Committee note that there were certain other avoidable factors which had an impact on the fluctuations in the originating traffic of Rubber tyres and tubes. These included inadequate supply of empties free from defects, longer transit time and delays in issue of Railway receipts. The Committee see no reason why these largely controllable factors were allowed to have an adverse effect on the originating traffic of tyres and tubes. The Railway Board should work out a plan to ensure that (i) the empties supplied are free from defects, (ii) the transit time of the wagons booked from the siding of the rubber tyre industry in Sealdah area for Bombay is reduced to the minimum and (iii) there is no avoidable delay in issue of railway receipts. The Committee would like to be apprised of the action taken in this behalf.

[Sl. No. 17 Para 87 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

Committee's observations have been noted and the necessary action has been taken. As a result the traffic in tyres and tubes during the current year (up to August 1978) has risen to 13,279 tonnes against 10,381 tonnes during the corresponding period of previous year. The supply of empties free from defects has considerably improved. Railways are ensuring that this traffic from Sealdah area for Bombay via S.E. Railway is moved without avoidable transit delays. There is also no delay in issue of railway receipts. The firms have no grievances at present.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee are unhappy to find that the Railway Administration has almost given up in despair the efforts being made by them for recapturing the traffic in carpets ex-Bhadohi mainly because of the Railway's inability to reduce transit delays and thereby be able to compete with the road hauliers. It is noted that the Railway Administration has been experimenting with different alternatives to regain the lost traffic and have had some limited success also. The Committee are, however, not impressed by the argument that the earlier system of carrying this traffic by passenger train had to be given up as this was operationally not feasible. They are of the opinion that the movement of the high rated traffic which is *sine qua non* for augmentation of Railway earnings should, as far as possible, be exempt from the operational restrictions. The Committee trust that more concerted efforts would be made to devise means for providing a more customer-oriented service for the transportation of the carpet traffic.

[Sl. No. 13, Para 1.92 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The Committee's observations have been noted. Efforts are being continued to find ways and means of retrieving the traffic from road. However, it is pointed out that Bhadohi is on the Branch Line and the wagons have to be dealt with en-route at Varanasi and Mughal-sarai. Therefore, the transit time by rail, cannot match the transit time by road, which is just one day.

This has been seen by Audit whose remarks under para 1.95 may please be referred to.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The figures regarding production of cotton raw (pressed and unpressed) and the quantities moved by rail during 1969-70 to 1975-76, as given in the Audit Paragraph, clearly reveal that the Railways are generally losing ground to the road transport. Whereas the cotton traffic handled by the Northern Railway showed an increase over the years, the traffic originating in Western and Central Railway indicated a marked tendency towards decrease. The loading on the Western Railway declined from 52 per cent of the total production in 1972-73 to only 15 per cent in 1975-76. Similarly, the traffic declined on the Central Railway over the years. One of the factors responsible for decline in loading of cotton bales in the Western Railway has been stated to be, the declaration of National Emergency in June, 1975 followed by credit curbs, disclosure of hidden income and its consequent impact on the commercial and industrial activities. The Committee are unable to appreciate this explanation because during the same period on the Northern Railway, there was increase. The Committee feel that this sharp decline in the loading figures should have led the Railways to make a systematic analysis of the reasons for the decline and the remedial steps necessary to be taken.

[Sl. No. 21, Para 1.102 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The observations of the Committee have been noted and the concerned railways have been asked to take remedial measures.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee were surprised to learn that even though the road transport was costlier than rail transport, six to seven lakhs bales of fully pressed cotton were moving every year from Maharashtra, Madhya Pradesh and Gujarat to certain mills in Coimbatore mostly by roads because of the quicker transport and door to

door delivery. Some steps are stated to have been taken to capture this traffic but they appear to be the routine steps such as keeping a special watch, quoting on special station to station rates, liaison with the concerned organisations/undertakings. The Committee are not satisfied with what the Railway Board have done. They would like to know whether the Railway Board had carried out any indepth study to find out the precise reasons for the fall in the quantum of cotton traffic carried by the Railways. The Committee feel that such a study is essential for taking remedial steps for recapturing the traffic and for increasing the share of Railways in this office.

[Sl. No. 21, Para 1.102 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

A study to find out the precise reasons for fall in the cotton traffic carried by the Railways has been made. This study has revealed that the main reason for fall in movement by rail is the decisive advantage which road transport has over rail transport. This will be clear from the following:—

- (i) With the increase in the fleet of higher capacity trucks of 10 tonnes, competition from road transport has become extremely stiff.
- (ii) The transit time by road is much less as compared to that by rail inspite of special arrangements made for speedy clearance of loaded wagons. This is because of marshalling yards and transshipment points en-route.
- (iii) Issue of a large number of National permits has resulted in diversion of long distance cotton traffic also to road.
- (iv) The number of road trucks and kilometrage of all-weather roads has increased considerably.
- (v) With a view to keeping down the inventories, particularly in view of the high price of each wagon load of traffic (about Rs. 1.5 to 2 lakhs), the mills now-a-days prefer to buy cotton in small lots of 50 bales. Thus the movement over the years has become piecemeal and block loading to only one destination is not possible. Piecemeal loading necessarily means longer transit time by rail.
- (vi) Cotton meant for export is carried from the despatching centres to Bombay Docks direct, mostly by road transport as information about ships getting berths in the Docks on

a particular day is not available sufficiently in advance due to congestion in Docks and such movements are, therefore, undertaken at short notice.

- (vii) In the Gujarat area, most of the cotton is produced is consumed locally by the mills at Ahmedabad, Viramgam, Nadiad, Vododara, Surat, Navsari, Kalol, Kadi, Rajkot etc. For short lead movement, road is preferred to rail to ensure piecemeal supplies on day to day basis.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee find that of the total quantity of tobacco produced in the area served by the Southern Railway only a small percentage was being moved by the Railway. In 1972-73, 4.6 per cent of the tobacco produced in the area was transported by rail. This figure had come down to just 0.47 per cent in 1974-75. In the case of South Central Railway, however, the Railways' share of traffic of Fluecured Virginia Tobacco has been maintained over the years. The Committee would like the Southern Railway to find out the reasons for the diversion of the tobacco traffic to the roads and to take such remedial measures as may be considered necessary to retrieve the lost traffic.

