

**PUBLIC ACCOUNTS COMMITTEE  
(1973-74)**

**(FIFTH LOK SABHA)**

**HUNDRED AND NINTH REPORT**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 77th Report (Fifth Lok Sabha) on paragraphs relating to Financial Results and Earnings of the Railways included in the Report of the Comptroller & Auditor General of India for the year 1970-71—  
Union Government (Railways) ]



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## CONTENTS

|   | PAGE  |
|---|-------|
| COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1973-74) . . . . .  | (iii) |
| INTRODUCTION . . . . .  | (v)   |
| CHAPTER I. Report . . . . .   | 1     |
| CHAPTER II. Recommendations/Observations that have been accepted by Government . . . . .  | 13    |
| CHAPTER III. Recommendations/Observations which the Committee do not desire to pursue in the light of the replies of Government . . . . . | 40    |
| CHAPTER IV. Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration . . . . . | 47    |
| CHAPTER V. Recommendations/Observations in respect of which Government have furnished interim replies . . . . .                           | 50    |
| APPENDIX I. Copy of letter dated 7th May, 1973 from All India Railway Commercial Clerks Association . . . . .                             | 55    |
| APPENDIX II. Copy of letter dated 6th August, 1973 from All India Railway Commercial Clerks Association . . . . .                         | 61    |
| APPENDIX III. Summary of main Conclusions/Recommendations . . . . .   | 64    |

**PUBLIC ACCOUNTS COMMITTEE**

(1973-74)

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**Shri Jyotirmoy Bosu**

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3. Shri S. C. Besra
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5. Shri C. D. Gautam
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**SECRETARIAT**

Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri M.S. Sundaresan—*Deputy Secretary.*

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

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\*Elected on 19-11-73 *vice* Shri D. S. Afzalpurkar died.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Ninth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 77th Report (Fifth Lok Sabha) relating to Ministry of Railways.

2. On the 26th May, 1973 an 'Action Taken' Sub-Committee was appointed to scrutinise the replies from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:—

Shri H. N. Mukerjee—*Convener*

- |                              |                  |
|------------------------------|------------------|
| 2. Shri Sunder Lal           | } <i>Members</i> |
| 3. Shri Biswanarayan Shastri |                  |
| 4. Shri M. Anandam           |                  |
| 5. Shri Nawal Kishore        |                  |
| 6. Shri H. M. Patel          |                  |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1973-74) considered and adopted this Report at their sitting held on 19th February, 1974. The Report was finally adopted by the Public Accounts Committee on the 11th March, 1974.

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

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

NEW DELHI ;  
March 13, 1974.  
Phalguna 22, 1895(S).

JYOTIRMOY BOSU,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 77th Report (Fifth Lok Sabha) on paragraphs relating to Financial Results and earnings of the Railways included in the Report of the Comptroller and Auditor General of India for the year 1970-71—Union Government (Railways). Action Taken Notes have been received in respect of all the 23 recommendations contained in the Report.

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

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

S. Nos. : 1—3, 6—8, 10—12, 14, 15, 17—20.

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

S. Nos. : 5, 9.

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

S. No. : 13.

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

S. Nos. : 4, 16, 21—23.

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

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

*Impact of revision of freight rates and fares—S. No. 4 (Para 1.35)*

1.5. Commenting on the system on the Railways to evaluate the impact of the budgetary measures, the Committee had in paragraph 1.35 made the following observations :

“The revision of fares and freight rates effected from 1st April, 1970 was expected to fetch additional revenue of Rs. 26 crores during 1970-71. There is no scientific system on the Railways to evaluate the impact of the budgetary measures. Such a study is, in the opinion of the Committee, essential to know how far the traffic would bear the increased cost of transport. An efficient system of traffic costing needs to be built up early to enable this being done. Under the existing arrangement Budget proposals can only be *ad hoc* and it will be difficult to forecast the additional yield with any degree of accuracy. In fact a rough estimate shows the increase in earning during 1970-71 due to revision of fares and freights to be Rs. 30.79 crores against the estimate of Rs. 26 crores. Thus the variation was as high as 18.4 per cent. The Committee hope that steps will be taken to have a realistic assessment of the impact of revision of fares and freight so that the public may not unintentionally be called upon to pay more than what is necessary and what is justified.”

1.6. In their reply dated the 6th June, 1973, the Ministry of Railways (Railway Board) have stated :

“The observations of the Committee are noted.

As submitted in reply to Committee's observations contained in Para 1.13 (Recommendation Sl. No. 5) of 47th Report (1971-72), the impact of revision of fares and freight rates on traffic is proposed to be assessed by two different methods as under:—

- (1) Analysis of the impact for the various classes and for different distance legs, in respect of passenger traffic and for the various commodities and for different distance legs, in respect of goods traffic.
- (2) By adopting the statistical theory of multiple regression analysis.

It has been decided to apply the above methods to the increases in freights and fares introduced in 1972-73 and the Committee would be advised of the results of study.

This has been seen by Audit.”



1.7. The Committee's recommendation had a two-fold objective of forecasting reasonably accurately the additional yield as a result of budgetary measures and determining how far the traffic would bear the increased cost of transport, in order that the public may not unintentionally be called upon to pay more than what is necessary and what is justified. The action proposed to be taken on the basis of the Committee's observations contained in paragraph 1.13 of the 47th Report (Fifth Lok Sabha) would meet only a part of the requirement. The Railway Board have not intimated the progress in regard to the unit cost of various services which is essential to find out the extent to which the fares and freight rates could be increased without detriment to traffic.

1.8. In this connection the Committee would refer to paragraphs 1.33 and 1.34 of their 77th Report (Fifth Lok Sabha) and desire that an efficient system of traffic costing should be built up without any further delay.

*Container Services—S. No. 13 (Para 2.27)*

1.9. Dealing with the working of the container services on Railways, the Committee had in paragraph 2.27 observed :

“The container services were introduced on Railways with a view to augmenting revenue by capturing high rates traffic diverted to road. The financial results of the services indicate that the actual return on the capital invested is far below expectations. In fact two services *viz.* Madras—Bangalore and Bombay—Bangalore are operating in losses. Besides increase in cost of acquisition of assets over estimates, two other factors are stated to have materially altered the financial results. That the life of the containers was assumed as 40 years instead of 10 years and that the Project Report did not take into account the cost of crane operations would show how far the initial anticipations on the basis of which the services were sanctioned were faulty. A realistic reappraisal of the services is, therefore, needed to find out how many of these which were initially found justified have proved to be not so, taking into account these factors. The Committee would like to be informed of the result of review and the action taken in pursuance thereof.”

1.10. In their reply dated the 7th September, 1973, the Ministry of Railways (Railway Board) have stated :

“The container services were introduced on the Indian Railways with the object of attracting new traffic besides retrieving the traffic lost to road and providing damage/pilferage free door to door service. These have become popular and have made

rapid progress over the years. The total number of containers and gross earnings of the container services during 1971-72 were 31,880 and Rs. 143.7 lakhs as against 1864 and Rs. 3.68 lakhs in 1966-67 respectively.

2. There are 9 services operating at present. Out of these, financial results for 6 services are available for 1970-71 (Calcutta—Madras and Calcutta—Bombay services were introduced in November, 1970 and April, 1971 respectively and as such financial reviews for these services will be undertaken for 1971-72 onwards). As regards Madras—Bangalore, Southern Railway has been asked to recast the review duly taking into account the earnings and working expenses on account of containers and flats allotted to this service being loaded from Bangalore to Calcutta and New Delhi, from Calcutta to Bangalore and from New Delhi to Madras.

3. The financial results of the 6 services are as under :—

| Name of Service        | Date of Introduction | Percentage of return as per project report: | Actual percentage return  |
|------------------------|----------------------|---|---|
| 1. Bombay-Ahmedabad    | 15.1.66              | 94.0  | 7.19 (1966)<br>9.61 (1967)<br>18.66 (Jan./Feb. 68)<br>19.60 (1970-71) |
| 2. Bombay-New Delhi    | 20.11.67             | 81.5  | 33.2 (1969)<br>38.3 (1970-71)   |
| 3. Bombay-Secunderabad | 23.5.69              | 32.79                                       | 11.2 (July '69 to June 70)<br>10.54 (1970-71)                         |
| 4. Howrah-New Delhi    | 15.3.69              | 44.3  | 8.11 (1969-70)<br>30.7 (1970-71)                                      |
| 5. Bombay-Madras       | 16.4.69              | 40.88                                       | 25.7 (July '69 to June 70)<br>33.14 (1970-71)                         |
| 6. Bombay-Bangalore    | 11.11.69             | 23.51                                       | 2.23 (1970-71)  |

4. The following table will indicate the overall return for these six services :—

|   |               |
|---|---------------|
| (i) Net additional capital investment (i.e. after deducting savings on account of some traffic being diverted from conventional wagons to containers).        | Rs. 92,11,320 |
| (ii) Additional gross earnings (i.e. after deducting loss in earnings due to some traffic being diverted from conventional wagons to containers)              | Rs. 77,88,622 |
| (iii) Additional working expenses (i.e. after deducting savings in expenses on account of some traffic being diverted from conventional wagons to containers) | Rs. 54,82,359 |
| (iv) Net earnings [Item (ii)—(iii)]   | Rs. 23,06,263 |
| (v) Percentage return on capital investment   | Rs. 25.0%     |

5. It will be seen from the above that although the actual returns were not at the level anticipated in the Project Reports, all the services (except Bombay—Bangalore service) are showing profits appreciably higher than the minimum return of 6.75 per cent stipulated for any financially remunerative project. Further in case of 4 out of these 6 services the returns in 1970-71 are appreciably higher than the returns for earlier years.

6. As already pointed out by this Ministry container services take time to stabilise and have to face intense competition from road services. Therefore, their profitability should be judged 3 to 5 years after commissioning of the service.

7. In regard to the two observations with regard to the manner of preparation of Project Reports viz. : —(a) Life of container was assumed as 40 years instead of 10 years and (b) Cost of crane operations was not taken into account, the following remarks are offered :

(i) *Life of Containers :*

This was assumed as 40 years originally as in the case of wagons. However, containers have not only to undergo transportation by rail as in the case of wagons but are also subjected to handling by crane at the terminals and also road transport. In view of this and the experience gained in actual working it was considered that a life of 10 years should be assumed. In other countries where container services are extensively in operation the life of container is assumed as 5 to 10 years.

(ii) *Cost of crane operation :*

The cost of crane operations were not taken into account in the Project Reports as no new cranes were acquired exclusively for container terminals. In case of Bombay—Ahmedabad service, the agricultural tractor type road unit provided at Ahmedabad performs the operations of transfer of containers from flats to road units and *vice-versa* and no crane is required. The cost of crane operations has, however, been taken into account in the financial reviews and in the Project Reports now being prepared."

1.11. The Committee had pointed out that the initial anticipations on the basis of which the container services were sanctioned were faulty, and had called for a realistic reappraisal of the services to find out how many of those which were initially found justified were not in fact remunerative. It is a matter of regret that such an important reappraisal does not appear to have been carried out by the Railway Board. The Committee reiterate their recommendation that the return on capital as anticipated in the project reports should be revised realistically taking into

account inter-alia the correct life of the containers (10 years) and the cost of crane operation wherever applicable, and that if the revised calculations show that any of the services is unremunerative, it should be discontinued. It is also necessary that the officials who had worked out the "initial anticipations" are brought to book under advice to the Committee.

*S. No. 15 (Para 2.29)*

1.12. In regard to the working out of the financial results of the container services the Committee had made the following observations in paragraph 2.29 :

"The Committee need hardly stress that the container services should be able to subserve the objective of attracting additional traffic at competitive rates without incurring losses. Close-watch should, therefore, be kept on the traffic moved from week to week, month to month so as to take timely remedial measures. The financial results of the services should also be worked out promptly in future."

1.13. In their reply dated the 7th September, 1973, the Ministry of Railways (Railway Board) have stated :

"The performance of container service is being closely watched. Marketing and Sales Supdts. of Zonal Railways keep a watch on the traffic offering and earnings and maintain rapport with trade and industry to prospect new traffic. The performance is also reported by them to the Railway Board in monthly reports, which are carefully scrutinized in Board's office.

As already pointed out by this Ministry, disturbed law and order conditions, particularly in Eastern parts of the country in 1969-70 and 1970-71 hampered railway operations and industrial production in the country and adversely affected container loading.

Instructions have been issued to Zonal Railways for submitting the annual financial results of the services promptly."

1.14. Although instructions are stated to have been issued to the Zonal Railways for working out the financial results of the container services promptly, the financial results for the year 1971-72 are not yet available for any of the services. An explanation is necessary and those responsible for the lapse should be told about the Committee's displeasure.

**There is no reason why the financial results should not become available within a period of 12 months. Steps should be taken to see that they do become available within a period of 12 months from the close of the financial year in future.**

*Short realisation of freight due to non-weighment of timber wagons—  
S. No. 16 (Paragraph 2.40)*

1.15. In paragraph 2.40 the Committee had made the following observation in regard to short realisation of freight due to non-weighment of timber wagons :—

“The Committee cannot but express their concern over the considerable leakage of revenue in timber traffic. The rules provide for either weighment or calculation of weight by measurement of the logs. The failure to do so in six stations of Northern Railway alone amounted to undercharges estimated at Rs. 6.39 lakhs during the period January, 1969 to June, 1970, according to Audit. It has been explained that in all cases weighment is not possible due to operational difficulties and measurement is also not practicable. In the absence of weighment of measurement charges should be retained on the sender's weight or the prescribed minimum weight, whichever is higher. Admittedly loadability of the wagons was more than the minimum weight prescribed. Although the minimum weight condition for timber was enhanced w.e.f. 15th July, 1971, the Railway Board have intimated that the question of further raising the minimum weight condition or alternatively introducing wagon rates or based on floor areas of wagons is being examined with a view to eliminating weighment while guarding against loss of revenue. As, there is considerable scope for augmenting revenue, this question should be expeditiously examined with the sense of urgency that it deserves and suitable measures taken to obviate short-collections. Action taken in this regard may be reported to the Committee within three months.”

