

PUBLIC ACCOUNTS COMMITTEE
(1974-75)

(FIFTH LOK SABHA)

HUNDRED AND FORTY-SECOND REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 120th 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 1971-72—Union Government (Railways)].

PARLIAMENT LIBRARY
DIGITIZED



सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1975/Vaisakha, 1897 (S)

Price : Rs. 1.75

**LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA
SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Sl. No.	Name of Agent
ANDHRA PRADESH		MAHARASHTRA	
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam).	10.	M/s. Sunderdas Gianchand, 601, Girgaum Road, New Princess Street, Bombay-2.
	G. R. Lakshmipty Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	11.	The International Book House, (Private) Limited, 6, Ash Lane, Mahatma Gandhi Road, Bombay-1
ASSAM		12.	The International Book Service, Deccan Gymkhana, Poona-4.
3.	Western Book Depot, Pan Bazar, Gauhati.	13.	Charles Lambert & Company, 10, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.
JHAR		14.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	15.	Deccan Book Stall, Fergusson College Road, Poona-4.
5.	M/s. Crown Book Depot, Upper Bazar, Ranchi.	16.	M. & J. Services, Publishers Representatives, Accounts & Law Book Sellers, Bahri Road, Bombay-15.
GUJARAT		MYSORE	
6.	Vijay Stores, Station Road, Anand.	17.	People Book House, Opp. Jaganmohan Palace, Mysore.
7.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	RAJASTHAN	
HARYANA		18.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.
8.	M/s. Prabhu Book Service, Nai Subzi Mandi, Gurgaon.	19.	M/s. Usha Book Depot, 585/A, Chitra Bazar, Tripolia, Jaipur
MADHYA PRADESH		UTTAR PRADESH	
9.	Modern Book House, Shiv Vilas Palace, Indore City.	20.	Law Book Company, Sardar Patel Marg, Allahabad-1.

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1974-75)	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been accepted by Government	15
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government	41
CHAPTER IV Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration.	54
CHAPTER V Recommendations/Observations in respect of which Government have furnished interim replies.	61
APPENDIX ; Summery of main conclusions/Recommendations	80

PUBLIC ACCOUNTS COMMITTEE
(1974-75)

CHAIRMAN

Shri Jyotirmoy Bosu

MEMBERS

2. Shi S. C. Besra
3. Shri C. D. Gautam
4. Shri Pampan Gowda
5. Shri Jagannathrao Joshi
6. Shrimati Parvathi Krishnan
7. Shri Y. S. Mahajan
8. Shri Bibhuti Mishra
9. Shri Paripoornanand Painuli
10. Shri Narain Chand Parashar
11. Shri H. M. Patel
12. Shri P. Antony Reddi
13. Shri Shibban Lal Saksena
14. Shri Biswanarayan Shastri
15. Shri Sunder Lal
16. Shrimati Pratibha Singh
17. Shri G. R. Patil
18. Shri V. B. Raju
19. Shri Mohammed Usman Arif
20. Shri T. N. Singh
21. Shri Sasankasekhar Sanyal
22. Shri A. K. A. Abdul Samad.

SECRETARIAT

Shri B. K. Mukherjee—Chief Legislative Committee Officer.

Shri N. Sunder Rajan—Senior Financial Committee Officer.

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Forty-second Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 120th Report (Fifth Lok Sabha) on paragraphs relating to Financial Results and Earnings of the Railways included in the Report of the C. & A.G. for the year 1971-72, Union Government (Railways).

2. On the 31st May, 1974 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. M. Patel—*Convener*.
- | | | |
|-------------------------------|---|---------|
| 2. Shri Sasankasekhar Sanyal | } | MEMBERS |
| 3. Shri Jagannathrao Joshi | | |
| 4. Shri S. C. Besra | | |
| 5. Shri V. B. Raju | | |
| 6. Shri Mohammed Usman Arif | | |
| 7. Shri P. Antony Reddi | | |
| 8. Shri Narain Chand Parashar | | |
| 9. Shri T. N. Singh | } | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1974-75) considered and adopted this Report at their sitting held on the 7th March, 1975. The Report was finally adopted by the Public Accounts Committee on the 29th April, 1975.

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 conclusions|recommendations of the Committee is appended to the Report (Appendix).

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;
April 29, 1975.

Vaisakha 9, 1897 (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 120th Report (Fifth Lok Sabha) on paragraphs relating to Financial Results and Earnings of Railways included in the Report of the Comptroller and Auditor General of India for the year 1971-72 Union Government (Railways). Action Taken Notes have been received in respect of all the 36 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, 2, 3, 5—10, 16—17, 22, 23, 31.