[Sl. No. 22, Para 1.105 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

As desired by the Committee, Southern Railway was asked to analyse the reasons for steep fall in their tobacco traffic. A study of the pattern of movement of this traffic revealed that most of the tobacco produced locally is now moving in small lots to different parties in the same region and is being used mainly as chewing tobacco or for making cigars. Hence it is mainly moving by road, as this pattern is most suited for road transport, which is highly developed in this region.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee note that as a result of the measures taken by the Railways such as contacting the Fertiliser Corporation of India and assuring them of better service, the rail movement of gunny bags had picked up. This goes to demonstrate that with proper care the Railways can influence the customers and attract more traffic to the Railways. The Committee desire that this should be followed up.

[Sl. No. 23 Para 1.107 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The observations of the Committee have been noted and necessary action taken. As a result of this, 72,144 tonnes of gunny bags were booked upto August 1978 during the current year as against 37,000 tonnes booked during the corresponding period of previous year.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee note that Freight Forwarder Scheme was introduced in 1969 in order to cater mainly to 'Smalls' traffic bulked into wagon loads, which tends to move away from rail to other modes of transport. During 1976-77, the service was available between 67 pairs of points and the freight earned therefrom amounted to more than Rs. 652 lakhs. Under the scheme approved freight forwarders collect and deliver consignments from to the godown of the individual traders at the forwarding and destination stations in 'smalls' and offer them for transportation by rail between specified terminals in wagon loads. The railways on their part quote a lumpsum rate which is attractive to the freight forwarder and there is a guaranteed supply of wagons which are monitored as Quick Transit Service. It is seen that in 1973-74, between 54 pairs of points on which this service was available 15,414 wagons were loaded. In the subsequent two years, viz., 1974-75 and 1975-76, the number of wagons loaded under this scheme were 12,872 and 12,491 respectively although the number of points between which the service was available had gone upto 67 against 54 in 1973-74. The figure of loading

in 1976-77 on the same 67 points was 17,888 which is indicative of an appreciable improvement in the performance over the preceding two years. The Committee would like the Railways not only to keep up this performance in future but also take all possible measures to effect further improvement by removing all shortcomings.

[Sl. No. 24 Para 1.130 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The observation of the Committee has been noted. All possible measures are being taken by the Railways to effect further improvement in the performance of freight forwarder Scheme. The figures given below would show that there has been further improvement in loading as well as in the earnings during the year 1977-78 as compared to the previous year 1976-77 inspite of reduction in the number of pairs of points between which the service was available.

Year	No. of pairs of points	No. of wagons loaded	Freight earned (Lakhs of rupees)
1976-77	99	19,897	652.14
1977-78	90	23,556	760.86

Freight Forwarders who were not giving adequate and regular traffic were dropped.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70, dated 2nd Dec., 1978]

Recommendation

It has been mentioned that one of the main irritants in developing this traffic is that whereas the freight forwarder has to pay octroi duty the road hauliers escapes it. The Committee feel that this matter can be sorted out amicably if a proper approach is made to the local authorities in right earnest.

[Sl. No. 25 Para 1.131 of 70th Report of PAC (Sixth Lok Sabha)]
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Action Taken

The observation of the Committee has been noted and communicated to Railways for having the problem sorted out in consultation with the local authorities.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

That the freight forwarder schemes are not always sanctioned on the basis of a detailed study involving prospects of traffic and revenue is clearly borne out by the North Eastern Railways' experience in relation to Kanpur-Gorakhpur and Kanpur-New Gauhati services. The Kanpur-Gorakhpur service was sanctioned in August 1972, but has not fructified even after a great deal of efforts. Similarly, with a view to explore the possibility of deriving the benefits of the scheme, the North Eastern Railway decided to operate the scheme between Kanpur and New Gauhati but despite vigorous follow-up the scheme could not fructify due to lack of response from the trade. This scheme—though sanctioned in 1973 was introduced in February 1976 and by June 1976 traffic of 6 wagons loads only was offered by the freight forwarders. Similarly, on the Western Railway, though three freight forwarders were appointed in December, 1973 mainly for piece goods traffic moving from Ahmedabad to Bangalore, no traffic was offered due to excessive transit time by rail as compared to road services. These instances only demonstrate that there was not much of planning before the introduction of special services. In these cases, as has been conceded by the Member-Traffic, the Zonal Railway was loaded to take action since similar experiments on other Railways had helped in attracting additional traffic. The Committee need hardly emphasize that before introducing new service the *pros and cons* should be critically assessed.

[Sl. No. 27 Para 1.133 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

It may be mentioned that freight forwarder schemes are generally tried out on routes where the railways are losing traffic to road with a view to capture some of this traffic. If the trial succeeds the Railway benefits, and if the scheme does not operate successfully

due to reasons such as longer transit time etc., the Railway loses nothing as no investment is involved in introducing freight forwarder scheme. However Committee's observations have been noted and before introducing any new Freight Forwarder service *pros and cons* are being critically assessed by the Railways in all cases.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

The Committee find that the freight forwarders were actually road operators and freight forwarding was only a peripheral activity for them. In the circumstances, it is quite possible that clever operators, in order to take advantage of the lower rates and better facilities offered by the Railways under the Freight Forwarder Scheme may be diverting some freight which would have normally come to the Railways in the usual course. In fact, as pointed out by Audit, some of the freight forwarders on the South-Eastern Railway carried traffic by road. This aspect of the matter needs to be carefully and constantly kept under watch.