1.16. In their reply dated the 8th June, 1973, the Ministry of Railways (Railway Board) have stated :

“The observations of the Committee are noted.

The Railways were asked to undertake extensive test weighment of timber offering on their respective system and to send their recommendations on further raising the minimum weight con-

dition and on the possibility of introducing fixed weights for charge or floor area basis of charge. The replies from some of the Railways are still awaited.

In the meantime, the Railway Board have since approved the recommendation of the Commercial Committee for the enhancement of the weight condition for sawn timber to "carrying Capacity" of the wagon used for all gauges w.e.f. 15th March, 1973. The question of enhancement in the minimum weight condition for logs and bullies will also be considered by the Commercial Committee shortly and thereafter a final decision in the matter will be taken by the Railway Board.

A proposal to quote wagon rate for commodities like timber is under examination.

This has been seen by Audit."

**1.17. The Committee had come to the conclusion that there was considerable scope for augmenting revenue from timber traffic and had accordingly desired that the question of further raising the minimum weight condition or of alternatively introducing wagon rates or rates based on floor areas of wagons should be expeditiously examined and the results communicated to them within 3 months. The Committee have, however, been merely told that the matter is under examination. The Committee disapprove this utter inefficiency and neglect. In matters where revenue is involved, the Railways must act with utmost expedition and here substantial revenue is involved. As delay in taking a decision results in considerable loss of revenue, there should be no further delay in the matter and in future the Railway Board must accord highest priority to matters involving revenue. Responsibility has to be fixed for this serious lapse and concerned persons should be penalised under advice to the Committee.**

*Undercharges in recovery of freight (S. Nos. 17—18, Paragraph 2.49 and 250)*

1.18. Dealing with a case of undercharges in recovery of freight on certain commodities by the station staff on some stations of Western Railway, the Committee had made the following observations in paragraphs 2.49 and 2.50 :

"The Committee are concerned to learn that a test check of the records of certain stations in Western Railway for some months revealed mistakes in either application of rates or computation

of weight resulting in under-charges to the extent of Rs. 1.52 lakhs. The results of the review of the position at the other stations of the Western Railway and in other zonal railways may be intimated to the Committee.

The Committee have reasons to believe that the mistakes have been fairly widespread. The checks by the Accounts Department and the supervisory officials of the Commercial Department have not been evidently effective enough. The Committee would like to know whether the responsibility of the supervisory officials and the Accounts Department for not detecting the mistakes was examined and if so the action taken in pursuance thereof may be intimated."

1.19. In their reply dated the 26th October, 1973, the Ministry of Railways (Railway Board) have stated :

"A statement showing the results of the further review of the position at the other stations of the Western Railway and in other Zonal railways in respect of under-charges on the commodities mentioned in the audit para is attached (Annexure). Necessary steps have been initiated by the Railways to recover the amount outstanding.

The position regarding disciplinary action against the staff on the Western Railway is as under :—

DAR action against 18 Supervisory staff of the Commercial Department has so far been finalised as under :

|                         |       |
|-------------------------|-------|
| Removal from service    | One   |
| Compulsory Retirement   | One   |
| Stoppage of Increment   | One   |
| Stoppage of Passes/PTOs | Three |
| Censure                 | One   |
| Warning                 | Eight |

8 clerks of Traffic Accounts Office have been warned."

## ANNEXURE

*Statement showing results of reviews on the Railways in respect of undercharges of freight on commodities (Chillies green, potatoes, onions, garlic etc. (2) Sulphur & (3) Petroleum coke.) mentioned in para 55 of C&AG's Report on Railways for 1970-71 (Other than the under-charges shown in the para).*

| Railway                | Under-charges detected (Rupees) | Under-charges Recovered (Rupees) | Under-charges Outstanding (Rupees) |
|------------------------|---------------------------------|----------------------------------|------------------------------------|
| Eastern . . . . .      | 689                             | ..                               | 689                                |
| Northern . . . . .     | 24,334                          | ..                               | 24,334                             |
| N.E. . . . .           | 13,875                          | 3,376                            | 10,499                             |
| Southern . . . . .     | 11,144                          | 182                              | 10,962                             |
| S.C. . . . .           | 11,654                          | 2,808                            | 8,846                              |
| S.E. . . . .           | 13,801                          | 7,608                            | 6,193                              |
| Western . . . . .      | 28,102                          | 12,919                           | 15,183                             |
| <b>Total . . . . .</b> | <b>1,03,599</b>                 | <b>26,893</b>                    | <b>76,706</b>                      |

NOTES (1) Information from Western Railway regarding undercharges detected on booking on sulphur is awaited.

(2) Information from Central and N.F. Railways is awaited.

1.20. In their letters dated 7th May, 1973 and 6th August, 1973 (Appendices I & II) the All India Railway Commercial Clerks Association had raised certain points regarding the recovery of undercharges from the station staff. The Committee enquired whether any review had been made of the mistakes resulting in undercharges which were fairly widespread on all the Zonal Railways and whether the reasons for these mistakes had been analysed. In a note the Railway Board have stated :

“Results of checks conducted on Railways in pursuance of Public Accounts Committee's observation contained in para 2.49 of their 77th Report (Fifth Lok Sabha) have revealed that undercharges have been detected on all Zonal Railways mainly on chillies green, onions, and potatoes etc. Mistakes in charging these commodities correctly were due to the fact that prior to 1st April, 1970, vegetables as well as several other commodities listed in Rule 726 of the I.R.C.A. Coaching Tariff No. 19, Part I which included green chillies, garlic, green ginger, onions,



potatoes etc. were chargeable at half parcel rate. From 1st April, 1970, the parcel rates were revised and the nomenclature of different parcel rates was also changed. Half parcel rate was given the new nomenclature of Scale 4 which was to apply to all articles listed under Rule 726 of I.R.C.A. Coaching Tariff No. 19, Part I, except vegetables. Certain new scales were also introduced including Scale 5, which was applicable to vegetables and also to books and khaddar. Thus from 1st April, 1970, different scales were assigned to green chillies, potatoes and onions etc. on the one hand and vegetables on the other and the two categories of commodities had to be distinguished from each other for the purpose of levy of freight. Such of the staff as did not understand the distinction between the two types of commodities, continued to treat green chillies, potatoes and onions etc. as vegetables and charge them at Scale 5, as against Scale 4 which was correctly chargeable for such articles.

Undercharges on Sulphur have been detected on Northern, South Eastern and Western Railways, the reason being that instead of charging the wagon load traffic in sulphur on the basis of the revised minimum weight, which came into force on 1st February, 1970 and according to which the minimum weight was increased to the carrying capacity of the wagon, staff continued to levy freight on the basis of 150 and 110 quintals per B.G. and M.G. wagons respectively, which were the old rates.

Undercharges on petroleum coke, which were detected only on S.E. and Western Railways, were also due to the failure of the staff to invoice freight on the basis of the carrying capacity plus two tonnes, as required under the rules instead of just carrying capacity of the B.G. wagons used."

1.21. The instructions issued on 20-4-70 and 10-6-71 by the Central Railway regarding changes in freight structure relating to chillies green, onions, potatoes etc., effective from 1-4-70, as furnished by the Railway Board are reproduced below :

"C. 636-R-536 (.) REFERENCE PARA—OF TTRC NO. 3-A OF 1970 (COACHING (.) COMMODITIES NAMELY CHILLIES GREEN GINGER ONIONS GARLIC (LUSSEN) POTATOES SWEET, YAMs, SUCH AS ELEPHANT YAMS, KANDA ETC. AND LEAVES GREEN EXCEPT BETEL OR PAN LEAVES ARE CHARGEABLE AS VEGETABLES UNDER SCALE 5 (.) NOTE AND ADVICE STAFF ACCORDINGLY (.) GM(C)"

"C. 636-R/536 (i) Reference para 4 of Spl. TTRC No. 3A of 1970 (Cog.) regarding Rates for vegetables (i) It is notified for the information of the staff that as per Rule 728 of IRCA (Cog.) Tariff No. 20, Part-I inforce from 1st Sept., 1970 Potatoes, Onions, Green Chillies and other articles mentioned in the list to above Rule are chargeable at Scale-4 Rates (.) Staff should therefore levy charges on these articles at Scale-4 Rates (.) Vegetables fresh or dry should however continue to be charged at Scale-5 Rates (.) Instructions notified *vide* telegraphic message of even number dated 2/4 should be treated as cancelled and withdrawn (.) Note and act accordingly (.) GM(C) (.)"

1.22. **The Committee note that disciplinary action has been taken against the supervisory officials and officials in Accounts Branch on the Western Railway for the failure to detect the mistakes which resulted in considerable undercharges. As such mistakes have been noticed on other Zonal Railways also, instructions should be issued to those Railways to take appropriate disciplinary action.**

1.23. **Certain representations have been made by the All India Railway Commercial Clerks Association on 7th May, 1973 and 6th August, 1973 regarding recovery of undercharges, which are appended to this Report (Appendices I & II). Undercharges may arise from either wrong interpretation of rules and orders by the staff or wrong instructions issued by the Railways. In the latter case it is prima facie unreasonable to hold the staff responsible. The Committee desire that the Railway Board should carefully examine the whole matter in the light of the points raised by the Commercial Clerks Association and all other relevant material and treat the representation sympathetically.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

For the fifth year in succession the working of the Railways resulted in a deficit in 1970-71. The Cumulative deficit upto the end of 1970-71 amounted to Rs. 87.33 crores. Having exhausted the Revenue Reserve Fund, the Railways had to obtain a loan of Rs. 24.92 crores to meet their dividend liability in full. Further, there being no surplus for appropriation to the Development Fund, loans aggregating Rs. 95.85 crores had to be obtained for meeting expenditure of developmental nature. Thus the Railways have to pay back to General Revenues Rs. 120.77 crores. In addition they owe an amount of Rs. 63.32 crores on account of Deferred Dividend on new lines which is in the nature of a contingent liability. It is indeed a difficult task for the Railways to extricate themselves from this unenviable position. The Committee have been stressing the need to economise the working expenses and to augment revenues. After the Railway Convention Committee finally report on the dividend payable by the Railways, the position should be assessed and suitable measures taken to meet the accumulated liabilities and to build up the Revenue Reserve Fund and Development Fund which have been virtually exhausted.

[S. No. 1, Para 1.13 of Appendix II of 77th Report of PAC (Fifth Lok Sabha)]

#### Action taken

A statement indicating the loan liability outstanding at the end of the year in respect of Development Fund and Revenue Reserve Fund is given below :—

#### *Loan liability outstanding at the end of the year*

(In crores of Rs.)

| Year                  | Develop-<br>ment Fund | Revenue<br>Reserve<br>Fund |
|-----------------------|-----------------------|----------------------------|
| 1969-70               | 43.45                 | 8.86                       |
| 1970-71               | 65.03                 | 30.83                      |
| 1971-72               | 86.65                 | 19.57                      |
| 1972-73               | 85.65                 | ..                         |
| 1973-74 (Budget Est.) | 94.29                 | ..                         |

Out of arrear relief in dividend due for the years 1969-70 and 1970-71 amounting to Rs. 36.29 crores Rs. 16.72 crores were credited to Development Fund and Rs. 19.57 crores to Revenue Reserve Fund reducing the Development Fund loan to 69.93 crores and wiping out the loan in the Revenue Reserve Fund.

2. It will be noted that inspite of the relief obtained on the basis of the recommendations of the Railway convention Committee, 1971 the loan liability in respect of Development Fund continues to increase.

3. The scope available for economising working expenses and increasing revenues and hence the possibility of building up the Revenues Reserve Fund and Development Fund are very limited, though all efforts will be directed to secure these objectives. However, it would not be possible to implement this recommendation of the Committee until the Railways actually start earning surpluses. The spirit in which the Committee have made the recommendation has, however, been noted.

This has been seen by Audit.

Sd/-

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77(1) dated 22-9-1973/31 Bhadra, 1895.]

### **Recommendation**

The Committee note that the contribution to the 'Pension Fund' of the Railways amounted to Rs. 113.50 crores upto 1972-73 although the requirement as per the actual calculations was Rs. 118.85 crores on the basis of the data made available in 1964. Since 1964, various developments had taken place which had the effect of enhancing the pension liability. A fresh actuarial study is stated to be in progress. In order to avoid marked fluctuations in the appropriations to the Fund, the Committee would suggest that such studies should be undertaken at more frequent intervals in future.

The pension scheme was introduced on Railways as a social security measure on 16th November, 1957. All Railway servants who joined service on or after that date are governed compulsorily by the pension scheme. Other were given an option upto 21st October, 1972 either to retain the retirement benefits under the Contributory Provident Fund system or to come over to the pension scheme. Out of the 13.73 lakh employees as on 31st March, 1971 only 6.02 lakhs were covered by the pension scheme. As the pension scheme offers better security to the employees and their families, the Committee desire that the date of option may be further

extended and that the scheme may be explained to the Railway staff in greater detail so as to convince them of the social benefits available under liberalised Pension Scheme.

[S. No. 2, Paras 1.18 & 1.19 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

### **Action taken**

The observations of the Committee are noted. The necessity of periodical actuarial evaluation of contributions to the Pension Fund has already been accepted in principle. The last such evaluation was done in 1966.

Another actuarial study on the basis of data as on 31st March, 1970 is already in hand. Necessary data from most of the Railways, Production Units etc. have been collected and is being processed in consultation with the Government actuary.

Since the introduction of the Pension scheme on the Railways in 1957, options for Pension have been allowed to railway servants governed by the Contributory Provident Fund system on no less than seven occasions. The option for Pension referred to in the recommendation of the Public Accounts Committee was the latest such option extended to railway servants in service on 15-7-72 or those who had quit service on or after that date. This option was current upto 21-10-72.