II. *Recommendations|observations which the Committee do not desire to pursue in view of the replies of Government.*

S. Nos. 4, 11, 14-15, 18-19, 24, 29, 30.

III. *Recommendations|observations replies to which have not been accepted by the Committee and which require*
S. No. 34.

IV. *Recommendations|observations in respect of which Government have furnished interim replies.*

S. Nos. 12, 13, 20-21, 25—27, 28, 32-33, 35-36.

13. 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 the action taken on some of the recommendations.

Financial Results—Paragraph 1.12 (S. No. 1)

1.5. Commenting on the financial results of the working of Railways during the year 1971-72, the Committee had in paragraph 1.12 made the following observations:

“The working of Railways showed a surplus of Rs. 17.84 crores in 1971-72. The Committee, however, find that the surplus was more apparent than real, for it was not as a result of any improvement in the Railways working. The concessions and exemptions in the payment of dividend to General Revenues obtained on the basis of recommendations of the Railway Convention Committee, 1971 and the reduction in the appropriation to the Pension Fund besides and *ad hoc* cut on Revenue works expenditure had the effect of converting a deficit budget into a surplus one. But for these factors, the financial results of working of Railways would have shown a net deficit of Rs. 9.52 crores against Rs. 6.87 crores anticipated in the Budget. The Railway Board must, without delay draw up a plan designed (a) to improve the overall efficiency of the Railways and (b) to economise on expenditure to the minimum extent possible.”

1.6. In their reply dated the 26th September, 1974, the Ministry of Railways (Railway Board) have stated:

“Considering the inflationary pressure on the national economy and the need for economising expenditure at the Government level, special steps were taken during the year 1973-74 to control expenditure both under plan and non-plan heads. Instructions were issued to the Railways to achieve maximum economy in expenditure. Attention in this connection is invited to an extract of the Railway Minister's speech while replying to the discussion on the Appropriation Bill Supplementary Demands for Grants for 1973-74 on 29th August, 1973 in the Rajya Sabha, enclosed (page 16). A system of exchequer control was also devised and imposed on all spending units to regulate their cash disbursement against the budget allotment.

In regard to improving the overall efficiency of the Railways, it is submitted that under the present circumstances, railways are subjected to several factors which are outside the control of the Railway Administration, as for example, public demonstrations and squatting on track, increased cost of inputs due to inflation, impact on wage bill as a result of Third Pay Commission's recommendations, successive increases in rates of dearness allowance, implementation of Miabhoj Tribunal

Award, and oil crisis etc. There has also been staff unrest. Despite these factors, the performance of the Railways has improved in many respects as can be seen from the accompanying table (page 18) showing the efficiency indicators.

It will be seen from the table that compared to 1950-51, the performance has improved barring wagon turn-round on both B.G. and M.G. and the incidence of empty haulage on the M.G. The increase in the turn-round time has to be viewed in the light of the increasing lead of traffic. The efficiency indicators in 1972-73 compared to 1971-72 have shown already improvement barring some minor variations. Improvement in performance was also brought out by high powered locomotives, creation of additional capacity, modernisation etc. The minor variations have occurred under engine kilometres per day per goods engine in use, speed of goods trains, train kms per running track km per day on B.G. and punctuality of passenger trains, average wagon load during the run, wagon turn-round and train kms per running track km per day on the M.G.T. adverse trends were taken due note of.

The Board is keeping a continuous watch on the working of the railways with a view to improve their efficiency.

This has been seen by Audit."

1.7. The Committee note that in response to an appeal made by the Prime Minister for adopting austerity measures and achieving economy in the normal expenditure, the Ministry of Railways launched an economy drive in 1973-74. This inter alia aimed at a ten per cent cut on the existing Budget provision for travelling and daily allowances and contingencies, etc., besides a ten per cent cut on the Plan expenditure. As a result of these measures a saving of the order of about Rs. 20 crores in the Revenue and the Capital Expenditure of the Railways was expected to be effected during the year 1973-74. The Committee would like to be informed of the actual savings recorded during the year as a result of the various economy measures taken. The Committee trust that the economy measures will not affect job opportunities of class III and IV staff, neither anybody will be retrenched for economy.