[Sl. No. 28 Para 1.134 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

With a view to ensure that there is no diversion of the existing rail borne traffic to Freight Forwarder, a close and constant watch is kept on the working of the Freight Forwarders and a regular study is undertaken of the loading of the high profit yielding commodities and other general goods *vis-a-vis* tonnage loaded by Freight Forwarders on the freight forwarder routes. The observation of the committee is noted. Constant and careful watch is being kept.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70 dated 2-12-1978]

Recommendation

Container Service is one of the several special services which have been introduced by the Railways primarily with a view to attracting high profit yielding traffic. In 1971-72, between the 9 pairs of stations on which the container service was available,

31,880 containers were loaded and the total earnings thereon amounted to Rs. 144 lakhs. In 1975-76, the service was available between 12 pairs of stations and the loadings during the year were of the order of 36,939 containers on which Rs. 271 lakhs were earned. A comparison of the number of containers loaded *vis-a-vis* the loading targets as set down in the Project Reports of different services has revealed that the loadings were much below the targets in respect of 7 out of 12 services. The investigations made by the Railway Board into the reasons for shortfall in the actual loadings compared to the targets have, *inter alia*, indicated that some of the big users of these services were diverting their traffic to roads mainly because the movement by road was cheaper and faster. How successfully the Railways are able to stem this diversion of traffic to roads will determine the future of the container service.

[Sl. No. 29 Para 1.66 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

With regard to the Committee's observations that the targets for loading of containers estimated (in the Project Reports) were not achieved on certain routes, it may be stated that while the estimated targets are prepared on the assurances given by the prospective customers the actual materialisation of traffic is subject to considerable changes in the position during the interval between the framing of the Project Report and the actual commissioning of the service such as:—

- (a) Variations in productions, necessitated by factors like credit squeeze, power cuts, drought conditions, fluctuations in demand etc.;
- (b) Changes in the pattern of marketing/distribution;
- (c) The growing competition from road hauliers and the devious methods used by them in weaning away the traffic from the Railways—such credit facilities, free godown facilities, undercutting the rates below the irreducible minimum rates in the empty return direction etc.

Nevertheless, the Railways have been making constant efforts to prospect new traffic, while devising ways and means to arrest the diversion of traffic to road.

In the light of the observations made by the Committee instructions have been issued to the Railways to make concerted efforts to arrest any diversion of the traffic from the big customers to the

road by various measures such as close liaison with trade, meeting their demands for containers expeditiously, despatch of containers by super Express Goods Trains/nominated trains and careful monitoring of the transit time of containers to minimise transit time etc.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) OM No. 78-BC-PAC/VI/70,
dt. 2-12-1978]

Recommendation

It is regrettable that seven out of the 12 services being run by the Railways have not achieved the targets laid down. In one case (Carnac Bridge-Asarva Service) it is proposed to close down the service. In two other cases *viz.* (i) Salt Cotaurs-Bangalore Cantonment Service and (ii) Pune-Salt Cotaurs Service; it has been decided to merge these services with other services. In three cases *viz.* (i) Salt Cotaurs-Wadi Bandar Service, (ii) Yeshwantpur-Wadi Bandar Service, and (iii) Wadi Bandar-Secunderabad Service, the targets for loading have been scaled down. This clearly shows that the main objective behind the introduction of the container service, namely, meeting the competition offered by the truck operators has not been successfully achieved.

[Sl. No. 30 Para 1.167 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

The Committee's reference to the seven container services which could not achieve the targets laid down are as under:—

- (i) Carnac Bridge-Asarva
Asarva-Carnac Bridge
- (ii) Salt Cotaurs-Bangalore
Bangalore-Salt Cotaurs
- (iii) Wadi Bander-Salt Cotaurs
Salt Cotaurs-Wadi Bandar
- (iv) Wadi Bandar-Secunderabad
Secunderabad-Wadi Bandar
- (v) Wadi Bandar-Yeshwantpur
Yeshwantpur-Wadi Bandar
- (vi) Pune-Salt Cotaurs
Salt-Cotaurs-Pune
- (vii) Carnac Bridge-Kota
Kota-Cornac Bridge

It may be explained that the targets for loading of containers estimated (in the Project Reports) are prepared in the assurances given by the prospective customers to offer traffic, while every effort is made to keep up the loading upto the target anticipated the actual materialisation of loading, however, depends upon the various factors like actual development of the Industries, continuity of production, market conditions, changes in the pattern of movement, development of road transport etc. These factors naturally contribute to the actual performance falling short of the targets aimed at.

2. The position, in brief with regard to the seven services under reference is explained below:—

(i) *Carnac Bridge-Asarva Service*

The loading upto the target anticipated could not be achieved. Keeping in view the latest trend of traffic on this service and to improve its profitability, the Western Railway have drastically cut down the expenditure on the road portion of this service at Asarva and so as to make this service economically viable.

(ii) *Salt Cotaurs-Bangalore Service*

A scrutiny of the revised project reports submitted by the Railways for the Salt Cotaurs-Bangalore container service and Shalimar-Salt Cotaurs/Bangalore service revealed that if these two services were merged and run as a composite service it would contribute to better utilisation of the fleet. Accordingly, the Railway have submitted a revised and consolidated project report for the composite service and the matter is under scrutiny.

(iii) *Wadi-Bandar-Salt Cotaurs Service*

Target of 1800 containers per annum included 1296 containers of L.P. Gas cylinder traffic which ceased moving from Bombay after setting up of the Refinery at Madras. Despite, this, the loading in 1971-72 (7981), 1975-76 (1657) and 1976-77 (1741) was only marginally less than the target. Setback in loading during 1977-78 was mainly due to shortfall of 410 containers in loading by M/s. Hindustan Lever Ltd. during 1977-78 *vis-a-vis* 1976-77 owing to strike in their Bombay factory as well as change in movement pattern of their traffic for Madras.

(iv) *Wadi-Bandar-Secunderabad Service*

The target of 1800 containers per annum included traffic in L.P. Gas cylinders to the extent of 732 containers which was lost to the road as the Railways were unable to compete with the roadways in their transit time which is just five days for the round trip. In order to achieve optimum utilisation of gas cylinders, which are always falling short of consumer demand, the Refineries are naturally interested in quicker transit provided by the road which caused drop in loading on this route. In view of this position, target for this service had to be scaled down to 1080 in the Revised Project Report.