2. In this context, it may be mentioned that the recommendations of the Third Pay Commission, including those relating to retirement benefits have been made available to the Government and in all probability, it will be necessary to extend another option for pension in consultation with the Ministry of Finance, while finally implementing the recommendations relating to retirement benefits which may be accepted by Government. Once such an option is given, the recommendation of the Public Accounts Committee would stand implemented. Pending acceptance & implementation of Pay Commission's recommendation regarding retirement benefits, the observation of PAC are noted.

3. At the time of the introduction of the Pension Scheme on the Railways, all the Railway Administrations brought to the notice of the staff the *pros and cons* of electing to be governed by the pension Scheme to enable the staff to see objectively the relative merits and the demerits of the two systems before exercising the option for Pension then allowed. Wide publicity was given on the Railways to the options extended subsequently also.

While extending another option, instructions will again be given to the Railways to explain in greater detail the benefits of the Pension Schemes to railway servants, so as to convince them for the social benefits available under the Pension Scheme.

This has been seen by Audit.

Sd/-

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77(2) dated 6-6-1973/16 Jyaistha, 1895.]

### **Recommendation**

During the year 1970-71 the total revenue receipts of Railways were Rs. 1006.96 crores against the Budget Estimate of Rs. 1009.44 crores representing a variation of 0.24 per cent. Significant variations between Budget Estimates and actuals have, however, occurred in respect of 'goods earnings' and 'other coaching earnings'. The short-fall in goods earnings was to the extent of Rs. 13.77 crores against the estimate of Rs. 632.00 crores. The Committee have already drawn attention to the persistent tendency to over-estimate goods traffic in their 45th Report (Fifth Lok Sabha). The variation was as much as 20 per cent under other coaching earnings between the estimate of Rs. 51.75 crores and the actuals of Rs. 62.11 crores and the explanation given for it is not convincing, such wide variations do not speak well of the system of estimation adopted by the Railways. The Committee desire that there should be a better study of the trends of movements of traffic to get closer to the realities in estimating revenue. They would like to know the steps taken in this regard.

[S. No. 3, Para 1.28 of Appendix II of 27th Report of PAC (Fifth Lok Sabha)]

### **Action taken**

The procedure followed in preparing the Railway Budget estimates has already been explained in detail to the Committee in the reply to Recommendation Sl. 1 of 45th Report (Vth Lok Sabha). It is respectfully submitted that there is no tendency now on the part of the Railways to over-estimate earnings from goods traffic. The estimates of goods traffic anticipated for the budget year as given by the various Ministries are subjected to very close scrutiny. However, during the course of the year circumstances change due to factors beyond the control of the Railways. An analysis of the reasons for the shortfall in the goods traffic during 1970-71 as against that originally expected to materialise is given in the Annexure.

In regard to increased earnings under coaching traffic, this has arisen mainly on account of revision of rates for haulage of postal vans and mails with retrospective effect from 1-4-66 adjusted during 1970-71 and due to increase in the rate as well as increased volume of parcel and luggage carried. The latter was a new trend noticed in 1970-71. The Committee are assured that a close study of the pattern of movement of traffic is undertaken to ensure that the budget takes into account all known factors and trends and approximates closely to the realities.

This has been seen by Audit.

Sd/-

*Addl. Director Accounts, Railway Board.*

[Ministry of Railways (Rly. Board) O. M. No. 73-BC-PAC/V/77(3)  
dated 31-7-73/9 Sravana, 1895.]

## ANNEXURE

### *Analysis of the reasons for shortfall in goods traffic during 1970-71 vis-a-vis that originally expected to materialise.*

(i) The unsatisfactory law and order situation in the eastern sector of the country, numerous bundhs and illegal and wild-cat strikes by staff on Eastern, South Eastern, N.F. and N.E. Railways on several occasions during the year combined with frequent theft of control and traction wires has had a serious effect on the Railways freight traffic movement. There were as many as 8 major bundhs during the first 9 months of 1970-71 completely dislocating the traffic primarily on Eastern and S.E. Railways. The crippling effect of one such bundh can be appreciated from the fact that during Bengal Bundh on the 8th December, 1970, nearly 550 trains were stabled and 60,000 wagons immobilised on different railways.

(ii) Unsatisfactory law and order situation affected the working of the Railways not only directly but also indirectly through its effect on many industries in the area, which were simultaneously faced with innumerable labour problems, closurers, etc. This had an inevitable impact on the fate of release of wagons, in their sidings as well as in the terminals in Calcutta area. In these terminals, which handle about 3,000 wagons a day, the rate of release dropped from about 80 per cent in the earlier years to about 65 per cent in 1970-71, which naturally led to immobilisation of a large number of wagons.

(iii) The most serious effect of the disturbed law and order situation was on coal loading. Against a daily average of 8,176 wagons loaded in 1969-70 the daily average loading of coal in 1970-71 dropped to 7,557 wagons only.

(iv) There was a substantial drop in traffic to and from the steel plants. The production in the steel plants was seriously affected in 1970-71 due to a number of internal difficulties. The working of the Indian Iron & Steel Co., and Durgapur Steel Plant was in jeopardy due to frequent labour troubles, go-slow, strikes, gheraos and other cases of rowdism. Rourkela steel plant also had a number of labour difficulties. These difficulties led to a drop in movement of all raw materials including coal for the steel plants as well as of finished products from there. The difficulties of steel plants affected the Railways very seriously in that most of the raw materials for steel



plants move in special type of wagons which are not normally fit for other traffic and, therefore, during the periods of less intake of raw materials by the steel plants, these wagons idle.

(v) There was a drop in the movement of petroleum products on account of internal troubles in different refineries. For instances, movement from Cochin Refinery suffered for nearly 2-1/2 months owing to staff strike and Bajawa refinery and New Jalpaiguri refinery due to go-slow tactics by the refinery staff. Despatches from Budge Budge suffered off and on for want of production and from Assam Oil Co. on account of internal difficulties of the plant.

### Recommendation

The Committee have been commenting on the gap between the anticipations and the materialisation in respect of the goods traffic. In 1970-71 the Railways expected an increase of the order of 7.6 million tonnes in goods traffic. However, the goods carried (196.5 million tonnes) showed far from any increase, a decline of 11.4 million tonnes. There has been a significant decrease in the movement of coal by railways. The percentage of Railway movement of coal to the total production which was 96 in 1965-66 went down to 85 in 1970-71. This shows considerable diversion to road and other modes of conveyance. The Committee feel that this aspect deserves serious consideration. The Committee have been stressing the need to improve coal loading on Railways.

[S. No. 6, Para 1.50 of Appendix II of 77th Report of the P.A.C. (Fifth Lok Sabha)]

### Action taken

The observations of the Committee are noted. The non-materialisation of goods traffic as anticipated in the Railway budget during 1970-71 was largely due to circumstances beyond the control of the railways.

In respect of decrease in the movement of coal, it is submitted that the daily average loading of coal from all coalfields in the country during the last four years was as under:—

(Figures in 4-wheelers)

| Year    | Bengal-Bihar | Outlying fields | Total |
|---------|--------------|-----------------|-------|
| 1969-70 | 6242         | 1934            | 8177  |
| 1970-71 | 3542         | 2015            | 7550  |
| 1971-72 | 5647         | 2183            | 7836  |
| 1972-73 | 3698         | 2336            | 8034  |

Loading from the outlying fields has been increasing steadily every year. There was, however, a drop in coal loading from Bengal-Bihar fields in 1970-71 as compared to the previous year. This drop was mainly due to non-materialisation of demands of coal for steel plants due to internal difficulties resulting in less production in the steel plants. Movement of coal to other consumers in 1970-71 also did not come up to the expectation primarily due to disturbed law and order conditions prevailing in the Eastern Region in that year, which affected rail movements very adversely. Frequent Bundhs, strikes and demonstrations in the area affected the working of the Railways. Destruction of railway property, harassment of staff, thefts of electric traction equipment, tele-communication cables and wagon fittings etc. in the Eastern Sector seriously affected railway operation and consequently the loading of coal in Bengal-Bihar fields suffered.

Over the years a number of industries and power houses have been set up in and around the coal belts. Movement of coal for these industrial units and power houses is economical by methods other than rail transport such as by rope-way, in wagons owned by the power houses themselves and by road. Consequently, the percentage of coal moved by rail to the production has shown a downward trend.

A number of steps are being initiated by the Railways in consultation with other Ministries to step up coal loading. Firm linkages for the supply of coal to major consumers like steel plants, washeries, power houses and major industries, provision of mechanical loading/unloading arrangements at major collieries and at major consuming points, setting up of coal dumps at suitable locations to enable movement for small scale industries, brick-burning and domestic sectors being organized in train loads, increase in the wagon building programme and high level surveys for coal transport planning etc. are some of the steps being taken in this direction.

This has been seen by Audit.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-B(C)-PAC/V/77(6-8) dated 22-9-1973, 31 Bhadra, 1895.]

### **Recommendation**

The decline in the Railways share of transport is not confined to coal alone. In the case of oil seeds, sugar, raw cotton, tea, salt and cotton manufactured goods also the Railways have steadily lost ground. In this connection the Committee find that while the indices of industrial and agricultural production rose by 18.5 per cent and 38.4 per cent during 1970-71 from the base year 1966-67, the Railways goods traffic registered a decline

of 2.4 per cent. The Railways cannot afford to be complacent in the face of this trend. Unless effective measures are taken, the position of Railway finances will go from bad to worse. The increase in freight is no answer to improve the financial position.

[S. No. 7, Para 1.51 of Appendix II of 77th Report of P.A.C. (Fifth Lok Sabha)]

### Action taken

The observations of the Committee are noted. Out of the commodities mentioned above, the commodities which are high profit yielding are oil seeds, sugar, raw cotton, tea, and manufactured cotton.

2. It is submitted that the principal factor responsible for drop in loading in 1969-70 and 1970-71 was disturbed law and order conditions in the eastern region of the country. With the improvement in law and order conditions in 1971-72, despite the impact of Indo-Pak War, originating loading of oil seeds, raw cotton, tea and sugar showed a significant improvement as will be seen from the following figures:—

|   | 1969-70             |                  |                            | 1970-71             |                  |                            | 1971-72             |                  |                            |
|---|---------------------|------------------|----------------------------|---------------------|------------------|----------------------------|---------------------|------------------|----------------------------|
|   | Originating loading | Total production | %age of ldg. to production | Originating loading | Total production | %age of ldg. to production | Originating loading | Total production | %age of ldg. to production |
| (Figures in thousands of tonnes)                        |                     |                  |                            |                     |                  |                            |                     |                  |                            |
| Oil seeds   | 1172                | 7609             | 15.4                       | 1044                | 9188             | 11.4                       | 1116                | 8280             | 13.5                       |
| Raw*<br>Cotton<br>(Cotton<br>line)                      | 443                 | 946.8            | 46.8                       | 376                 | 810.0            | 46.4                       | 443                 | 1175             | 37.7                       |
| Tea**   | 272                 | 401              | 67.9                       | 245                 | 421              | 58.2                       | 280                 | 429              | 65.3                       |
| Sugar   | 986                 | 4261             | 23.1                       | 1258                | 3740             | 33.6                       | 1269                | 3110             | 40.8                       |
| Manu-<br>factured<br>Cotton<br>and other<br>piece goods | 235                 | 1357             | 17.3                       | 190                 | 1380             | 13.8                       | 185                 | N.A.             | N.A.                       |

Source \*page 98 } of Economic Survey 1972-73.  
\*\*page 114 }

3. As regards manufactured cotton, where there has been a fall in originating loading, the following factors have affected the proportion of rail movement to the total production over the last decade :

- (a) A considerable portion of manufactured cotton despatches by rail are in less than wagon loads, and, therefore, road movement is preferred by the trade to avoid handling *en-route* at

transshipment or repacking points and also because the unit of transport by road (3 or 5 tonne trucks) is smaller.

- (b) It is mostly mill sector cotton which moves by rail. Handloom production mostly moves by road as the unit of trade is even smaller than in case of mill sector. Mill sector of cotton cloth has been showing a constant drop since 1968-69 as will be seen from the following figures:—

*Production in million metres*

|                   |      |
|-------------------|------|
| 1968-69 . . . . . | 4297 |
| 1969-70 . . . . . | 4192 |
| 1970-71 . . . . . | 4055 |
| 1971-72 . . . . . | 4039 |

4. In regard to raw cotton, the percentage of rail movement to production in 1970-71 was steady as compared to 1969-70. However, the percentage of rail movement in 1971-72 dropped to 37.7 from 46.4 in 1970-71. This drop occurred despite the increase in the originating loading by 17.8 per cent in 1971-72 *vis-a-vis* 1970-71. The rail movement was affected mainly on Western and Northern railways due to Indo-Pak war. Although, rail despatches on these two railways increased in 1971-72 by 30.6 per cent *vis-a-vis* 1970-71, the production in the States served by these two railway namely, Haryana, Punjab, Rajasthan and Gujarat (which account for 2/3 of the total production of raw cotton in the country) increased during the same period by 37.5 per cent. But for the Indo-Pak war, the rail despatches on these two railways would have been better in 1971-72.

5. As regards salt, which is not a high profit-yielding commodity, the drop in movement by rail is the result of a deliberate policy adopted by the Government of India to encourage movement of salt by sea.

According to the decision of the Cabinet Committee on Transport facilities for the movement of coal taken on the 15th March, 1961, salt required for human consumption in West Bengal, Assam, Tripura, Manipur, etc., is to be despatched by sea from West and South coasts to Calcutta and therefrom by rail. This decision was taken to provide return cargo to colliers carrying coal to these regions. This decision was implemented progressively over the years as it was not possible to completely stop this

movement by rail since as public carriers, the railways cannot refuse to carry traffic offered for despatch by rail. The movement of salt to these areas by rail under the lowest priority was regulated to the extent possible depending upon conditions of working and availability of wagons from year to year. At present, such movements are being regulated by the following quotas:—

- (i) Two wagons per day (BG & MG) from stations on the Western Railway.
- (ii) One wagon per day from stations each on the Southern and Northern Railways.
- (iii) One wagon per week from stations on the Central Railway.