*Increase in inventory holdings on Railways—Paragraphs 1.39—1.42
(S. Nos. 7—10)*

1.8.—1.12. In paragraphs 1.39—1.42, the Committee had made the following observations in regard to unusual increase in the inventory holdings on Railways during the year 1971-72:

1.39. "The Committee note with concern that during 1971-72 the inventory holdings of the Railways as a whole increased to Rs. 149.6 crores as against Rs. 129.8 crores at the end of the previous year. This addition of Rs. 19.8 crores worth of inventories during 1971-72 was the highest during the last six years. The unusual increase in the inventories has been attributed to (i) substantial increase in prices of spares and raw materials, (ii) some stock piling necessitated by the serious conflict with Pakistan and (iii) accumulation of scrap holdings due to disturbed conditions during the year. An analysis of the stock balances of the different Zonal Railways has revealed that there have been large variations in the building up of inventories from Zone to Zone. The additions during the year ranged from Rs. 1.16 crores to Rs. 7.96 crores. This points to the conclusion that the optimum inventory holdings for each Zonal Railway and Production Units have not been properly fixed and watched.

1.40. "Apart from this the Committee cannot but regard the inventory holding on the Indian Railways as too high in as much as it is over 50 per cent of annual issues as against 33 per cent in Canadian National Railway and a mere 16½ per cent in the Japanese Railway. It is obviously desirable that there should be no unnecessary blocking up of capital in the shape of inventories. The Committee note that the importance of inventory control has at long last begun to be appreciated by the Railways, as is clear from the establishment of inventory control cells on all Zonal Railways w.e.f. January 1973 and the setting up of a High Power Committee under the Chairmanship of the

Deputy Minister of Railways to examine the position of inventories etc., and to recommend measures for bettering Inventory Management. The Committee trust that the High Power Committee will get down to its work speedily so that suitable steps can be taken progressively to bring down the inventory holding.

1.41. The Committee are also unhappy to note that even though computers have been installed on Railways since August 1966 the computerisation of stores accounting and inventory control was taken up only recently and the process has not yet been completed. The Committee desire that all phases of computerisation in this regard should be completed expeditiously so as to bring out an effective inventory control before the end of June 1974. This however, should not be construed to mean that the Committee are not satisfied about the need for installing computers on Railways and their fullest utilisation. They propose to deal with these aspects arising out of their examination of paragraph 42 of the Report of C & A G separately.

1.42. It is a matter of concern that the average time required for the procurement of stores is much more than abroad. Indian Railways have therefore to keep their stock at a higher level. The Committee consider it important that procedures for procurement of stores should be rationalised with a view to cutting out all avoidable delays."

1.13. In their reply dated the 22nd June, 1974, the Ministry of Railways (Railway Board) have stated:

1.39. "The recommendations of the Committee have been noted and necessary instructions in this regard also issued to the Railways in this Ministry's letter No. 74-BC-PAC|V|120(7-10)|I dated 27-5-1974 (Page 28).

It may be added, however, that working conditions and level of activities vary widely from Railway to Railway with the result that the criteria for fixing the targets for the balances would also have to vary significantly from Rail-

way to Railway. These factors are always borne in mind while fixing targets for the Railways and with the steps outlined in Para 1.30 of the report improvements in the turnover percentage, i.e., balances to issues in the future years, are expected.

- 1.40. The observations of the Committee are noted and the same are also being brought to the notice of the High Power Committee.
- 1.41. The observations of the Committee are noted. Necessary instructions in this regard have also been issued to the Railways in this Ministry's letter No. 74-BC-PAC|V-120 (7—10)II dated 27-5-74 (page 29).
- 1.42. The observations of the Committee are noted. This aspect is also being examined by the High Power Committee who have been apprised of the Committee's observations.

This has been seen by Audit."

1.14. The High Power Committee which has been set up to examine the position of inventories etc., has been in existence and at work for over two years. It ought to have been able to complete its work by this time. The Committee would like to know how much longer this High Power Committee would take to complete its work.

Surplus Stores and Scrap—Paragraph 1.51 (S. No. 12)

1.15. Commenting on the increase in the arising and value of scrap held by the Railways, the Committee had in paragraph 1.51 observed as under:

"The value of scrap held by the Railways had also increased from Rs. 7.5 crores to Rs. 9.8 crores in 1971-72. It has further gone upto Rs. 11 crores as at the end of 1972-73. During the year 1968-69 to 1972-73 the arisings of scrap

on the Railways increased by 68 per cent. In 1972-73 the arisings were of the value of Rs. 30.56 crores. The Committee feel that there should be enough scope for maximising the use of scrap for meeting Railways own requirements. The Railways should have full capacity of their own to melt and refine the scrap. The matter, therefore, requires reconsideration. The Committee should be advised of the result of such re-examination."