(v) *Wadi Bandar-Yeshwantpur Service*

In the target of 1800 containers estimated in the original Project Report, 930 containers of L.P. Gas cylinders were included. With the setting up of a Refinery at Madras, the distribution pattern of L.P. Gas from Bombay changed causing shortfall in loading as compared to target. However, as a result of marketing efforts, loading of other traffic in containers considerably improved from 1975-76. Consequently, the target has been increased from 1800 to 2080 containers in the Reviser Project Report submitted in the year 1977 and this revised target has been by and large achieved.

(vi) *Pune-Salt Cotaurs Service*

Various firms which gave promise of traffic at the time of framing of the Project Report, backed out in offering traffic after introduction of service. M/s. Kirloskar Oil Engines stopped loading of containers to Madras on account of fall in demand of their oil engines in the Southern area.

In view of this Pune-Salt Cotaurs service has been merged with Wadi Bandar-Salt Cotaurs service.

(vii) *Carnac Bridge-Kota service*

This service for all practical purposes, is part and parcel of the Carnac Bridge-New Delhi Service, which is being well patronised and in which the performance has exceeded the target.

Recommendation

The analysis made by the Audit in relation to different container services has highlighted a number of deficiencies and bottlenecks which have an impact on the performance of these services. These are generally discussed below:—

- (i) In the operation of the container services there has been lack of a definite plan. The services between different pairs of stations have been introduced as and when considered necessary without any thought being given to the creation of the infrastructure necessary for the operation of the service. It is interesting to note in this context that whereas the availability of containers has increased more than three-fold during the period 1-4-1973 to 31-3-1977, the holding of flats on which these containers are transported has remained almost stationary during the same period. Only 13 flats have been added to a fleet of 205 in four years. This non-matching of flats with the production of containers has created several problems for the services.
- (ii) There has been no commensurate addition to the terminal facilities and handling capacities in the important terminal points like New Delhi. This has led to the detention of flats at New Delhi for periods far above the minimum and this had adversely affected the optimum utilisation of flats and containers.
- (iii) For want of adequate number of flats containers are transported on conventional/BOX wagons which results in under-utilisation of the capacity of such wagons since the actual load placed in such wagons was 8 and 23 tonnes against the carrying capacity of 22 and 55 tonnes respectively. Some idea of the loss due to under-utilisation of the carrying capacity can be had from the fact that in certain services the percentage of containers carried in conventional/BOX wagons to the total number of containers carried was as high as 50 to 61 per cent.
- (iv) The containers are required to be transported by nominated super express/express goods trains in order to afford a time-bound service to the customers. The scrutiny by Audit has revealed that in certain services the percentage of containers carried by other than nominated trains to total number of containers was as high as 98 per cent. As a result the transit time (interval between dates of despatch

and return to base station) of containers and flats run on the service of the Central Railway far exceeded the targets laid down in this behalf. Similarly, the actual transit time taken by containers on their return journey was also in excess of the targeted time.

- (v) Another striking feature as noticed in the service terminating as Central Railway and services originating from New Delhi was that the percentage of empty containers to the total number of containers hauled was appreciably on the high side.
- (vi) Still another feature noticed in the operation of the containers service was that huge sums of money were locked up in the form of tractor trailer units meant for transport of containers from firm premises to Railways for want of accessories and dispute about the question of payment of vehicles tax.

[Sl. No. 31, Para 1.168 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

With regard to the deficiencies and bottlenecks which had an impact on the performance of the container services, pointed out by the Committee, the position is explained below item-wise:—

- (i) Container service on a particular route on a regular basis is introduced only after making an assessment about the traffic prospects on the basis of traffic moving on the route and the assurance given by the trade for patronising the service and the infrastructure necessary and available to deal with the anticipate traffic and keeping in view the financial viability of the service. The materialisation of loading, however, depends upon the various factors like actual development of industries, continuity of production, their marketing strategies, market conditions including unforeseen factors changes in the pattern of movement etc. Many of these factors, it will be appreciated are beyond the control of the Railways which affect the actual performance compared to the traffic prospected.

Admittedly, increase in the fleet of flat wagons for containers did not keep pace with the increase in the fleet of containers. In this connection it is stated that the procurement of additional containers and matching flats was programmed simultaneously, but while the containers started

rolling out, there was some difficulty in the manufacture of flats. The container flats in service, prior to the procurement in the R.S.P. for 1972-73 (100) and 1973-74 (50), were obtained by converting old BFR wagons. The new flats (150 in number) were to be constructed on CASNUB bogies, the design of which took time to be evolved and finalised. The manufacture of these new flats has since been taken up by the Golden Rock Workshops of Southern Railway and till the end of August '78, out of the 150 flats on order, 56 new flats had already been turned out by Workshops.

- (ii) A review of terminal facilities required for containers has since been done. To meet with the immediate requirement of containers handling facilities at Delhi, one more siding has been earmarked for container traffic and a second diesel crane has also been pressed into service.

For long term expansion, a traffic survey has already been undertaken which has proposed shifting of the container terminal to Tughlakabad by 1988-89 because adequate room is not available for expansion at New Delhi or near about. The recommendations are under examination.

- (iii) No doubt, conventional/BOX wagons were utilised for transporting containers mainly because of non-availability of container flats. However, this actually did not always result in the loss of transportation capacity of the Railways for two reasons:

- (a) In slack reasons conventional/BOX wagons are in surplus and, therefore, their usage for carrying containers is better utilisation of resources.
- (b) For many commodities the loadability is much less than the marked carrying capacity of wagons. So factually it will not be correct to say that if these wagons had not been used for carrying containers all of them would have been utilised for carrying commodities with loadability upto marked carrying capacity.
- (iv) The observations of the Committee have been noted and instructions have been issued to the Railways to ensure that the container traffic should invariably be moved by the super express/express goods trains/nominated trains and that a strict watch should be kept on their transit time.