6. The Ministry of Railways would like to assure the Committee that they are fully alive to the problem and are making constant endeavours to increase total quantum of traffic and also proportion of higher profit yielding traffic to total traffic. It has to be borne in mind however, that the road services are expanding at a much faster rate. The length of all-weather motorable roads in the country increased from 2.68 lakh kms. on 31-3-61 to 4.01 lakh kms. on 31-3-71 *i.e.* by 52 per cent, and in the same period the number of goods trucks increased from 1.68 lakhs to 3.64 lakhs *i.e.* by 117 per cent. Apart from its ability to provide door to door service, the inherent advantages which the road transport enjoy over the rail transport are its freedom to pick and choose traffic, and the freedom to quote very freight rates depending upon market conditions and without any restraints, practices which the railways are prevented from adopting by statutory limitation, are factors which have undoubtedly contributed to gradual erosion of the railway's share of high rated traffic. The railways were conscious of this development and in order to retrieve, retain and attract traffic to and, energetic measures were undertaken with the setting up marketing and sales organisation. As a result of these measures, the originating loading of 47 selected high-rated commodities, which are specially watched by the railways, registered an increase of 3.1 per cent during 1970-71 as compared to 1969-70 and by 6.4 per cent in 1971-72 as compared to 1970-71. The earnings from these commodities also increased by 8 per cent during 1970-71 over 1969-70 and by 9 per cent in 1971-72 over 1970-71.

7. While efforts will be continued to increase traffic, particularly high rated traffic, it is to be recognised that fares and freights cannot remain static,—if the railways' financial position is not to deteriorate—when the costs of inputs (*i.e.* wages of staff and prices of materials) and therefore costs

of transportation continue to rise. The following table indicates that average freight and fares have not kept pace with increasing costs during, the last 22 years:—

*Increase in Fares, Freight and Costs*

| Item  | 1950-51       | 1971-72       | 1972-73<br>(Estimates) |
|---|---------------|---------------|------------------------|
| 1   | 2             | 3             | 4                      |
| Average rate charged per passenger kilometre<br>(paise) | 1.48<br>(100) | 2.55<br>(172) | 2.57<br>(174)          |
| Average rate charged per tonne-kilometre<br>(paise)     | 3.16<br>(100) | 5.61<br>(178) | 5.76<br>(182)          |
| Per Capita cost of staff                                | 1268<br>(100) | 3598<br>(285) | 3750<br>(297)          |
| <i>Index number of wholesale prices:</i>                |               |               |                        |
| Iron and steel manufactures                             | 100           | 317           | 363                    |
| Cement  | 100           | 254           | 276                    |
| Coal  | 100           | 242           | 245                    |
| Diesel oil (mineral oils)                               | 100           | 220           | 230                    |
| Electricity   | 100           | 193           | 197                    |

NOTE : Figures in brackets are indices with 1950-51 as base.

Thus, only a part of increase in cost has been covered by increase in freights which were made only as a last resort and were kept to the minimum.

8. The principal steps taken by the Railways to arrest the trend of diversion of high profit yielding traffic to road and to retain their rightful share of this traffic are:—

- (a) container services, which provide an integrated door to door service and result in reduction in packing costs to the consumer, lesser incidence of claims, and quicker transit, as the containers are moved by fast express goods trains.
- (b) appointment of freight forwarders which also provide door to door service to users, who have less than wagon load of goods to despatch. The freight forwarders collect the packages for a particular destination from a number of users and then offer them in wagon loads. This saves the railway the handling costs at forwarding and destination stations and at repacking points, as also the incidence of claims. This also results in better utilisation of the carrying capacity of the wagons. Freight

forwarders are now being appointed for movement of parcel traffic also.

- (c) running of super express goods trains between principal trade/ industrial centres to advertised timings.
- (d) conducting commodity and road surveys to assess the pattern of traffic moved by road and then to examine the steps necessary to get this traffic back to the railways.
- (e) delegation of powers to General Managers to quote reduced rates.
- (f) inclusion of certain high-rated commodities under priority 'B' and priority 'C' of preferential Schedule.

Container and freight forwarder services are being further expanded to attract more high-rated traffic.

This has been seen by Audit.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77  
(6-8), dated 15-2-1974/Magha 26, 1895]

### **Recommendation**

An effective coordination between road and rail transports is necessary so that unhealthy competition between these two vital sectors of economy resulting in wastage of national resources is not allowed. The Planning Commission is stated to be already seized of this matter. The Committee desire that in the formulation of Plans this aspect may be constantly borne in mind to allow of no distortion.

[S. No. 8 para 1.52 of Appendix II of 77th Report of the P.A.C.  
(Fifth Lok Sabha)]

### **Action taken**

The recommendation at Serial No. 8 of Appendix II in the 77th Report of the Public Accounts Committee (1972-73) has been noted. In formulating the Fifth Five Year Plan, emphasis is being laid on coordination of different modes of transport, particularly rail and road transport. It is appreciated that different modes of transport have different economic and technological characteristics and it is envisaged that in the Fifth Plan, new

investments will be undertaken having regard to the inherent suitability of various modes of transport for different types of traffic. The main emphasis in the Fifth Plan will be on a coordinated and 'system' approach to the development of the various parts of the transport system so that the system is viewed as a whole with different parts being interdependent and supporting and supplementing each other as far as possible.

It is anticipated that a large and increasing proportion of the freight traffic on the railways will consist of a small number of bulk commodities. The traffic will be concentrated on the trunk routes interlinking major cities of Bombay, Calcutta, Delhi and Madras. The railway operations will be confined to block rake movements between principal points and from these points, further distribution will have to be arranged by road transport. More dumps are proposed to be set up for coal and steel at railway terminals. These measures, it is hoped will not only help in improving the efficiency of railway operations but will facilitate movements through rail-road coordination. This, the Railways will concentrate in future more and more on the movements of long distance bulk commodities and short distance and dispersed movements would be generally undertaken by road transport. Most of the new investments on the railways have also been planned having regard to the inherent suitability of rail transport for certain types of traffic and requirements of rail-road coordination. It is hoped that various measures and policies envisaged in the Fifth Plan will help in the achievement of the objectives of rail-road coordination.

*Director (Transport)*

[Planning Commission U. O. No. TEC/7(7)/73 dated 22-11-1973]

### **Recommendation**

The payment of huge compensation claims is another item which constantly erodes the Railway finances. The amount of compensation claims paid went up from Rs. 9.36 crores in 1968-69 to Rs. 11.33 crores in 1970-71. The percentage of sum paid to gross earnings rose from 1.47 per cent to 1.66 per cent despite increase in freight rates. The claims arising out of loss, thefts and pilferages account for more than three-fourth of the total amount paid. The commodities that are more vulnerable to loss or damage or theft and pilferage are sugar and jaggery, tea and cotton piece goods including textiles. The percentage of claims to the freight earnings on these commodities ranged from 7.57 to 22.48. Cotton piece goods are the worst casualty inasmuch as the percentage steeply rose from 11.8 in 1966-67 to 22.48 in 1971-72 which admits of no justification whatsoever. While the Committee would call for an all-out drive to reduce



if not altogether eliminate the compensation claims on all the commodities, they would like a special watch to be kept on the sensitive goods. The Committee had pointed out in their 11th Report that the percentage of compensation claims was as low as 0.06 in Japanese National Railways and 0.26 in German Federal Railways. It is, therefore, not something which is impossible to nearly eliminate compensation claims on the Indian Railway provided there is determination and vigilance.

[S. No. 10 para No. 1.72 of Appendix II of 77th Report of  
P.A.C. (Fifth Lok Sabha)]

### **Action taken**

The drive as recommended by the Committee is already continuing.

2. Some of the measures taken to prevent claims for compensation in respect of (i) bagged commodities like grain and pulses, sugar and oil seeds, (ii), tea, (iii) piece goods (iv) perishables, and (v) iron and steel, are indicated below :—

(i) *Bagged commodities like grain and pulses, sugar and oil seeds.*

- (a) Arrangements are made for movement of these commodities in blockloads under armed escort right up to destination to the extent possible within available resources.
- (b) Special watch is kept at loading/transshipment and unloading points.
- (c) At vulnerable points armed pickets are provided to prevent thefts and pilferage.
- (d) provision of 'Dunnage' where prescribed has been made compulsory.

(ii) *Tea*

- (a) Fit and water-tight wagons are to be supplied for loading of Tea.
- (b) Tea Specials escorted by armed Railway Protection Force personnel are run to the extent possible.
- (c) Special watch is kept at loading, transshipment and unloading points to ensure proper handling of Tea chests.

(iii) *Piece Goods*

- (a) Emphasis is laid on proper packing, labelling and marking of cotton piece-goods.
- (b) Special watch is kept on these consignments at loading, transshipment and unloading points.
- (c) Instructions to the Railway provide, inter alia, wagons loaded with piece-goods should be locked with Ellis Patent Locks.
- (d) Instructions have been issued that wagons carrying valuable commodities like piece-goods should be rivetted with nut and bolt type of rivets.

(iv) *Perishables*

- (a) Railways have been instructed to ensure that proper marking and labelling of perishables are done by consignor and consignee's full name and address and name of destination station in full are shown on all packages containing perishables.
- (b) With a view to avoiding 'Memo-deliveries' of perishables, instructions have been issued to the Railways to persuade the trade to bring perishable consignments to the station in time so that booking may be done as early as possible.
- (c) Railways have been directed to ensure that perishable consignments reach destination station within the normal transit time and that there is no avoidable detention in transit.
- (d) Greater emphasis is laid on proper documentation and loading.
- (e) A Super Fast Parcel Express has been introduced between Delhi and Howrah with effect from 10th April, 1973 to provide more accommodation for carriage of parcels, particularly perishables.

(v) *Iron & Steel*

- (a) Trains loaded with iron and steel consignments when offered in block loads are escorted by armed Railway Protection Force personnel within the resources available.
- (b) Patrolling of vulnerable and major yards is done by armed Railway Protection Force Personnel.

- (c) Collection of crime intelligence and conducting of surprise raids by the staff of Railways as well as Central Crime Bureau, Railway Board is done with a view to tracking down criminals and receivers of stolen property under the Railway Property (Unlawful Possession) Act, 1966.
- (d) Close co-ordination is maintained between Railway Protection Force, Government Railway Police and State Police Officers to deal with criminals and receivers of stolen properties.
- (e) Pasting of an extra label on the solebar of wagons loaded with iron and steel has been introduced.
- (f) Emphasis is laid on correct documentation. A list of wagons loaded with iron and steel materials by each steel plant along-with booking particulars is prepared on a computer and sent to all Zonal Railways for reference in the event of a wagon becoming unconnected.

3. A countrywide campaign was launched from 26th January, 1972 to arrest the incidence of thefts and pilferages. Joint Level Committees comprising of officers of State Governments, Railways and representatives of staff unions have been formed to draw out joint measurers to tackle the incidence of law and order. Joint Committees at basic levels also namely, goods sheds, parcel offices, transshipment points, loco sheds etc., consisting of Railway officials and trade Union representatives have been formed. The main objective in regard to formation of the above-mentioned committees is to enlist the cooperation, on the one hand of the State Governments and members of staff and trade Union representatives on the other hand.

4. As a result of intensification of various Claims prevention measures, the number of new claims received by the Railways in 1972-73 is less by about 40,000 as compared to 1971-72.

This has been seen by Audit who have stated that the figures mentioned in the action-taken note are under verification in consultation with the Chief Auditor of Zonal Railways.

*Director Accounts,  
Railway Board.*

[Ministry of Railways (Rly. Board) O.M. No. 73-BC-PAC/V/77  
(10-11) dated 7-9-1973/16 Bhadra, 1895.]

### **Recommendation**

It does little credit to the Railway Protection Force that the thefts and pilferage are on the increase notwithstanding sizeable addition to the force over the years. The strength of the Protection Force stood at 56,848 during 1970-71 and expenditure on them was of the order of Rs. 12.64 crores. With this strength it should be possible to check the acts of the anti social elements among the Railways own staff and the Public. The Committee hope that the functioning of the Railway Protection Force would be toned up so that it serves as an effective instrument for safer transit of goods and parcels.

[S. No. 11, Para No. 1.73 of Appendix II of 77th Report of  
P.A.C. (Fifth Lok Sabha)]

### **Action taken**

The incidence of thefts and pilferages on the Railways is largely influenced by the conditions of law and order and crime in the States. As is well-known, the conditions of law and order and crime were particularly bad in the eastern sector between 1970-71 and 1971-72.

2. A statement (Annexure) indicating (i) number of claims paid and amount of compensation paid on booked consignments on account of all causes ; and (ii) number and amount of compensation paid on account of loss ; thefts and pilferage, during the last 4 years is attached. It will be noted that out of 3,51,131 claims paid in 1971-72, 2,71,374 or about 70 per cent were due to loss, thefts and pilferage. It will also be noted that there is a gradual decrease in the number of claims paid. This has been achieved by streamlining the procedures and checks by Commercial and Security Departments. Assistance from the State Police is also forthcoming in a greater measure with the institution of the State level Committees. Despite decrease in the number of claims paid, amount paid had gone up in 1970-71 and 1971-72 mainly because of increase in prices. In 1972-73, even the amount paid was less by about Rs. 40 lakhs as compared to 1971-72, as a result of intensive claims prevention measures.