1.16. In their reply dated the 21st November, 1974, the Ministry of Railways (Railway Board) have stated:

"The suggestion of the Committee that Railways should have full capacity of their own to melt and refine the scrap is under examination of this Ministry; the result of the examination would be advised to the Committee in due course.

This has been seen by Audit."

1.17. The Committee note that their suggestion for the establishment of full melting and refining capacity for profitable re-utilisation of scrap arising on the Railways is under examination. Having regard to the importance of the profitable utilisation of the scrap and avoidance of waste and keeping speculative activity under check, the Committee trust that this examination will be completed most expeditiously and necessary action taken thereafter. The Committee would await a further report in this regard.

1.18. The Committee would also like to draw attention to their recommendation contained in paragraph 1.29 of their 121st Report (Fifth Lok Sabha). The Committee had desired therein that the Government should consider setting up a sort of Metal Bank or Clearing House so that it can be ensured that the metal, specially non-ferrous, rendered surplus or unfit for a particular use in one organisation can be profitably utilised else-where without being disposed of at a loss. The Committee desire that their suggestion may be processed expeditiously in consultation with all organisations/departments in which scrap arise and the departments where such scrap is likely to be utilised by re-conversion. The Committee feel that there is an urgent need for the establishment of a cen-

tralised coordination agency for re-utilisation and disposal of metal scrap. Since more than one Ministry would be involved in this, it is desirable that the Cabinet Secretariat should take up the responsibility for coordination in this regard.

Relationship of the payload to tare weight in rail coaches and wagons—Paragraphs 1.69-1.70 (S. Nos.16-17)

1.19. Commenting on the slow progress made in altering the designs of B.G. wagons and coaches with a view to reducing the tare-payload ratio, the Committee had observed in paragraphs 1.69 and 1.70:

“In view of the depressing financial picture of the Railways it is imperative to augment revenue by improving the carrying capacity of the coaches and wagons. The Committee note that since 1940 very slight improvement in the ratio of tare weight to the payload had been effected by altering the designs of B.G. wagons and coaches. As there is said to be scope for appreciable improvement the Committee desire that the R.D.S.O. should consider this question on a top priority basis in collaboration with other organisations in the country who are engaged in research in transport management.

The Committee learn that certain steps such as provision of 40 and 60 seats in 1st Class coaches meant for long distance and short distance travel respectively, development of 48 berth A.C. sleeper coaches, development of double-decker coaches and development of improved types of wagons are presently under contemplation. The Committee recommend that increase in the carrying capacity of the 1st Class and A.C. Sleeper coaches which is long over due, should be carried out without further delay and the Committee advised. They consider also that possibility of augmenting revenue from suburban sections by increasing the standing capacity should also be explored and necessary action taken thereafter.”

1.20. In their reply dated the 28th August, 1974, the Ministry of Railways (Railway Board) have stated:

“The R.D.S.O. has been keeping itself current with the latest technological developments in the rail transport field through membership of the International Union of Railways and other means and drawing upon the new principles and practices developed, in evolving new designs of stock, as permitted by the state of ‘know-how’ in the country, in respect of both manufacture and maintenance. Efforts are made continuously to improve each successive design with the object of making a better utilization of the resources available. Payload to tare ratio is one of the improvements effected.

Wagons.

The table furnish below brings out the actual improvement effected in the new designs evolved in case of B.G. wagons, in the recent past and designs projected for future adoption:

Description	Type	Payload (t)	Tare (t)	Ratio Pay Tare	Payload per train in tonne
Oil tank wagons	TORX — (Old design)	20.40	12.10	1:0.593	1448.0
	BTO (proposed for future adoption)	54.00	27.28	1:0.505	2322.0
Bogie Rail Wagon	BR (old design)	44.55	20.55	1:0.462	1734.0
	BRH (new design)	56.90	24.38	1:0.428	2219.0
Open General Wagon.	BOX(T) (current design)	54.58	26.70	1:0.489	2292.0
	NEW BOX (proposed design)	57.00	24.28	1:0.426	2907.0
Mineral traffic	BOX (St. GBC) (current design)	56.30	25.00	1:0.444	2421.0
	BOI (new design)	58.48	22.80	1:0.390	2924.0

1	2	3	4	5	6
	BOI (new design)	58.48	33.80	1:0.390	2924.0
	BOY (latest design)	71.60	19.80	1:0.277	3503.8
	BOX (St. GBC) (Current design)	56.30	25.00	1:0.444	2421.0
	BOY (latest design)	71.60	19.80	1:0.277	3508.0

The improvement in the payload to tare ratio in designs which have most recently been completed or are in the development stage such as the 'BTO' Tank wagon and the proposed new 'BOX' wagon will further improve the overall ratio for B.G. wagons as a whole, when wagons of these designs got into production and begin to operate on the Indian Railways in large numbers.