- (v) As is clear from the Project Reports the pattern of traffic is such that the requirement of containers in one direction is not equal to the number of containers required in the pattern direction for any pair of points. This, therefore, necessarily leads to transportation of empty containers in one direction if the level of loading of container is to be kept up. However, the observations of the Committee have been brought to the notice of the Railways to reduce the avoidable running of empty containers, if any.
- (vi) M/s. Mount Mechanicals, Madras, have since completed supplies of the required accessories for the road units viz. semi-trailers and fifth wheel assemblies. Railways have also confirmed that now no road units are idling on account of dispute of vehicles tax.

[Ministry of Railways (Rly. Board) OM No 78-BC-PAC/VI/70,
dated 2-12-1978]

Recommendation

The above analysis brings into focus the various weaknesses of the container services. The Committee are of the opinion that although the special services like the container services were apparently generating extra earnings and contributing to Railways' revenues, it was difficult to assess if the current levels of earnings were the maximum or the most optimal given the existing organisational arrangements. The Committee would like that a systematic study of the economics of each service should be made by the Efficiency Bureau of the Railway Board. As suggested by the Committee in their earlier Reports, revised project reports, have been prepared by the Railway in respect of the various container services. A fresh study is, therefore, essential to ascertain as to how the actual return on each service compares with the estimated percentage return. The Committee would like to be apprised of the action taken in the matter.

[Serial No. 32, Para 1.169 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

As desired by the Committee, the Efficiency Bureau of the Ministry of Railways, Railway Board has been entrusted with the

task of undertaking a systematic study of the economics of each container service.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Committee would like to warn the Railway against any complacency owing to the facts that the earnings from containers had shown an increase from Rs. 144 lakhs to Rs. 271 lakhs in 1975-76. It has to be remembered that over the years the number of pair of stations between which such services are available has been increased. Secondly as admitted by the Ministry of Railways, the increase in earnings is also partially due to increase in freight. Surely when the number of pairs are increased the investment on the flats and containers and other accessory facilities goes up. The Committee therefore recommend that Government should evaluate whether the increased earnings through container services have been commensurate with the increase in investments and if it has not been they should take appropriate measures to improve the container service.

[Serial No. 33, Para 1.169A of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

A detailed study as suggested by the Committee to evaluate whether the increased earnings through container services have been commensurate with the increase in investments has been taken up and remedial measures as may be necessary for making improvements will be taken as soon as the study is completed.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Committee find that the loadings of motor cars and auto-rickshaws on the Railways had continuously gone down from 1972-73 to 1975-76. The fall in loading had been attributed to factors like speedier transit and competitive rates offered by road hauliers. The Committee have been informed however that in 1976-77 the loading of cars and auto-rickshaws had improved and in the case of auto-rickshaws there was almost 100 per cent improvement over

the previous year. According to the Railway Board the improvement in the loading has been possible as a result of several measures taken in this direction, such as frequent meetings with the manufacturers at various levels, successfully persuading the manufacturers to use wagons instead of special vans which were in short supply. The fact that the measures now taken by the Railways have been instrumental in a spectacular improvement in the loading of auto-rickshaws only goes to prove that in the earlier years such efforts were lacking. The Committee need hardly emphasise that the special station to station rates may be kept under constant review and necessary adjustments as and when called for may be carried out in the interest of revenue and better service.

[Serial No. 35, Para No. 1.181 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The Zonal Railways have been told to maintain statistics of the traffic moving at the reduced rates and review them periodically at intervals of not more than twelve months, making such adjustments as may be called for. The Railway have confirmed that such reviews are made by them periodically. Such of those special rates which are found not serving the purpose, are withdrawn.

However, the observations of the Committee will be kept constantly in view while quoting special rates.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Committee find that there are more than 300 pairs of stations on the Indian Railways between which the quick Transit Services are operating. The Quick Transit Services provide transport of goods within assured target time for which the customer is required to pay special surcharge on the ordinary freight. According to the Railway Board, by these services the Railways infuse confidence among the trading community for quicker and safer transport, thereby improving the Railways' image besides earning additional revenue without incurring any additional expenditure.

While this service apparently seems to be oriented towards customer needs it is difficult to assess its overall impact on the freight market particularly in view of the fact that the incidence of refund of surcharge due to non-delivery of consignments within the guaranteed period had been increasing. It is indeed disappointing to note that in some cases the surcharge had to be refunded to the extent of 100 per cent.

[Serial No. 36, Para 1.200 of 70th Report PAC
(Sixth Lok Sabha)]

Action Taken

The Committee's observations are noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The high incidence of refunds of surcharge has been attributed to factors which according to the Railway Board were part of the day-to-day railway operations and unavoidable in nature. It would, however, appear that factors such as haulage of wagons loaded with such consignments by ordinary goods trains instead of by nominated ones, delay in handing over of QTS, wagons by adjoining railways, detention of quick transit service wagons in the yards en-route, delay in placement of wagons for unloading even when such wagons were received within the stipulated time, are not entirely beyond control. Careful supervision and proper monitoring of the quick transit service wagons will go a long way in eliminating some of these factors. The Committee desire that the performance of each service should be systematically watched at the division level for which a regular procedure should be laid down. In case any service is found to be uneconomical immediate steps should be taken to withdraw it after proper evaluation.