3. A scheme for the reorganisation of the Railway Protection Force has also been approved by the Railway Board. Instructions to implement

the scheme on a regular basis have since been issued to the Zonal Railway Administrations. The salient features of the Reorganization Scheme are briefly detailed below :—

- (1) Merger of the existing Uniformed & Armed Branches and formation therefrom of an Investigation Branch, a Prosecution Branch and a Protection Branch on standard Company pattern with higher percentage of armed personnel.
- (2) Strengthening of the Crime Intelligence Branch and its decentralisation so as to function in the Divisions.
- (3) Administrative changes at Divisional and Headquarters level.
- (4) Changes in the working methods of the Force by replacing the fixed-point duties where possible into beat-cum-patrol duties.
- (5) Provision of adequate number of motor vehicles to improve the mobility of the Force.
- (6) Increase in the number of supervisory posts including Class III and Class IV with a view to having better supervision at all levels.

The reorganisation of the Railway Protection Force on the lines indicated above is aimed at providing better supervision at all levels which in turn is likely to prove effective in controlling crime on Railways. Similarly, the formation of the Protection Branch on Platoon/Company basis will provide more elasticity in deploying the man-power as against the present element of rigidity. The setting up of separate Investigation and Protection Branches will help each branch working exclusively on the duties assigned to them thereby achieving better results both on the Investigation as well as on the Protection side. It is hoped that the reorganised Railway Protection Force will prove to be a more effective instrument for ensuring safer transit of goods and parcels on the Indian Railways.

This has been seen by Audit.

*Director Accounts*

*Railway Board.*

[Ministry of Railways (Rly. Board) O.M. No. 73-BC-PAC/V/77  
(10-11) dated 7-12-1973/16 Agrahayana, 1895]

**ANNEXURE**

**Statement of Number and amount of claims paid during 1969-70, 1970-71, 1971-72 and 1972-73 in all railways**

| Year    | Total claims paid on account of all causes |                   | Claims paid on account of loss and thefts of complete packages |                   | Claims paid on account of pilferage |                   | Total of 3 & 4 |                   |
|---------|--|-------------------|--|-------------------|-------------------------------------|-------------------|----------------|-------------------|
|         | Number                                     | Amount (in lakhs) | Number   | Amount (in lakhs) | Number                              | Amount (in lakhs) | Number         | Amount (in lakhs) |
| 1       | 2  | 3                 | 4  | 5                 | 6                                   | 7                 | 8              | 9                 |
| 1969-70 | .  | 4,01,667          | 1,02,371   | 361.08            | 2,20,993                            | 487.29            | 3,23,364       | 848.37            |
| 1970-71 | .  | 3,85,733          | 89,606   | 379.25            | 2,11,948                            | 535.12            | 3,01,554       | 914.37            |
| 1971-72 | .  | 3,51,131          | 86,552   | 386.69            | 1,84,822                            | 567.15            | 2,71,374       | 953.84            |
| 1972-73 | .  | 3,10,778          | 74,371   | 391.63            | 1,74,212                            | 521.32            | 2,48,583       | 912.95            |

### **Recommendation**

The Committee understand that considering the progressive increase in the use of salt as raw material for industries and in view of the fact that owing to a low freight rate for the movement of salt even the cost of its haulage was not fully met, the question whether the rates of salt especially for industrial use could not be stepped up, was examined by the Ministry of Railways (Railway Board) in November, 1968. Accordingly, two separate sets of rates for salt moving in wagon-loads, the lower rate being made applicable only to salt meant for human consumption programmed for priority movement by the Salt Commissioner, were introduced w.e.f. 1st November, 1969. Following representations from trade to the effect that while salt meant for human consumption was moving at a lower rate if programmed by the Salt Commissioner, that meant for the same and use had to pay a higher rate if non-programmed, which violated the spirit of Section 28 of the Indian Railways Act, the differential rates were withdrawn w.e.f. 1st April, 1970, resulting in reduction of earnings estimated at Rs. 28 lakhs per annum. The Committee feel that once the need for a higher rate for the movement of salt meant for industrial use is recognised the initial difficulty in distinguishing between the salt meant for industrial use and that meant for human consumption should not unduly delay its implementation. Admittedly, while the movement of salt in general may be numerous, industrial salt generally moves to certain recognised centres and it should be possible to keep some check with greater alertness on the part of commercial and marketing officers. The Committee therefore see no reason why non-programmed salt could not be distinguished as that meant for human consumption and that for industrial use on the basis of the declaration by the consignors subject to check and deterrent penalty for mis-declaration. They would urge that the higher rate for movement of salt meant for industrial use should be introduced forthwith in the interest of augmentation of railway revenue.

[S. No. 12, Para 2.11 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

### **Action taken**

The question whether there should be separate rates for (i) salt for human consumption and (ii) salt for industrial use, has been examined in consultation with Salt Commissioner. It is found that salt under second category is not only used for manufacturing chemicals but also for fish curing, leather tanning, meat packing, livestock, agriculture, etc. The end-use to which the salt will be put to cannot be verified by the station staff at the time of booking. Salt Commissioner is not in a position to

certify that consignment offered under a particular forwarding note is meant for human consumption only. He has no administrative control over unlicensed sector (manufacturing salt in areas not exceeding 10 acres) and his office does not know whether salt manufactured by this sector is fit for chemical industry or not. The possibility of industrial users buying salt from local market instead of from the source or getting his consignments booked in the name of another person cannot be ruled out. In the circumstances, if the lower classification is introduced for salt for human consumption, it is likely to result in large scale misdeclarations. Hence, differential rating for salt for human consumption as distinct from salt for industrial consumption is not desirable.

However, it is possible to identify chemical industries which use salt as the raw material. It has, therefore, been decided to introduce a separate classification for "salt for chemical industries only." It may be clarified that "Salt for Chemical Industries" will not include all industrial salt. Salt for human consumption as well as salt for industries other than chemical industries will continue to be charged under the head "Salt NOC". "Salt for chemical industries" has been classified two steps higher than "Salt NOC". A new special condition S/40 for Salt NOC has been provided in the Tariff as under :

"A declaration should be given by the consignor on the forwarding note to the effect that the salt is not intended for chemical industries".

A copy of instructions issued to the Railways is attached.

Sd/-

Director Accounts,  
Railway Board.

[Ministry of Railways (Rly. Board) O.M. No. 73-BC-PAC/V/77(12)]  
dated 9/10-10-1973/Asvina 17/18. 1895.]

*Copy of Govt. of India, Ministry of Railways (Railways Board) letter No. TCR/1078/72/1 dated 29-9-73 addressed to the General Managers, All India Railways*

SUB :—Rate for Salt for chemical industries.

At present salt intended for human consumption or for use in chemical and other industries is being charged at the rates applicable to 'Salt N.O.C.' namely class 60(smalls) and class 40 (wagonloads). It has been decided that w.e.f. 1-11-1973 "salt for chemical industries" should be charged at class 65 (smalls) and class 45 (wagonloads).



2. Accordingly entries in the Goods Tariff pertaining to salt will be revised as under:—

| Article                      | Packing condition internal | General Classification |        |             | Weight conditions |        |      |
|------------------------------|----------------------------|------------------------|--------|-------------|-------------------|--------|------|
|                              |                            | Outer                  | Smalls | Wagon loads | B.G.              | M.G.   | N.G. |
| Salt for Chemical Industries | —                          | P/7                    | 65     | 45          | 220               | 145    | 80   |
| Salt NOC                     | —                          | P/11                   | 60     | 40          | 205(a)            | 130(a) | 80   |
| S/40                         |                            | P/7                    |        |             | 220               | 145    | 80   |
|                              |                            | P/11                   |        |             | 205(a)            | 130(a) |      |

(a) These minima weights apply only when wagons of floor areas less than 21.1 sq. metres in the case of BG and 12.5 sq. metres in the case of MG are used. When bogie or six wheeled wagons are used, double or 1½ times the higher minimum weight conditions would apply irrespective of the floor area of bogie or six wheeled wagon.

A new special condition S/40 for salt N.O.C., will be provided in the Tariff as under:

“A declaration should be given by the consignor on the forwarding note to the effect that the salt is not intended for chemical industries.”

3. This has the sanction of the Central Government.

4. The higher classification for salt for chemical industries will also apply in cases where railway receipts issued in favour of parties other than chemical industries are endorsed in favour of chemical industries. In such cases, the undercharges should be recovered by the destination station at the higher classification notified for salt for chemical industries.

5. A list showing the names of the chemical industries which use salt as raw material is being obtained from Salt Commissioner and will be notified shortly for the guidance of the staff at booking/destination stations. This list should not be, however, treated as exhaustive and the higher classification will be applicable even if the name of the consignee is not found in the list but is known to the station staff to be a chemical industry.

6. Station staff and Inspecting Officers should exercise due vigilance and conduct periodical checks to detect and prevent cases of mis-declarations.

7. Necessary instructions may please be issued to all concerned immediately and the receipt of this letter acknowledged in the meantime.

M. S. BHANDARI,  
Joint Director Traffic (Rates)  
Railway Board.

### **Recommendation**

The Committee do not think that it is desirable to work out the profitability of the container services as a whole, rather than separately for each service. It is necessary to ascertain the individual profitability in order to decide on the continuance or otherwise of the service. As each service is in addition to the existing facility, it cannot be continued even if Railways were to incur losses. In this connection the Committee find that the container service between New Delhi and Kanpur which was introduced in May, 1968 had to be discontinued in August, 1969 on the ground that it was not remunerative.

The Committee need hardly stress that the container services should be able to subserve the objective of attracting additional traffic at competitive rates without incurring losses. Close-watch should, therefore, be kept on the traffic moved from week to week, month to month so as to take timely remedial measures. The financial results of the services should also be worked out promptly in future.

[S. Nos. 14 & 15, Paras 2.28 & 2.29 of Appendix II of 77th Report of PAC (Fifth Lok Sabha)].

### **Action taken**

The observations of the Committee are noted. Action is being taken to close down a particular service, which has ceased to be financially viable.

The performance of container service is being closely watched. Marketing and Sales Supdts. of Zonal Railways keep a watch on the traffic offering and earnings and maintain rapport with trade and industry to prospect new traffic. The performance is also reported by them to the Railway Board in monthly reports, which are carefully scrutinized in Board's office.

As already pointed out by this Ministry, disturbed law and order conditions, particularly in Eastern parts of the country in 1969-70 and 1970-71 hampered railway operations and industrial production in the country and adversely affected container loading.

Instructions have been issued to Zonal Railways for submitting the annual financial results of the services promptly.

*Director Accounts,*

*Railway Board.*

[Ministry of Railways (Rly. Board) O.M. No. 73-BC-PAC/V/77 (13—15 dated 7-9-1973/16 Bhadra, 1895)]

### **Recommendation**

The Committee are concerned to learn that a test check of the records of certain stations in Western Railway for some months revealed mistakes in either application of rates or computation of weight resulting in undercharges to the extent of Rs. 1.52 lakhs. The results of the review of the position at the other stations of the Western Railway and in other zonal railways may be intimated to the Committee.

The Committee have reasons to believe that the mistakes have been fairly widespread. The checks by the Accounts Department and the supervisory officials of the Commercial Department have not been evidently effective enough. The Committee would like to know whether the responsibility of the supervisory officials and the Accounts Department for not detecting the mistakes was examined and if so, the action taken in pursuance thereof may be intimated.

[S. Nos. 17 & 18, paras 2.49 & 2.50 of Appendix II of 77th Report of of PAC (Fifth Lok Sabha)]

### **Action taken**

A statement showing the results of the further review of the position at the other stations of the Western Railway and in other Zonal railways in respect of undercharges on the commodities mentioned in the audit para is attached. Necessary steps have been initiated by the Railways to recover the amount outstanding.

The position regarding disciplinary action against the staff on the Western Railway is as under :—

DAR action against 18 Supervisory staff of the Commercial Department has so far been finalised as under :—

|                         |       |
|-------------------------|-------|
| Removal from service    | One   |
| Compulsory Retirement   | One   |
| Stoppage of Increment   | One   |
| Stoppage of Passes/PTOs | Three |
| Censure                 | One   |
| Warning                 | Eight |

8 clerks of Traffic Accounts Office have been warned.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-B(C)-PAC/V/77 (17-18) dated 26/27-10-1973/5, Kartiks, 1895]

Statement showing results of reviews on the Railways in respect of undercharges of freight on commodities (Chillies green, potatoes, onions, garlic etc. (2) Sulphur and (3) petroleum coke.) mentioned in para 55 of G&AG's Report on Railways for 1970-71 (other than the undercharges shown in the para)

| Railway  | Undercharges Detected (Rupees) | Undercharges Recovered (Rupees) | Undercharges Outstanding (Rupees) |
|----------|--------------------------------|---------------------------------|-----------------------------------|
| Eastern  | 689                            | --                              | 689                               |
| Northern | 24,334                         | —                               | 24,334                            |
| N.E.     | 13,875                         | 3,376                           | 10,499                            |
| Southern | 11,144                         | 182                             | 20,962                            |
| S.C.     | 11,654                         | 2,808                           | 8,846                             |
| S.E.     | 13,801                         | 7,608                           | 6,193                             |
| Western  | 28,102                         | 12,919                          | 15,183                            |
| Total    | 1,03,599                       | 26,893                          | 76,706                            |

NOTES.—(1) Information from Western Railway regarding undercharges detected on booking of sulphur is awaited.

(2) Information from Central and N. F. Railways is awaited.

### Recommendation

This is a case of gross under-utilisation of wagons and consequent substantial short-realisation of revenue. Even though the weight of the articles loaded in each wagon was far below the minimum of 110 quintals prescribed for a wagon load of electrical appliances, freight charges were levied by the South-Central Railway Administration at the 'small's' rate on actual weight subject to a minimum of 45 quintals applicable to bulky articles when the wagons were exclusively utilised for these consignments only. The short-realisation of revenue was to the extent of Rs. 4.14 lakhs during the years 1968-69 to 1970-71. Although the South-Central Railway Administration decided in September, 1971 to charge these consignments on the basis of minimum weight of 110 quintals, the Railway Board have stated that this decision is not correct in view of the provisions of Rule 164(i) of the IRCA Goods tariff governing transport of bulky articles fully occupying a wagon. In the opinion of the Committee no lacuna in the rule should be allowed to operate to the detriment of revenue especially at a time when the Railways are in a desperate need to augment revenue. They would, therefore call for a comprehensive review of the position with a view to amending the rule suitably to safeguard the interest of Railways. The action taken in this regard may be reported to the Committee *within six months*.