As stated earlier, effecting improvement receives continuous attention and will be resorted to as permitted by the indigenous availability of raw materials, such as low alloy high-yield steel, and development of 'know-how' in the areas of manufacture and maintenance.

As suggested by the Committee, efforts will be made to liaise with organisations in the country engaged in research of transport management.

Coaches

In the context of further improving the ratio of payload to tare of passenger coaches, the position is as under:—

(a) *New Designs recently completed and manufacture either taken up or will be taken up shortly:*

- (i) I Class Chair Car to provide sitting accommodation for 48 or 60 passengers. These coaches are intended generally for day travel.
- (ii) Air-Conditioned two-tier sleeper coach to provide sleeping accommodation for 48 passengers.

- (iii) Double Deck coach to provide sitting accommodation for 146 passengers.

(b) New Designs in hand:

Longer coaches: Limitations currently imposed on the length of BG and MG coaches have been examined and it has been found technically possible to increase the length of both BG and MG coaches by approximately 1829 mm (6') by tapering the ends of coaches and adopting bogies with a longer wheel-base. This will result in increasing the number of seats per coach by 10 in the case of BG second class coach and 8 in the case of MG second class coach. The unit weight per passenger will decrease from 0.427 to 0.40 in the case of BG and from 0.433 to 0.424 in the case of MG. Preliminary design work for both BG and MG coaches has been completed.

(c) New designs proposed to be taken up:

- (i) *Wider Coaches:* The possibility of introducing wider coaches to achieve increased carrying capacity has been examined. By removing infringements to moving dimensions at some places, it will be possible to introduce 3660 mm (12') wide coaches on certain selected sections. The preliminary study made indicates that the carrying capacity of 3660 mm (12') wide coaches can be increased by 15 to 20 per cent compared to the present day conventional coaches. The increase in the tare weight would be marginal.
- (ii) *Aluminium/light alloy steel coaches:* With a view to reducing the tare weight of coaches further, it would be necessary to build coaches in aluminium/light alloy. A preliminary study undertaken indicates that it would be possible to design and develop such coaches with reduced tare weight per passenger. Such coaches would also offer better resistance to atmospheric corrosion and reduce maintenance problems. The construction of aluminium coaches will, however, call for special manufacturing techniques. Before introducing aluminium/light alloy steel coaches in large number, it will be necessary to build few prototypes and gain service experience over a period.

1.70. The number of berths provided in the old wooden bodied 1st Class AC coaches on IRS underframes were 16/14. With the introduction of all-steel integral 1st Class AC coaches on De-luxe trains, the number of berths was increased to 18. The design is again under revision to provide accommodation for 20 passengers. A new design of fully air-conditioned coach has been developed which will have 34 chairs for II Class passengers and 10 berths for 1st Class passengers. This will further increase the carrying capacity and also the revenue earning capacity of AC coaches.

With a view to increasing the carrying capacity of Electric Multiple Units and thereby augment revenue from suburban sections, it is proposed to provide only longitudinal seats along the sides with provision of more floor area for standing passengers. With this arrangement, the carrying capacity of BG suburban stock will increase by 25 per cent compared to the existing designs. Preliminary design work has been completed and a prototype of the new design is to be manufactured by ICF shortly to assess public reaction and gain service experience before introducing the new type of EMU coaches on a large scale.

This has been seen by Audit.

1.21. The Study Group of the Public Accounts Committee (1974-75) which visited R.D.S.O., Lucknow in June, 1974 had been given to understand that in 1972-73 the design of a double decker coach had been evolved and key drawings and specifications for manufacture of 3 prototypes were under preparation. When asked about the latest position in regard to development of the double decker coach, a representative of the R.D.S.O. had informed the Study Group as under:—

“Sir, initially the lay out of Double Deck Coach was prepared to accommodate 136 passengers and Board had then in mind to build 3/4 prototypes to assess the public reaction. However, formal orders were not placed on ICF. Subsequently, a revised layout was proposed increasing accommodation from 136 to 146 passengers.”

1.22. During evidence before the Committee in January 1975 a representative of the Railway Board informed the Committee that an order had been placed on ICF for one prototype coach and this had been programmed to roll out of the factory before the end of 1976. The Committee were also then informed that the decision to manufacture the prototype was taken in February 1974 and the order was placed on the factory in March/April, 1974.