[Serial No. 37, Para 1.201 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The observations of the Committee that the performance of each QTS service should be systematically watched at the Divisional

level and if a service is found to be uneconomical, immediate steps should be taken to withdraw it after proper evaluation, have been communicated to all the railways.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Audit Paragraph mentions that apart from delay in transit of goods offered under Quick Transit Service, the wagons are also underloaded with consequent loss to revenue. It has been pointed out in the Audit Paragraph that during the period May 1972 to October 1974, the loads in some of the wagons booked under Quick Transit Service from Lucknow ranged between 12 to 21 quintals against the minimum of 90 quintals prescribed for a through sealed wagon. Similarly, in consignments of glassware booked from Ferozabad during the period August 1972 to December 1974, the pay load in some wagons was as low as 6 quintals against a minimum of 60 quintals, *prima facie* this appears to be a faulty practice. For earning a per cent surcharge on some 'small' consignments, there can be no justification for despatching highly under-loaded wagons thus incurring loss in revenue to Railways. This important aspect of the service needs to be carefully reviewed.

[Serial No. 39, Para 1.203 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The observations of the Committee have been noted. It is, however, pointed out that if the scheme for QTS consignments in 'Smalls' has to be implemented effectively, these consignments have to be cleared without delay and under no circumstances these vans are to be despatched to repacking points. While the existing instructions improved the turn round of wagons and thus the availability of wagons for transportation, the railways have been instructed to clear as much load as possible in these vans, if necessary even by loading non-QTS traffic meant for same destination or viz.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Committee note that an important function of the Marketing and Sales Organisation is to undertake commodity/road surveys to ascertain commodity-wise pattern of traffic moving by road and the points between which this traffic moved with a view to assessing as to which of this traffic could be brought to Railway with advantage. The objectives appear to be laudable but the scope and utility of these so-called surveys is only limited. According to the Member Traffic these surveys are in the nature of 'fact finding studies'. It has been further stated that "such surveys are not intended to be very detailed as such full fledged surveys to be effective would require a large contingent of staff besides pre-planned elaborate organisational arrangements."

[Serial No. 40, Para 1.217 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

Recommendation

The Committee have been informed that no specified guidelines have been laid down by the Railway Board for conducting such surveys. This is, to say the least, most undesirable as one of the most important responsibilities assigned to the Marketing and Sales Organisation is to conduct market research on specific problems. If this is to serve any useful purpose it should be conducted on scientific lines and by qualified personnel, unlike the studies on road competition, movement of certain commodities and surveys in industrial estates which have been conducted hitherto by the inspectorate staff of the organisation. The Committee would like the Railway Board to make an indepth study of the present system of market research and initiate measures to ensure that these research studies help solve problems and aid in decision-making and formulation of marketing plans and strategies to face the competition from road hauliers.

[Serial No. 42, Para 1.219 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The recommendations of the Committee have been noted and the work of indepth study is in progress.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/VI/70.
dated 2nd Dec., 1978]

(c) Increasing competition from road hauliers.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70, dated 2-12-1978]

Recommendation

The findings of the Institute of Management apart, it is evident from the figures of high rated/profit yielding commodities and total revenue earning traffic that the quantum of high rated traffic during the last 5 years from 1972-73 to 1976-77 has been only between 11.8 to 13.6 million tonnes accounting for 6.45 to 6.40 per cent of the total revenue earning traffic. The Committee could well appreciate this meagre share in the total revenue earning of the railways if the traffic was handled by the normal and conventional commercial organisation. But the Marketing and Sales Organisation has been in existence from the year 1967-68, i.e. nearly for a decade and one would expect that a public relations or catalyst organisation like the Marketing and Sales Organisation showed better results.

[Sl. No. 2, Para 1.35 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

Indian Railways, being a Government undertaking, carry a great deal of national and social responsibilities and burdens. Railways have to satisfy, on priority basis, the transport needs of essential commodities like foodgrains, fertilizers, coal, cement, salt, fodder, raw materials for industries etc., which railways have been called upon to carry in an increasing measure every year in preference to all other traffic. The movement of the essential commodities consumes the major part of the available rail transport resources. It also leads to movement of empty stock over long distances affecting the loading of high profit yielding traffic. Since high value commodities cannot afford to wait for the supply of wagons subject to availability and railways cannot give an undertaking for an assured supply of wagons, a vicious circle is set up whereby such industries prefer to move their goods by road even if it is at a much higher cost. With an unprecedented development over the past few years and its inherent advantages, road transport industry has made high inroads into the railways' share of high value freight. Mainly for these reasons the efforts of the Marketing & Sales Organisation have not been spectacular.

This has been seen by Audit.

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The findings of the Institute of Management apart, it is evident from the figures of high rated/profit yielding commodities and total revenue earning traffic that the quantum of high rated traffic during the last 5 years from 1972-73 to 1976-77 has been only between 11.3 to 13.6 million tonnes accounting for 6.45 to 6.40 per cent of the total revenue earning traffic. The Committee could well appreciate this meagre share in the total revenue earning of the railways if the traffic was handled by the normal and conventional commercial organisation. But the Marketing and Sales Organisation has been in existence from the year 1967-68, i.e. nearly for a decade and one would expect that a public relations or catalyst organisation like the Marketing and Sales Organisation showed better results.

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This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70, dated 2-12-1978]

Recommendation

The Committee note that a number of incentives were being offered to the freight forwarders for making the service attractive. These, *inter alia*, including facility of 'freight to pay', adjustments in rates, exemption from payment of wagon registration fee and even relaxation of normal operating restrictions in favour of the freight forwarders. The overall impact of these incentives on the Railway revenues will have to be quantitatively assessed with a view to work out the economics of the service and the Committee desire that such a study should be undertaken in relation to all services between different pairs of points. The Committee do not agree with the views of the Railway Board that since no capital investments or expenditure is incurred when a Freight Forwarder Scheme is introduced no separate study to evaluate the economics of the scheme is considered necessary. There is already a capital investment in the form of rolling stock, rail tracks and other equipment and therefore the adjustments in freights etc. pointed out above have to be evaluated against the traffic earnings as a result of this scheme.