[S. No. 19, Para 2.55 of Appendix II of 77th Report of P.A.C. (Fifth Lok Sabha)]

**Action taken**

In compliance with the Committee's observations, Rule 164 of IRCA Goods Tariff No. 33 is being amended and a new rule 164-A has been incorporated in the Goods Tariff to take effect from 1-9-1973 which will eliminate the type of losses reported by the Audit.

*Director Accounts, Railway Board.*

[Ministry of Rlys (Rly. Board)'s O.M. No. 73-BC-PAC/V/77(19) dated  
7-9-1973/16 Bhadra, 1895]

**Recommendation**

This is yet another case of short collection of freight charges to the extent of Rs. 2.10 lakhs in Western Railway that went undeducted by the supervisory officials and during internal check by Accounts Department. That there is a need to tighten up supervisory checks and Internal Audit by the Accounts Department is clearly indicated. The Committee would like to know the action taken for the failure of the Accounts Department in the matter.

The Committee would await the results of the review of the position at other stations of Western Railway and in other Zonal Railways.

[S. No. 20, Para 2.62 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

**Action taken**

Responsibility for the lapse in the Accounts Department has been fixed on the Sub-head and clerk of the Traffic Accounts Office. The Sub-head has since finally retired and, therefore, no action can be taken against him. The clerk concerned has been warned.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77  
(20-21) dt. 18-9-1973/27 Bhadra, 1895]

## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF THE GOVERNMENT**

#### **Recommendation**

The Committee find that in the case of suburban traffic the rate of growth in terms of passengers originating had recorded a drop from 9.97 per cent during Third Plan period to 6.28 per cent in the subsequent period. This phenomenon needs study. It needs no emphasis that the suburban services should be improved.

The Committee note that the proportion of non-suburban traffic to the total passenger traffic has decreased during the post Third Five Year Plan period both in terms of passenger originating and passenger kilometres. The Committee desire that the Railways should take adequate steps to increase the rate of growth of non-suburban traffic so that its proportion to the total passenger traffic is kept up if not enhanced.

[S. No. 5 Para No. 1.40 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

#### **Action taken**

1. The figures of average annual growth of suburban and non-suburban traffic during the 6 years period after the end of III Five Year Plan as reported in the original reply to point No. 12 of the C&AG's Report and subsequently quoted in the 77th Report of the PAC were computed on the basis of approximate figures for the year 1971-72 as the final figures were not available by then. These figures now being available, the actual annual increase works out to 4.19 for suburban in place of 6.28 as originally reported and 3.08 for non-suburban in place of 3.58.

2. The break-up by areas of the annual growth rate of suburban traffic in terms of passengers originating is given in the following table.

*Annual growth in passengers**originating*

|  | Bombay<br>area | Calcutta<br>area | Madras<br>area | Total<br>suburban<br>Traffic |
|--|----------------|------------------|----------------|------------------------------|
| Average annual growth during III<br>plan over 1960-71 level of traffic                     | 12.6           | 5.3              | 6.9            | 9.97                         |
| 1966-67 over 1965-66 . . . . .   | 5.87           | 1.05             | 15.0           | 5.42                         |
| 1967-68 over 1966-67 . . . . .   | 3.26           | 0.41             | 0.51           | 2.16                         |
| 1968-69 over 1967-68 . . . . .   | (—) 3.78       | 7.12             | (—) 13.0       | (—) 1.99                     |
| 1969-70 over 1968-69 . . . . .   | 8.27           | 2.62             | 9.35           | 6.89                         |
| 1970-71 over 1969-70 . . . . .   | 9.07           | (—) 4.11         | 10.7           | 5.92                         |
| 1971-72 over 1970-71 . . . . .   | 5.06           | (—) 0.03         | 12.4           | 4.60                         |
| Average annual growth during these<br>6 years over level of traffic in<br>1965-6 . . . . . | 5.09           | 1.11             | 6.15           | 4.19                         |

3. The traffic in Madras area, after a set-back in 1967-68 and 1968-69 revived in subsequent years. In Bombay area also, the traffic slumped in 1968-69 but has picked up thereafter the increase in 1970-71 being very marked. The growth in Calcutta area has been rather sluggish for the most part, due, no doubt, to the deterioration in law and order situation and a consequent slump in industrial activity.

4. The passenger traffic in Bombay area was 66.7 per cent of total suburban traffic in 1965-66 which has risen to 69.6 per cent in 1971-72 indicating that the services were well patronised. Similar trend is also visible in the traffic in Madras area. In the Calcutta area, with the general improvement in political and industrial climate noticeable of late, a matching revival in the growth of suburban traffic is expected.

5. However, as has already been explained in reply to point No. 12 of the PAC questionnaire the growth of suburban traffic in metropolitan towns is influenced by a variety of factors such as development of suburbs, pace of urbanisation, availability of land and employment potential etc. As regards Bombay and Calcutta, it may be stated as a general point that they have almost reached a state of saturation and further expansion of suburban traffic at the rate achieved during the III Plan is not possible. The available rail facilities to commuters are over-strained in these Metropolitan cities, specially in Bombay, resulting in over-crowding during peak hours and demand for additional trains. This situation will get mitigated when Metropolitan Transport Projects get executed.

6. As regards non-suburban traffic, its proportion to total traffic has come down in the post Third Plan Years. The percentage of non-suburban to total traffic in 1965-66 and thereafter compare as under :

*Percentage of non-suburban traffic to total*

|                   | Passenger<br>originating | Passenger<br>Kilometres |
|-------------------|--------------------------|-------------------------|
| 1965-66 . . . . . | 50.77                    | 82.10                   |
| 1966-67 . . . . . | 50.67                    | 81.92                   |
| 1967-68 . . . . . | 51.00                    | 82.21                   |
| 1968-69 . . . . . | 51.00                    | 81.75                   |
| 1969-70 . . . . . | 50.46                    | 80.45                   |
| 1970-71 . . . . . | 49.53                    | 80.48                   |
| 1971-72 . . . . . | 49.38                    | 80.59                   |

7. The reason for the declining trend in non-suburban traffic appears to be the faster growth in suburban traffic around Bombay and Madras areas rather than inadequacy of non-suburban services. As large number of measures have been taken to stimulate non-suburban traffic, for instance, third class sleeper coaches are now available on all Mail & Express Trains and certain passenger trains involving night journeys. The number of third class sleeper coaches is gradually increasing and stood at 2,100 in 1971-72 as against 1975 in 1970-71 and 1900 in 1969-70.

8. The additional vehicle kilometres run and new trains introduced during the years 1969-70 to 1971-72 the period during which the decline in non-suburban traffic is more pronounced were as under:—

|                   | Addl. vehicle<br>Kms. (excluding<br>EMU and rail<br>cars) run<br>(millions) | New trains<br>introduced | Run of ex-<br>isting trains<br>extended | Addl. train<br>Kms. provided<br>per day |
|-------------------|---|--------------------------|---|---|
| 1969-70 . . . . . | 159   | 47                       | 43                                      | 11,070                                  |
| 1970-71 . . . . . | 86  | 47                       | 40                                      | 6,601                                   |
| 1971-72 . . . . . | 168   | 36                       | 30                                      | 6,819                                   |

9. In this connection, it would be pertinent to mention that the development of integrated network of national highways during the Second and Third Plan periods, the expansion of road transport and the enterprise of State Roadways and private operators, have had the inevitable impact



on short-lead and medium lead passengers who usually avail of the ordinary passenger trains. In suburban sections the impact is less on account of the low season ticket Railway fares. An analysis of the growth rate of non-suburban third class traffic, which constitute over 98 per cent of the total non-suburban traffic, indicate that there has been rapid increase in travel by mail and express trains both in terms of the number of originating passengers and of passengers-kilometres whereas the rate of increase in travel by ordinary passenger trains has been substantially lower.

The relevant figures are given below:—

|                              | Mail and express trains<br>No. in millions<br>increase over previous<br>year | %    | Ordinary<br>No. in<br>millions | Trains %<br>age in-<br>crease over<br>last year |
|------------------------------|--|------|--------------------------------|---|
| <b>Passenger originating</b> |  |      |                                |   |
| 1969-70                      | 144.5  | 4.25 | 1017.9                         | 4.55  |
| 1970-71                      | 154.8  | 7.11 | 1033.3                         | 1.51  |
| 1971-72                      | 167.2  | 8.04 | 1068.6                         | 3.42  |
| <b>Passenger kilometres</b>  |  |      |                                |   |
| 1969-70                      | 34,769   | 3.65 | 52,115                         | 4.44  |
| 1970-71                      | 37,856   | 8.88 | 52,818                         | 1.35  |
| 1971-72                      | 41,486   | 9.59 | 54,871                         | 3.89  |

10. With heavier investments contemplated in the metropolitan cities *viz.*, Bombay Calcutta, Madras and Delhi under the Rapid Transit Systems, it would not be possible to correlate suburban passenger traffic with non-suburban passenger traffic. The former will develop and behave as a class apart.

11. Railways however continue to provide more facilities for long distance passengers in the form of haulage by diesel and electric locos of mail and express trains and running of fast special trains during rush periods like summer vacation, puja holidays, etc. apart from action on the lines stated in para 8.

This has been seen by Audit.

*Add. Director Accounts, Railway Board.*

[Ministry of Railways O.M. No. 73-BC-PAC/V/77(5)  
dated 31-7-1973]

### Recommendation

During 1970-71 the expenditure on staff was Rs. 460.63 crores which accounted for 53.4 per cent of the total revenue expenditure of the Railways. The total staff strength was 13.73 lakhs as against 13.58 lakhs during 1969-70. With computerisation, dieselisation, and electrification of traction and other attempts at modernisation it is reasonable to expect the staff overheads to come down progressively. However, the actual position appears to be contrary to this expectation. It is strange that no precise assessment of staff rendered surplus on account of the progressive modernisation has been done as yet and what is stranger is that additional recruitments are justified on grounds of modernisation without assessing and absorbing the surplus staff after suitably training them for alternative jobs. An interesting fact is that the output of work as measured by the number of open line staff on Zonal Railways per million train kms. and per million gross tonne kms. shows deterioration during 1970-71, and figures being 2766 and 3.42 during 1969-70 and 2833 and 3.47 respectively during 1970-71. In view of all this, the Committee would urge that staff requirements in the context of increasing modernisation should be realistically assessed and suitable yardsticks prescribed for evaluating the performance of staff after studying the position of other foreign Railway systems. The percentage of expenditure on staff should be progressively brought down from the present high level of 53.4 per cent.

[S. No. 9, Para No. 1.62 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha).]

### Action taken

The observations of the Committee are noted. It is submitted that with computerisation, dieselisation, electrification of traction and other attempts at modernisation, it was not expected that there would be substantial reduction in the number of staff on the Indian Railways. Compared to the total strength of staff on Indian Railways, the number rendered surplus on account of these modernisation factors is only marginal and there is no difficulty in re-absorbing the staff rendered surplus by giving them suitable alternative jobs.

In regard to the observations of the Committee that the number of open line staff per million train kilometres and per million gross tonne kilometres showed a deterioration during 1970-71 as compared to 1969-70, it is submitted that this index depends upon the volume of goods traffic moved during the two years. There was a drop in the originating goods traffic from 207.9 million in 1969-70 to 196.5 million in 1970-71.

There has, however, been an improvement in the index during 1971-72 when the originated traffic increased to 197.8 million tonnes. A more appropriate index for measuring the output of railway staff would be the traffic units (net train kilometres plus passenger kilometres), moved per employee on the open line which has showed a steady improvement over the years as will be seen from the figures given below:—

| Year    | Traffic unit (000)<br>moved per employee<br>on the open line |
|---------|--|
| 1965-66 | 164  |
| 1966-67 | 167  |
| 1967-68 | 172  |
| 1968-69 | 178  |
| 1969-70 | 185  |
| 1970-71 | 186  |
| 1971-72 | 193  |

In regard to the realistic assessment of staff requirements in the context of increasing modernisation and prescribing suitable yardsticks for evaluating the performance of staff on the pattern adopted by the foreign railway systems, a scrutiny was made of the available annual reports on the railway systems of other countries. It does not appear that railways of the Western countries adopt any yardstick for assessing the performance of their staff as such. An attempt was also made to ascertain the information from the Railway Advisers stationed at some of the Western countries and they have also advised that no yardsticks have been prescribed for assessing staff output.

In regard to reducing staff cost as a percentage of total expenses, a comparison has been made from the available reports of the railways of the foreign countries and the following figures indicate that the percentage of staff cost to total expenses on Indian Railways compares favourably with that of other foreign railways systems.

*Percentage of staff costs to total working expenses, including depreciation and pension*

|                                      |       |
|--------------------------------------|-------|
| British Railways (1968)              | 62    |
| Canadian National Railways (1969)    | 63.8  |
| Canadian Pacific Railways (1969)     | 60.0  |
| French National Railways (1969)      | 69.0  |
| German Federal Railways (1969)       | 70.3  |
| Italian State Railways (1969)        | 65.6  |
| Japanese National Railways (1969-70) | 49.7  |
| U.S. Class I Rail roads (1969)       | 57.4  |
| Indian Government Railways (1970-71) | 54.17 |

It may also be of interest to note that staff expenses per thousand traffic units expressed in Indian currency is the lowest on the Indian Railways as will be seen from the following figures taken from the latest available reports:

*Staff expenses per 1000 traffic units*

|                                      | Rs.    |
|--------------------------------------|--------|
| British Railways (1968)              | 122.38 |
| Canadian National Railways (1969)    | 50.90  |
| Canadian Pacific Railways (1969)     | 36.82  |
| French National Railways (1969)      | 123.48 |
| German Federal Railways (1969)       | 180.53 |
| Italian State Railways (1969)        | 118.04 |
| Japanese National Railways (1969-70) | 48.60  |
| Indian Government Railways 1968-69   | 16.21  |
| 1970-71                              | 17.79  |
| 1971-72                              | 18.19  |

In view of Government's policy in respect of employment and wage structure, it would not appear possible to aim at any appreciable reduction in the percentage of expenditure on staff.