1.23. The Committee note that several steps have been taken or are proposed to be taken to reduce the tare-payload ratio for improving the carrying capacity of coaches and wagons on Railways. It is, however, seen that the measures aimed at reducing tare-payload ratio have not been processed with any real sense of urgency and the progress made so far is very slow. For example, although the design of a double decker coach was evolved by RDSO as long back as 1972-73, the order for manufacture of the prototype has been placed on the factory only in March/April, 1974. As a result of this delay, the prototype coach will come out of the factory only by the end of 1976. The Committee feel that the efforts of the Railway Board in this direction should be result-oriented and that a time-bound programme should be chalked out so that the necessary improvement is achieved in the shortest possible time. The Committee, therefore, desire that the question of introducing changes in the designs of existing stock, should be tackled on a top priority basis and developments reported to them from time to time.

Eastern Railway—Misappropriation of cash in Budget Budge Goods Office—Paragraph 2.62 (S. No. 34)

1.24. While commenting on the cases of frauds and misappropriations in the Budge Budge Goods Office, the Committee had made the following observation in paragraph 2.62:

“The Committee are surprised to note that the frauds and misappropriations in the Budge Budge Goods Office spread over a period of years could not be detected either by Traffic Accounts Officer or by the Inspecting officials of Commercial and Accounts Departments. As the prescribed checks are stated to be adequate to detect irregularities of the type mentioned in the Audit Paragraph, the Committee can only conclude that there has been an unaccountable failure of the machinery. Unfortunately the responsibility for the failure to spot the fraud and misappropriations has not yet been finally determined. Further, the assessment of the amount involved and the period over which the fraud was perpetrated are also still being inquired into. The Committee are perturbed to note that during the period from March 1971 back to October 1967, which has so far been reviewed, a sum of Rs. 3.25 lakhs is stated to have been misappropriated. They desire that the finding of the enquiry committee consisting of the Divisional Commercial Superintendent

Sealdah and Senior Accounts Officer (Traffic) as also the action taken thereon for fixing individual responsibility, including that of the supervisory officials, should be intimated to them within 3 Months."

1.25. In their reply dated the 16th December, 1974, the Ministry of Railways (Railway Board) have stated:

"As desired by the Committee an extract of the findings of the Enquiry Committee consisting of Divisional Commercial Supdt., Sealdah and Senior Accounts Officer Traffic and also the action taken thereon is enclosed pages 55).

As a result of further investigations carried out by the Eastern Railway, the total amount misappropriated stands at Rs. 3,40,858.40 with reference to available records.

This has been seen by Audit."

1.26. The Committee note that the Enquiry Committee have come to the conclusion that the fraud committed in the Budge Budge Goods Office was of such a nature that it could not have been possible for the Traffic Accounts Office to detect the same. This however emphasises the inadequacy of the system of checks and counter-checks prescribed for the purpose, which were claimed to be adequate for detecting the irregularities of the type mentioned in the Audit paragraph. The Committee desire that the whole position may once again be reviewed to lay down fresh procedures, if necessary with a view to ensuring that the prescribed checks are really effective in detecting irregularities of the type referred to in the Audit paragraph.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The working of Railways showed a surplus of Rs. 17.84 crores in 1971-72. The Committee, however, find that the surplus was more apparent than real, for it was not as a result of any improvement in the Railways working. The concessions and exemptions in the payment of dividend to General Revenues obtained on the basis of recommendations of the Railway Convention Committee, 1971 and the reduction in the appropriation to the Pension Fund besides an ad hoc cut on Revenue works expenditure had the effect of converting a deficit budget into a surplus one. But for these factors, the financial results of working of Railways would have shown a net deficit of Rs. 9.52 crores against Rs. 6.87 crores anticipated in the Budget. The Railway Board must, without delay draw up a plan designed (a) to improve the overall efficiency of the Railways and (b) to economise on expenditure to the maximum extent possible.

(S. No. 1, Para 1.12 of the 120th Report of PAC-Fifth Lok Sabha).

Action taken

Considering the inflationary pressure on the national economy and the need for economising expenditure at the Government level, special steps were taken during the year 1973-74 to control expenditure both under plan and non-plan heads. Instructions were issued to the Railways to achieve maximum economy in expenditure. Attention in this connection is invited to an extract of the Railway Minister's speech while replying to the discussion on the Appropriation Bill Supplementary Demands for Grants for 1973-74 on 29-8-1973 in the Rajya Sabha, enclosed as Annexure I. A system of exchequer control was also devised and imposed on all spending units to regulate their cash disbursement against the budget allotment.