[Sl. No. 26, Para 1.132 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

As regards evaluation of the economics of the Freight Forwarder services, it is submitted that lumpsum rates are fixed keeping in view the cost of haulage, the average earnings per wagon without two pairs of points, road rates etc. and these rates are reviewed from time to time in order to revise them suitably. It is always ensured that the lumpsum rate covers the cost of haulage. While working out the element of cost of haulage of a wagon, full unit cost of various elements involved in the cost of haulage is accounted for *viz.* total working expenditure, Depreciation Reserve Fund, Interest on capital investment etc. With all these elements being fully covered and the lumpsum rate fixed being above the total cost so arrived at, the return on capital is automatically assured. At the same time, wagon utilisation improves and delays en route which are unavoidable in most of smalls are substantially reduced.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70, dated 2-12-1978]

Further Information

Recommendation SI. No. 38 (Para 1.202)

The matter was placed before the Commercial Committee who have however not agreed to recommend grant of further concession for non arrival in time of consignment booked under Q.T.S. A copy of the resolution passed by the Commercial Committee is attached.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70, dated 30-12-1980]

ANNEXURE

Copy of the Resolution passed by the Commercial Committee in their Meeting No. 144 (Dec. 1978).

Min. 5157—Public Accounts Committee (1977-78) Seventieth Report—Q.T.S.

Res._____ The Commercial Committee like to mention that the Freight charges for Q.T.S. goods are the same. Compensation for non-arrival of the consignments in time, in addition to the refund of Q.T.S. charges, would result in discrimination to non-Q.T.S. traffic.

Even when goods booked under Q.T.S. do not reach within the targetted time, they do reach much earlier than other goods booked under ordinary traffic; and after the refund of Q.T.S. charges bear the same freight as borne by ordinary traffic.

The Commercial Committee, therefore, do not recommend grant of further compensation for non-arrival in time, of consignments booked under Q.T.S.

Recommendation

From the information made available to the Committee, they get an impression that some outdoor inspectors were deployed by the Railways at various check-posts or other points where the trucks stopped for paying toll or taxes and some rudimentary information about the commodities carried by them, the points of origin and destination was collected. An analysis of some of these so-called survey reports has revealed that they contain only a statistical data about the number of trucks moved and nature and quantum of traffic carried by road. They did not contain any information about the transit time taken by road hauliers vis-a-vis by rail between the

Recommendation

The Committee note that a number of incentives were being offered to the freight forwarders for making the service attractive. These, *inter alia*, including facility of 'freight to pay', adjustments in rates, exemption from payment of wagon registration fee and even relaxation of normal operating restrictions in favour of the freight forwarders. The overall impact of these incentives on the Railway revenues will have to be quantitatively assessed with a view to work out the economics of the service and the Committee desire that such a study should be undertaken in relation to all services between different pairs of points. The Committee do not agree with the views of the Railway Board that since no capital investments or expenditure is incurred when a Freight Forwarder Scheme is introduced no separate study to evaluate the economics of the scheme is considered necessary. There is already a capital investment in the form of rolling stock, rail tracks and other equipment and therefore the adjustments in freights etc. pointed out above have to be evaluated against the traffic earnings as a result of this scheme.

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same pairs of points, freight charges etc. nor did they contain any recommendation of the survey team about the measures to be taken for attracting traffic of that area to the Railways. The Committee fail to understand what follow-up action could possibly be taken on the basis of the incomplete data collected through these surveys.

[Sl. No. 41 Para 1.218 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

These surveys undoubtedly have limited value because the survey teams are able to collect only peripheral information. The truck drivers do not divulge any information that they think may be detrimental to their interest, and in the absence of any statutory obligation on the part of the truck drivers to give complete information to railway staff they have to rest content with whatever information they are able to get.

However, from these surveys railways do come to know about the various products/commodities that are moving by road from their area and sometimes about the destination also. On the basis of this information they work out the commodities which can be attracted to railways profitably and the contact the persons who deal with those commodities. Thus although these surveys are sketchy they do give a clue about the freight that can be tapped by the marketing organisation on the railways.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) OM No. 78-BC-PAC/VI/70 dt. 2-12-78]

It has not been found possible to draw up an overall plan and marketing strategy scientifically for want of adequate organisation for marketing research.

However, the same results have been attempted to be achieved by collecting information about commodities being moved by road in large quantities and by devising ways and means to attract them to rail for transportation.

[Ministry of Railways (Railway Board) O.M. No. 78-BC-PAC/VI/70
dated 2-12-1978]

Recommendation

It has been conceded by the Railway Board that the proportion of these commodities to the total revenue earning commodities both in quantum and earnings has come down gradually. Over the years the railways have increasingly become carriers of low rated bulk commodities like coal, iron ore, cement, foodgrains etc. A very large proportion of the revenue earning traffic of the Railways thus consist of bulk commodities moving on a programmed basis; the movement of which is done sometimes even at the cost of more profit earning commodities. An analysis of the quantum of the high freight yielding commodities carried by the Railways during the years 1971-72 to 1975-76 *vis-a-vis* the total revenue earning traffic of the Railways indicated that (a) the share of the high freight yielding commodities in the total revenue earning traffic of the Railways is a small percentage of the total *viz.*, 6.70 per cent in 1971-72, 16.48 per cent in 1973-74; 6.36 per cent in 1975-76 and 6.40 per cent in 1976-77; (b) the percentage of earnings on the high freight yielding commodities to the total revenue earning traffic ranges between 15.99 in 1971-72 to 13.95 in 1975-76. Thus a very small percentage of high rated/profit earning traffic of the railways fetches a comparatively much larger share of the earnings and thereby makes an important contribution to the Railway revenues. This clearly highlights the need for careful planning and marketing strategy development for attracting more high rated traffic which in fact is the only hope for the survival and growth of the Indian Railways in case they do not want to become a liability on the Public Exchequer.

[Sl. No. 11, para 1.69 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

Railways are a government undertaking and have to move items required for national economic development on priority and programmed basis. These commodities include iron ore, fertilizers, coal etc. besides foodgrains etc. The total loading done by the railways

same pairs of points, freight charges etc. nor did they contain any recommendation of the survey team about the measures to be taken for attracting traffic of that area to the Railways. The Committee fail to understand what follow-up action could possibly be taken on the basis of the incomplete data collected through these surveys.