*Director Accounts,*

*Railway Board.*

[Ministry of Rlys. (Rly. Board) O.M. No. 73-BC-PAC/V/77(9)  
dated 7-9-1973/16 Bhadra, 1895].

## CHAPTER IV

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

#### **Recommendation**

The container services were introduced on Railways with a view to augmenting revenue by capturing high rated traffic diverted to road. The financial results of the services indicate that the actual return on the capital invested is far below expectations. In fact two services viz. Madras-Bangalore and Bombay Bangalore are operating in losses. Besides increase in cost of acquisition of assets over estimates, two other factors are stated to have materially altered the financial results. That the life of the containers was assumed as 40 years instead of 10 years and that the Project Report did not take into account the cost of crane operations would show how far the initial anticipations on the basis of which the services were sanctioned were faulty. A realistic reappraisal of the services is, therefore, needed to find out how many of these which were initially found justified have proved to be not so, taking into account these factors. The Committee would like to be informed of the result of review and the action taken in pursuance thereof.

[S. No. 13. Para 2.27 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

#### **Action taken**

The container services were introduced on the Indian Railways with the object of attracting new traffic besides retrieving the traffic lost to road and providing damage/pilferage free door to door service. These have become popular and have made rapid progress over the years. The total number of containers and gross earnings of the container services during 1971-72 were 31,880 and Rs. 143.7 lakhs as against 1864 and Rs. 3.68 lakhs 1966-67 respectively.

2. There are 9 services operating at present. Out of these, financial results for 6 services are available for 1970-71 (Calcutta-Madras and

Calcutta-Bombay services were introduced in Nov. 1970 and April, 1971 respectively and as such financial reviews for these services will be undertaken for 1971-72 onward). As regards Madras-Bangalore, Southern Railway has been asked to recast the review duly taking into account the earnings and working expenses on account of containers of flats allotted to this service being loaded from Bangalore to Calcutta and New Delhi, from Calcutta to Bangalore and from New Delhi to Madras.

3. The financial results of the 6 services are as under:—

| Name of Service        | Date of Introduction | Percentage of return as per project report | Actual return                  | Percentage                                    |
|------------------------|----------------------|--|--------------------------------|---|
| 1. Bombay-Ahmedabad    | 15-1-66              | 94.0                                       | 7.19<br>9.61<br>18.66<br>19.60 | (1966)<br>(1967)<br>(Jan/Feb.68)<br>(1970-71) |
| 2. Bombay-New Delhi    | 20-11-67             | 81.5                                       | 33.2<br>38.3                   | (1969)<br>(1970-71)                           |
| 3. Bombay-Secunderabad | 23-5-69              | 32.79                                      | 11.2<br>10.54                  | (July 69 to June 70)<br>(1970-71)             |
| 4. Howrah-New Delhi    | 15-3-69              | 44.3                                       | 8.11<br>30.7                   | (1969-70)<br>(1970-71)                        |
| 5. Bombay-Madras       | 16-4-69              | 40.88                                      | 25.7<br>33.14                  | (July '69 to June '70)<br>(1970-71)           |
| 6. Bombay-Bangalore    | 11-11-69             | 23.51                                      | 2.23                           | (1970-71)                                     |

4. The following table will indicate the overall return for these six services:—

|  |                  |
|--|------------------|
| (i) Net additional capital investment (i.e. after deducting savings on account of some traffic being diverted from conventional wagons to containers).         | Rs.<br>92,11,320 |
| (ii) Additional gross earnings i.e. after deducting loss in earnings due to some traffic being diverted from conventional wagons to containers).               | 77,88,622        |
| (iii) Additional working expenses (i.e. after deducting savings in expenses on account of some traffic being diverted from conventional wagons to containers). | 54,82,359        |
| (iv) Net earnings [Item (ii)—(iii)]  | 32,06,263        |
| (v) Percentage return on capital investment  | 25.0%            |

5. It will be seen from the above that although the actual returns were not at the level anticipated in the Project Reports, all the services (except Bombay-Bangalore service) are showing profits appreciably higher than the minimum return of 6.75 per cent stipulated for any financially remunerative project. Further in case of 4 out of these 6 services the returns in 1970-71 are appreciably higher than the returns for earlier years.

6. As already pointed out by this Ministry container services take time to stabilize and have to face intense competition from road services. Therefore, their profitability should be judged 3 to 5 years after commissioning of the service.

7. In regard to the two observations with regard to the manner of preparation of Project Reports *viz*—(a) Life of container was assumed as 40 years instead of 10 years and (b) Cost of crane operations was not taken into account, the following remarks are offered:—

- (i) *Life of Containers* : This was assumed as 40 years originally as in the case of wagons. However, containers have not only to undergo transportation by rail as in the case of wagons but are also subjected to handling by crane at the terminals and also road transport. In view of this and the experience gained in actual working it was considered that a life of 10 years should be assumed. In other countries where container services are extensively in operation the life of container is assumed as 5 to 10 years.
- (ii) *Cost of Crane Operation* : The cost of crane operations were not taken into account in the Project Reports as no new cranes were acquired exclusively for container terminals. In case of Bombay-Ahmedabad service, the agricultural tractor type road unit provided at Ahmedabad performs the operations of transfer of containers from flats to road units and *vice-versa* and no crane is required. The cost of crane operations has, however, been taken into account in the financial reviews and in the Project Reports now being prepared.

*Director Accounts, Railway Board.*

[Ministry of Railways (Rly. Board) O.M. No. 73-BC-PAC/V/77  
(13-15) dated 7-9-1973/16 Bhadra, 1895.]

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVT. HAVE FURNISHED INTERIM REPLIES

#### Recommendation

The revision of fares and freight rates effected from 1st April, 1970 was expected to fetch additional revenue of Rs. 26 crores during 1970-71. There is no scientific system on the Railways to evaluate the impact of the budgetary measures. Such a study is, in the opinion of the Committee, essential to know how far the traffic would bear the increased cost of transport. An efficient system of traffic costing needs to be built up early to enable this being done. Under the existing arrangement Budget proposals can only be ad hoc and it will be difficult to forecast the additional yield with any degree of accuracy. In fact a rough estimate shows the increase in earning during 1970-71 due to revision of fares and freights to be Rs. 30.79 crores against the estimate of Rs. 26 crores. Thus the variation was as high as 18.4 per cent. The Committee hope that steps will be taken to have a realistic assessment of the impact of revision of fares and freight so that the public may not unintentionally be called upon to pay more than what is necessary and what is justified.

[S. No. 4 Para No. 1.35 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha)]

#### Action taken

The observations of the Committee are noted.

As submitted in reply to Committee's observations contained in Para 1.13 (Recommendation Sl. No. 5) of 47th Report (1971-72), the impact of revision of fares and freight rates on traffic is proposed to be assessed by two different methods as under:—

- (1) Analysis of the impact for the various classes and for different distance legs in respect of passenger traffic and for the various commodities and for different distance legs, in respect of goods traffic.



- (2) By adopting the statistical theory of multiple regression analysis.

It has been decided to apply the above methods to the increases in freights and fares introduced in 1972-73 and the Committee would be advised of the results of study.

This has been seen by Audit.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77(4) dated 6-6-73/16, Jyaishta, 1895]

### Recommendation

The Committee cannot but express their concern over the considerable leakage of revenue in timber traffic. The rules provide for either weighment or calculation of weight by measurement of the logs. The failure to do so in six stations of Northern Railway alone amounted to undercharges estimated at Rs. 6.39 lakhs during the period January, 1969 to June, 1970, according to Audit. It has been explained that in all cases weighment is not possible due to operational difficulties and measurement is also not practicable. In the absence of weighment of measurement charges should be retained on the sender's weight or the prescribed minimum weight, whichever is higher. Admittedly loadability of the wagons was more than the minimum weight prescribed. Although the minimum weight condition for timber was enhanced w.e.f. 15th July, 1971, the Railway Board have intimated that the question of further raising the minimum weight condition or alternatively introducing wagon rates or rates based on floor areas of wagons is being examined with a view to eliminating weighment while guarding against loss of revenue. As there is considerable scope for augmenting revenue, this question should be expeditiously examined with the sense of urgency that it deserves and suitable measures taken to obviate short-collections. Action taken in this regard may be reported to the Committee within three months.

[S. No. 16, Para 2.40 of Appendix II of 77th Report of the PAC  
(Fifth Lok Sabha)]

### Action taken

The observations of the Committee are noted.

The Railways were asked to undertake extensive test weighment of timber offering on their respective system and to send their recommenda-

tions on further raising the minimum weight condition and on the possibility of introducing fixed weights for charge or floor area basis of charge. The replies from some of the Railways are still awaited.

In the meantime, the Railway Board have since approved the recommendation of the Commercial Committee for the enhancement of the weight condition for sawn timber to "Carrying Capacity" of the wagon used for all gauges w.e.f. 15-3-1973. The question of enhancement in the minimum weight condition for logs and bullies will also be considered by the Commercial Committee shortly and thereafter a final decision in the matter will be taken by the Railway Board.

A proposal to quote wagon rate for commodities like timber is under examination.

This has been seen by Audit.

*Addl. Director Accounts, Railway Board.*

[Ministry of Railways, Railway Board O.M. No. 73-BC-PAC/V/  
77 dated 8-6-73/18 Jyaistha, 1895]

### **Recommendation**

The Committee would await the results of the review of the position at other stations of Western Railway and in other Zonal Railways.

[S. No. 21, Para 2.63 of Appendix II of 77th Report of PAC  
(Fifth Lok Sabha).]

### **Action taken**

The review of records at other stations of the Western Railways has since been conducted and over-hauling statements are now under the examination of the Traffic Accounts Department. The undercharges detected, if any, as a result of the review and the action taken for their recovery will be advised to the Committee in due course.

As regards review of position in other Zonal Railways, the position is as under:

- (i) There is no case of similar undercharges on Central, Eastern, Northern, Southern and South Central Railways.
- (ii) There were undercharges amounting to Rs. 1049/- on the South Eastern Railway which have since been realized.

(iii) Information in respect of North Eastern and Northeast Frontier Railways is still being collected.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-BC-PAC/V/77(20-21) dt. 18-9-1973/27 Bhadra, 1895.]

### **Recommendation**

The Committee are distressed to learn that despite inbuilt checks and counter-checks, fraud and misappropriations involving Rs. 1.53 lakhs of goods earnings and spread over a period of over one year and 8 months did not come to light till a report was made by the Station Master, who was himself found to be conniving with the delinquent official. The Committee particularly take a serious view of the failure of internal check in the Traffic Accounts Office and regret that the responsibility therefore has not been fixed even after a lapse of 2 years. They would urge that suitable action should be taken for the failure without further loss of time to act as effective deterrent against any such laxity in future.

The Committee need hardly stress that severe disciplinary action against the culprits—Assistant Goods Clerk and the Station Master—should be taken without delay. The Committee note that the case has been reported to the SPE, Calcutta for launching criminal prosecution against the Assistant Goods Clerk and that neither progress of their investigation nor the findings have yet been intimated to the Railway Administration. The matter requires to be expedited. The Committee may be appraised of the outcome of the case and action taken to recover the balance amount of Rs. 0.5 lakhs.

[S. Nos. 22-23, Paras 2.73 & 2.74 of Appendix II of 77th Report of PAC (Fifth Lok Sabha).]

### **Action taken**

The observations of the P.A.C. are noted. The *modus operandi* of the fraud was such that it was capable of detection in the course of inspections by the Inspectors of Station Accounts and/or Traffic Inspectors. The rules for internal check provide that credit notes remitted by stations should be traced into the original returns of invoices, parcel way bills, shunting charge statements etc. This check was carried out in the Accounts Office except in the case of shunting charge statements for which necessary disciplinary proceedings have been initiated again in the staff responsible. Eastern Railway has intimated that further action is in progress to pinpoint responsibility of supervising officials in the matter.

Criminal prosecution is being launched against the Asstt. Goods Clerks, Farakka by the SPE. In respect of the Station Master, as suggested by the SPE in their report, departmental action will be taken against him after finalisation of the court case. The question of recovery of the balance amount of Rs. 0.5 lakhs would be looked into at the time of initiation of departmental action against the staff involved after the disposal of the court case. SPE is being requested to finalise the case early.

*Director Accounts, Railway Board.*

[Ministry of Railways (Railway Board) O.M. No. 73-B(C)-PAC/  
V/77(22—23) dated 20-10-1973, 28 Asvina, 1895.]

New Delhi,  
March 13, 1974

Phalgun 22, 1895(S)

JYOTIRMOY BOSU,  
Public Accounts Committee  
Chairman

## APPENDIX—I

(See para 1.20)

*Copy of letter dated 7th May, 1973 from All India Railway Commercial  
Clerks Association*

The Chairman,  
Public Accounts Committee of Parliament,  
Parliament House,  
New Delhi.

*REG. Under-Charges—less recovered on freight of perishable  
consignments.*

Hon'ble Sir,

The Hon'ble Public Accounts Committee of Parliament has made certain observations on the huge undercharges outstanding on the Indian Railways. This also includes the undercharges on perishable parcels and has asked the Railway administration to advance the reasons which are responsible for such under-charges.

The observations of the Committee have been interpreted by the Administration as a Tool to crush the Commercial clerks working on Indian Railways and the administration has issued instructions to the Divisional Officers to recover all these under-charges from the salaries of the poor commercial clerks.