2. In regard to improving the overall efficiency of the Railways, it is submitted that under the present circumstances, railways are subjected to several factors which are outside the control of the Railway Administration, as for example, public demonstrations and

quatting on track, increased cost of inputs due to inflation, impact on wage bill as a result of 3rd Pay Commission's recommendations, successive increases in rates of dearness allowance, implementation of Miabhoy Tribunal Award, and oil crisis etc. There has also been staff unrest. Despite these factors, the performance of the Railways has improved in many respects as can be seen from the accompanying table (Annexure II) showing the efficiency indicators.

3. It will be seen from the table that compared to 1950-51, the performance has improved barring wagon turn-round on both B.G. and M.G. and the incidence of empty haulage on the M.G. The increase in the turn-round time has to be viewed in the light of the increasing lead of traffic. The efficiency indicators in 1972-73 compared to 1971-72 have shown alround improvement barring some minor variations. Improvement in performance was also brought out by high powered locomotives, creation of additional capacity, modernisation etc. The minor variations have occurred under engine kilometres per day per goods engine in use, speed of goods trains, and train kms per running track km per day on BG and punctuality of passenger trains, average wagon load during the run, wagon turn-round and train kms per running track km per day on the M.G. The adverse trends were taken due note of.

4. The Board is keeping a continuous watch on the working of the railways with a view to improve their efficiency.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No.74-BC-PAC|V|120
(1-2) dated 26-9-1974|4 Asvina, 1896].

ANNEXURE I

EXTRACT OF M.R.'s SPEECH WHILE REPLYING TO THE DISCUSSION ON THE APPROPRIATION BILL-SUPPLEMENTARY DEMANDS FOR GRANTS 1973-74 ON 29TH AUGUST, 1973 IN RAJYA SABHA.

My last point is about the economy drive. Recently the Prime Minister made an appeal to every Ministry to adopt austerity measures and achieve economy in the normal expenditure. In response to her appeal, we have examined various aspects and we have come to the following conclusions:

- (i) A ten per cent cut on the existing Budget provision for travelling and daily allowances.
- (ii) A sharp reduction in the holding of conferences and seminars.

- (iii) A ten per cent cut on the existing provision for contingencies and maximum economy in the use of paper, stationery, furniture and office equipment and the use of staff cars.
- (iv) A drastic reduction in the expenditure on telephones and official entertainments.
- (v) Avoidance of ostentatious expenditure on all accounts including expenditure on the renovation, etc. of buildings.

In addition to the above, Sir, a ten per cent cut has been imposed this year on the Plan expenditure and the General Managers have been asked to proceed only with the most essential works, such as those relating to line capacity and train operations.

Sir, as a result of these measures, I expect a saving of the order of about Rs. 20 crores in the Revenue and the Capital Expenditure of the Railway.

EFFICIENCY INDICATORS

ANNEXURE II

The various efficiency indices of operation (all traction) are indicated below:

	BROAD GAUGE			METRE GAUGE				
	1950-51	1960-61	1971-73	1972-73	1950-51	1960-61	1971-73	1972-73
Operating results:								
A. Locomotive Utilisations								
1. Engine Kilometres per day per engine :								
(a) In use—								
(i) Passenger	249	277	285	285	211	220	232	234
(ii) Goods [.	150	162	211	208	140	142	164	166
(iii) All services	172	182	210	209	167	169	184	186
(b) On line—								
All services	122	137	159	160	119	119	132	132
2. Net tonnes-Kms per engine hour	3,283	4,170	5,075	5,210	1,238	1,766	2,642	2,806
3. Net-tonne-kms per train engine hour	8,590	10,808	13,939	14,092	2,884	4,232	6,097	6,422
4. Gross-tonne-kilo-metres per train engine hour	16,409	19,640	25,637	25,851	5,677	7,903	10,574	11,057
5. Net-tonne-Kilo metres per goods locomotive day in use	45,000	65,011	88,407	89,529	17,504	27,782	42,116	43,540
6. Net train load (tonnes)	489	636	748	754	185	298	391	399
7. Gross weight of train excl. weight of engine (tonnes)	933	1,192	1,386	1,392	365	556	678	691

EFFICIENCY INDICATORS (contd)