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dated 2-12-1978]

Recommendation

It has been conceded by the Railway Board that the proportion of these commodities to the total revenue earning commodities both in quantum and earnings has come down gradually. Over the years the railways have increasingly become carriers of low rated bulk commodities like coal, iron ore, cement, foodgrains etc. A very large proportion of the revenue earning traffic of the Railways thus consist of bulk commodities moving on a programmed basis; the movement of which is done sometimes even at the cost of more profit earning commodities. An analysis of the quantum of the high freight yielding commodities carried by the Railways during the years 1971-72 to 1975-76 *vis-a-vis* the total revenue earning traffic of the Railways indicated that (a) the share of the high freight yielding commodities in the total revenue earning traffic of the Railways is a small percentage of the total *viz.*, 6.70 per cent in 1971-72, 16.48 per cent in 1973-74; 6.36 per cent in 1975-76 and 6.40 per cent in 1976-77; (b) the percentage of earnings on the high freight yielding commodities to the total revenue earning traffic ranges between 15.99 in 1971-72 to 13.95 in 1975-76. Thus a very small percentage of high rated/profit earning traffic of the railways fetches a comparatively much larger share of the earnings and thereby makes an important contribution to the Railway revenues. This clearly highlights the need for careful planning and marketing strategy development for attracting more high rated traffic which in fact is the only hope for the survival and growth of the Indian Railways in case they do not want to become a liability on the Public Exchequer.

[Sl. No. 11, para 1.69 of 70th Report of PAC (Sixth Lok Sabha)]

Action Taken

Railways are a government undertaking and have to move items required for national economic development on priority and programmed basis. These commodities include iron ore, fertilizers, coal etc. besides foodgrains etc. The total loading done by the railways

has been increasing and so also the total quantity of bulky items mentioned above which are necessary for the economic development of the country. Hence the proportion of the loading of the high rated commodities to the total loading is bound to go down in view of what has been stated above.

It has not been found possible to draw up an overall plan and marketing strategy for attracting more high rated traffic for want of adequate marketing research. However action has been taken to exempt 25 high rated commodities from the purview of normal operating restrictions as a measure for boosting up their loading. A proposal for exempting some additional high rated commodities from normal operating restrictions is under consideration. Loading of high profit yielding commodities upto end of September 1978 has been 13 per cent more than that in the corresponding period of last year.

Loading of high profit yielding commodities also depends upon the quality of service, viz. Transit time, reduction of theft and pilferages, quick settlement of claims etc. Concerted action is being taken in this direction also.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/
VI/70 dt. 2-12-1978]

Planning Commission who propose to appoint a high power committee to consider various aspects of the draft paper. This draft has yet to pass through various stages before it can take a proper shape. The Committee are constrained to express their dissatisfaction over the delay in finalisation of a national transport policy. They would like to once again reiterate that the matter may be considered at the highest level and steps taken to finalise the National Transport Policy most expeditiously.

[S. Nos. 43-44, Paras 1.230-1.231 of 70th Report of PAC
(Sixth Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

The Government have since constituted a High Level Committee in May, 1978 under the Chairmanship of Shri B. D. Pande, former Cabinet Secretary to the Government of India to formulate a comprehensive National Transport Policy tailored to meeting the new plan priorities and also serving as the basis for developing a transportation system for catering to the transport requirements of the country at the minimum social cost. The terms of reference of the Committee are as under:—

1. To propose a comprehensive national transport policy for the country for the next decade or so keeping in view the objectives and priorities set out in the Five Year Plan, in formulating such a policy, the Committee will:
 - (a) recommend an optimal inter-modal mix of different systems and also suggest appropriate technical choices within each system keeping in view the need to generate maximum employment potential; and
 - (b) suggest organisational, administrative, fiscal and legal measures required for planning, implementing, monitoring and evaluating programmes formulated for giving effect to relevant components of the national transport policy by the Central and State Governments and major transport agencies at both the National, State and local levels.
- 2 To identify the areas in which the data base of the transport system should be strengthened in order to be able to formulate integrated transport plans and to suggest procedures and methodologies for formulating and appraising such plans at the Central, State, District and Block levels.

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 - (b) suggest organisational, administrative, fiscal and legal measures required for planning, implementing, monitoring and evaluating programmes formulated for giving effect to relevant components of the national transport policy by the Central and State Governments and major transport agencies at both the National, State and local levels.
- 2 To identify the areas in which the data base of the transport system should be strengthened in order to be able to formulate integrated transport plans and to suggest procedures and methodologies for formulating and appraising such plans at the Central, State, District and Block levels.

3. To recommend areas in which research and development in the transport field should be undertaken and the institutional framework for carrying it out.
4. To suggest measures for improving training facilities in transport planning and management.
5. To recommend any other measures which the Committee consider relevant in relation to the items 1 to 4 above.

The Committee has been asked to submit an interim report by October, 1978 and a final report by March, 1979. The National Transportation Policy will be finalised by the Government on receipt of the recommendations of the Committee. In the meantime, observations of the Public Accounts Committee have also been forwarded to the Ministry of Shipping and Transport and the Planning Commission.

[Ministry of Railways (Rly. Board) O.M. No. 78-BC-PAC/
VI/70 dt. 2-12-1978]

Further Information

In a note dated 20 June, 1980, the Planning Commission have stated:

“The Planning Commission had constituted a high level Committee in April, 1978 viz. the National Transport Policy Committee to propose a comprehensive national transport policy. The full report of the Committee has been received in May, 1980. The recommendations made are being processed in consultation with the Ministries/Organisations concerned. Copies of the report when available after printing will also be sent to the State Government for their views. It is expected that finalisation of decision on various recommendations may take about 6 months.”

[Planning Commission O.M. No. T&C/7(15)/78 dated 20-6-1980]

NEW DELHI;
March 12, 1981
Phalgun 21, 1902 (S)

CHANDRAJIT YADAV,
Chairman,
Public Accounts Committee.