The Association begs permission to point out that not only the under-charges relating to the Perishable articles, but the following undercharges are also outstanding only on Western Railway:—

- (a) More than Rupees Two lakhs in connection with the consignments of perishable articles like Green Chillies, Potatoes, Vegetables, etc. booked on the stations of Western Railway, during the period from 1.4.70 to 31-12-70.
- (b) Nearly Rupees One Lakh on account of undercharges on Newspapers consignments booked during 1-4-70 to 31-8-71.
- (c) Rs. 10,784 on account of under-charges on the consignments received at Bhavnagar Station for Iron rails during the years 1965 to 1969.
- (d) Nearly Rs. 65,000 on the consignments of Oil Tanks received at the Stations of Bhavnagar Division during the years 1965 to 1970.

The above noted undercharges were disputed by the Commercial clerks on the following grounds:—

*Reg.(a):* The undercharges on consignments of perishable articles as referred in (a) above, have been raised in contravention to the provisions of the Railways Codes as mentioned below:

(1) According to para 1002 (1) of Indian Railway Code for the Traffic Department (Commercial), *the Accounts Offices should raise debits against stations within two months after the close of the month to which the transaction relates;*

and (ii) According to Para 2403(2) of Indian Railway Code for Accounts Department, Part-II, "Except in special circumstances and in the case of errors detected by Travelling Inspectors of Accounts, *no debit should be raised against stations in local booking, more than six months after the date of booking.*"

*Reg. (b):* The change in the rates for the consignments of Newspapers and Perishable parcels referred in (a) and (b) above, was ordered by the Railway Administration to be effective from 1-4-70, but the clarification in this regard was never brought to the notice of the Commercial clerks working over the Western Railway.

From April, 1970 to December, 1970 till the statutory audit pointed out this mistake, no Officer or Inspector including the Zonal A/Cs Officers, although at the close of every month one copy of each Parcel Way Bill is sent to Accounts regularly, have pointed out this mistake to the Station staff. Not only this, but the Chief Commercial Sup., Central Rly., *vide*

his letter No. C/636/R/536 dated 20-4-70 has clearly stated that items like Green chillies, Potatoes etc. should be charged at Scale V rate (Annexure I).

In fact, due to incorrect and Incomplete orders, the Station staff charged these articles at the lower rate for which the responsibility lies with the Administration, but instead of accepting their own responsibility, they are bent upon to crush the low-paid poor Railway employees by deducting the huge amount from their salaries.

*Reg. (c) and (d) :* These items are against the Limited Companies and the administration can recover these undercharges through legal means from these Companies, under Section 55 of the Indian Railways Act.

Now the Chief Commercial Supdt., W. Rly., Bombay, *vide* his letter No. C/375/2/1 dated 20-5-72 and the Divisional Comml. Supdt., W. Rly., Ajmer *vide* his letter No. C. 500/1/Green chillies dated 26-4-73 (Annexure II) have issued instructions to recover the undercharges from the salaries of the staff.

The commercial clerks working on Indian Railways are low-paid railway employees and in these hard days when the dearness has reached to its peak, they are hardly maintaining their family affairs.

The Association, therefore, requests the Hon'ble Committee that :—

1. The undercharges referred in items (a) and (b) above are due to the failures on the part of the administration who have failed to issue the correct and clear instructions to its staff. Therefore, these undercharges should be recovered from these big officers who are fetching fat salaries, instead of crushing the poor low-paid employees.
- (2) Reg. the undercharges as mentioned against items (c) & (d) which are against the big traders (Ltd. Cos.), the Railway administration may kindly recover from them whose names and addresses are well known to the Rly. administration and who are still transporting the goods through Railway carriers, in accordance with Section 55 of the Indian Railway Act.
- (3) In no case the undercharges listed above should be recovered from the poor low-paid commercial clerks who are not at fault at all.

The Association is sure that the Hon'ble Committee will stand on the help of the low-paid commercial clerks of Indian Railways and the undersigned will hear at your kind earliest convenience.

With best regards,

Sincerely yours,  
Sd/- M. P. SRIVASTAVA,  
*General Secretary.*

ENCL : Two.

C|—Shri Chandrika Pd. Ji. M. P. & President, All India Rly. Commercial Clerks' Assn., New Delhi, with the request to kindly move this matter early.



## ANNEXURE I

### Copy

From :—Divisional Commercial Office,  
Jabalpur, C.R.

No. JBP/C/360/P/10/009 of 26th May, 1970.

SUB.—*Commodities chargeable as Vegetables.*

According to the instructions contained in IRCA Coaching Tariff No. 19 Rule 726 at page 246, articles shown in the list chargeable at Half parcel rate include the following commodities :—

- (1) Potatoes, (2) Sweet Potatoes, (3) Chillies green, (4) Green finger, (5) Onions, (6) Garlics, (7) Yams, (8) Kandas, (9) Singhara, etc. and leaves green except betel leaves or pan.

According to the revised rates in force from 1.4.1970, rates of vegetables have been brought on par with khaddar rates under scale 5 which is lesser than the half parcel rates. Please note that above commodities fall under the category of Vegetables and should be charged under scale 5 of the revised rate list.

Sd/-

for D. S.—JABALPUR.

In the above connection, CCG-Bombay, C. Rly. *vide* his letter No. C/636/R/536 of 20-4-70 has confirmed the above rates, and has provided that the above noted commodities fall under the head of Vegetables.

**ANNEXURE II**

*Copy*

**WESTERN RAILWAY**

**DIVISIONAL OFFICE,  
Ajmer.**

*Dated : 26-4-73.*

No. C 500/1/Green chillies.

To

SS AII SM PNU & BLDI

C/-SAO (FTA) DKJ & DY CAO (TA) AII.

*SUB.—Admitted debits outstanding at Ajmer in connection with green chillies.*

Please find herewith the list of admitted debits outstanding at Ajmer station in connection with booking of green chillies. The above debits should be transferred to admitted side and recover the same from the staff mentioned against each item.

Please advise the remittance particulars within 15 days otherwise the same will be recovered from the pay of the staff in the next month certainly.

This may be treated as most urgent.

Sd/-  
for D.C.S.—Ajmer.

DA/I

## APPENDIX II

(See Para 1.20)

*Copy of letter dated the 6th August, 1973 from All India Railway Commercial Clerks Association.*

Shri Jyotirmoy Bosu,  
Chairman,  
Public Accounts Committee,  
51, Parliament House,  
New Delhi.

*SUB.—Undercharges while recovering the freight.*

*REF.—Para No. 2.44 of 77th Report of Public Accounts Committee.*

Respected Sir,

While thanking you very much for your letter No. 2/1/4/1/73-PAC dt. 25-2-73 addressed to our President Shri Chandrika Prasadji, alongwith a copy of the 77th Report of Public Accounts Committee, it is to state that the comments of the Govt. to the quarries raised by the Committee *vide* Paras 2.44 & 2.45 are a bold effort to mislead the Committee and sheer lies, only with a moto to escape from the responsibility and to make the poor Station staff a scapegoat. Had the changes in the rates been correctly advised to the Station staff, what was the reason for which the entire station staff of Indian Railways applied wrong rates?

The Hon'ble Committee is requested to go through the Parliamentary Q. No. 2216 of 15-6-71 wherein the Govt. have admitted that the wrong rates were charged not only on Western Railway, but on entire Indian Railways. The association, therefore, request the Committee to find out the truth of the replies given by the Govt. and for this purpose, the following documents may kindly be called for and examined personally:—

- (i) The orders which were issued reg. the change in the freight structure in regard to the Green chillies, onions & Potatoes traffic.
- (ii) The Chief Parcel Clerks of Ajmer, Jaipur, Palanpur, Mehsana, Ahmedabad, Secunderabad, Jabalpur & Kanpur, may very

kindly be called for and examined to find out the truth whether the changes in the rates of freight were duly advised to them in time or not.

- (iii) The Coaching Tariff No. 19 & 20 may be called for and examined.

The Association may further be permitted, Sir, to add that what to speak of the line staff, but even the Officers like Chief Comml. Supdt. and Accounts Officers were not in the knowledge of these changes in the rates till Dec., 1972 when the mistake was pointed out by the Statutory Audit Deptt. To prove out this claim, the Committee is requested to call for the following papers & documents and examine the same:—

1. The Test Check Registers maintained in the Accounts Office by:—
  - (a) The Dy. Chief Accounts Officer (TA), Ajmer.
  - (b) The Asstt. Accounts Officer (Coaching), Ajmer.
  - (c) The Accountant, Outward Parcel Section, Ajmer.
  - (d) The Sub-Head, Accounts Office, Outward Parcel Sec., Ajmer.
2. The Inspection Reports of Travelling Inspector of Accounts for Ajmer, Jaipur, Palanpur, Mehsana & Ahmedabad Stations for the period from 1-4-70 to 31-12-70.
3. Inspection Reports of Divl. Commercial Supdt., Asstt. Comml. Supdt., Divl. Commercial Inspector and Commercial Inspectors for the Stations and the period as mentioned in para (2) above.
4. Letter No. C/636/R/536 dt. 20-4-1970 issued by the Chief Commercial Supdt., Central Rly., Bombay-V.T.

The Association is sure that if the above mentioned documents are called for and examined by the Committee, the Committee will itself admit that the real cause for such a huge undercharge is on account of the failure on the part of the administration which has failed to issue clear instructions in time in regard to the change in the rate of freight which took effect from 1-4-1970.

The Association will be obliged if it is given a chance to appear before the Hon'ble Committee and explain the case in detail to establish its claim.

The Association will be much thankful if the Committee hold responsible to the correct persons and save the poor mass of the commercial clerks who are unnecessarily being penalised and their wages are deducted for no fault of them.

The Association is sure to be heard from your goodself at an early date.

With kind regards,

Yours sincerely,  
Sd/- M. P. SRIVASTAVA,  
*General Secretary.*

C/- Shri Chandrika Pd. Ji, M. P. and President, A.I.R.C.C.A., New Delhi,  
for information and needful.

## APPENDIX III

### *Summary of main Conclusions/Recommendations*

| S. No. | Page No. | Ministry/Deptt. concerned | Conclusion/Recommendation  |
|--------|----------|---------------------------|--|
| 1      | 2        | 3                         | 4  |
| 1.     | 1·3      | Railways                  | <p>The Committee hope that final replies in regard to recommendations to which only intension replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.</p>   |
| 2.     | 1·7      | Do.                       | <p>The Committee's recommendation had a two fold objective of forecasting reasonably accurately the additional yield as a result of budgetary measures and determining how far the traffic would bear the increased cost of transport, in order that the public may not unintentionally be called upon to pay more than what is necessary and what is justified. The action proposed to be taken on the basis of the Committee's observations contained in paragraph 1.13 of the 47th Report (Fifth Lok Sabha) would meet only a part of the requirement. The Railway Board have not intimated the progress in regard to the unit cost of various services which is essential to find out the extent to which the fares and freight rates could be increased without detriment to traffic.</p> |
| 3.     | 1·8      | Do.                       | <p>In this connection the Committee would refer to paragraphs 1.33 and 1.34 of their 77th Report (Fifth Lok Sabha) and desire that an efficient system of traffic costing should be build up without any further delay.</p>  |
| 4.     | 1·11     | Do.                       | <p>The Committee had pointed out that the initial anticipations on the basis of which the container services were sanctioned were faulty, and had called for a realistic reappraisal of the services to find out how many of</p>   |

those which were initially found justified were not in fact remunerative. It is a matter of regret that such an important reappraisal does not appear to have been carried out by the Railway Board. The Committee reiterates their recommendation that the return on capital as anticipated in the project reports should be revised realistically taking into account *inter alia* the correct life of the containers (10 years) and the cost of crane operation wherever applicable, and that if the revised calculations show that any of the services is unremunerative, it should be discontinued. It is also necessary that the officials who had worked out the "initial anticipations" are brought to book under advice to the Committee.

5. 1-14 Railways

Although instructions are stated to have been issued to the Zonal Railways for working out the financial results of the container services promptly, the financial results for the year 1971-72 are not yet available for any of the services. An explanation is necessary and those responsible for the lapse should be told about the Committee's displeasure. There is no reason why the financial results should not become available within a period of 12 months. Steps should be taken to see that they do become available within a period of 12 months from the close of the financial year in future.

6. 1-17 Do.

The Committee had come to the conclusion that there was considerable scope for augmenting revenue from timber traffic and had accordingly desired that the question of further raising the minimum weight condition or of alternatively introducing wagon rates or rates based on floor areas of wagons should be expeditiously examined and the results communicated

to them within 3 months. The Committee have, however, been merely told that the matter is under examination. The Committee disapprove this utter inefficiency and neglect. In matters where revenue is involved, the Railways must act with utmost expedition and here substantial revenue is involved. As delay in taking a decision results in considerable loss of revenue, there should be no further delay in the matter and in future the Railway Board must accord highest priority to matters involving revenue. Responsibility has to be fixed for this serious lapse and concerned persons should be penalised under advice to the Committee.

7. 1-22 Do.

The Committee note that disciplinary action has been taken against the supervisory officials and officials in Accounts Branch on the Western Railway for the failure to detect the mistakes which resulted in considerable undercharges. As such mistakes have been noticed on other Zonal Railways also, instructions should be issued to those Railways to take appropriate disciplinary action.

8. 1-23 Do.

Certain representations have been made by the All India Railway Commercial Clerks Association on 7th May, 1973 and 6th August, 1973 regarding recovery of undercharges, which are appended to this Report (Appendices I & II). Undercharges may arise from either wrong interpretation of rules and orders by the staff or wrong instructions issued by the Railways. In the latter case it is *prima facie* unreasonable to hold the staff responsible. The Committee desire that the Railway Board should carefully examine the whole matter in the light of the points raised by the Commercial Clerks Association and all other relevant material and treat the representation sympathetically.