8. Speed of all goods trains (kilometres)	17.4	16.1	18.2	18.0	15.0	13.7	14.9	15.2
9. Punctuality of all passenger trains (per cent)	79.79	85.75	82.10	85.78	71.43	82.58	91.22	89.93
10. <i>Wagon Utilisation:</i>								
Wagon-kilometres per wagon day	62.3	76.9	74.1	74.4	50.2	51.6	58.8	60.2
11. Net-tonne kms per wagon-day	710	998	935	943	364	405	540	552
12. Average wagon load during the run (tonnes)	16.4	18.5	17.9	17.9	7.76	10.4	12.5	12.3
13. Percentage of loaded to total wagon kilometres	69.2	69.6	70.2	70.8	76.2	73.7 8.75	72.6	73.8
					N7.07	7.56L		
14. Wagon turn-round (days)	11.0	11.2	13.5	13.5	S56.29	7.24*	10.6	10.8
C. <i>Track Utilisation:</i>								
15. Passenger kilometres per route kilometre per annum	1,765	2,027	3,021	3,248	853	887	1,297	1,343
16. Net tonne-Kilometres per route kilometre per annum (thousands)	1,502	2,764	3,713	3,804	245	543	838	847
17. Gross-tonne-Kilometres per route kilometre per annum (in thousands)	5,236	8,321	10,566	10,736	1,200	2,184	2,931	2,943
18. Train-kilometres per running-track kilometre per day	17.0	20.4	20.9	20.7	10.5	13.4	14.5	14.2

N—Northern Pool.

S—Southern Pool.

*Upto October and rest of the period of the financial year.

L relates to the rest of the period of the financial year.

Recommendation

The Committee had in their earlier reports repeatedly emphasised the need for more accurate estimation of the revenue and expenditure at the time of budgeting. It is, however, seen that against the Budget Estimates for 1971-72, the actuals of Gross Revenue Receipts and Revenue Expenditure for the year recorded an increase of Rs. 26.52 crores and Rs. 24.34 crores respectively. Further, in the case of earnings the variations in the actuals for 1971-72 against the revised estimates for 1971-72 was as high as Rs. 18.75 crores. The explanations for these wide variations are not at all convincing and the Committee are left with the impression that the budgetary control on Railways is not what it should be. The Committee feel that there is lot of scope for improvement in the system and they hope that necessary remedial measures will be taken in this direction.

[S. No. 2, Para 1.13 of 120th Report of PAC (5th Lok Sabha)].

Action taken

The observations of the Committee have been noted.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|
120 (1-2) dated 6-11-1974|15 Kartika, 1896].

Recommendation

The liability of the Railways towards payment of Deferred Dividend on new lines stood at Rs. 13.04 crores at the end of 1969-70 and only a sum of Rs. 1.11 crores could be paid upto 1971-72. As the pace of clearance of arrears was quite slow the liability on this score continued to rise from year to year. As at the end of 1971-72 the Railway owed on this account Rs. 70.28 crores to the General Revenues. In paragraph 1.24 of their 45th Report the Committee had recommended that action should be taken to ensure that revenue expenditure on these new lines was reduced to the minimum and that earnings were augmented by attracting more high freighted traffic so that the arrears of dividend got paid and not extinguished after 20 years of opening of these lines when the liability to pay arrears ceased. The Committee cannot but reiterate their earlier recommendation and stress that all-out efforts should be made to maximise the earnings on these lines.

[S. No. 3, para 1.19 of the 120th Report of the P.A.C.
(5th Lok Sabha)]

Action taken

The observations of the Committee are noted.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|
120(3-4) dated 5-12-74]

Recommendation

New lines ought to be economically viable and there should be no question of inadequate returns from them, excepting a few un-economic lines which may have to be constructed in the larger national interest particularly for the development of hilly as well as backward areas. The Committee accordingly stress that in future proposals for new lines should be very carefully examined by Railways to assure themselves of their remunerativeness except in exceptional cases which should be specifically brought to the notice of Parliament in the Budget papers.

[S. No. 5, Para 1.21 of 120th Report of PAC Fifth Lok Sabha]

Action taken

The recommendations of the Committee is accepted. Under the existing practice proposals for all new lines are very critically examined to assess the remunerativeness or otherwise of the project through engineering and traffic surveys, and projects are taken up for construction after the remunerativeness is established. However, attention is invited to the Railway Minister's budget speech for the years 1973-74 and 1974-75 (extracts enclosed Annexure) in which he has emphasised the need for a conceptual change in the application of orthodox financial criteria to proposals for construction of new lines in under-developed areas of the country.

It may also be stated that the question of giving suitable relief to the railways in respect of new lines constructed in backward and/or hilly areas, which may yield a low or negative financial return, although there may be a fairly high social return, has been referred to the Railway Convention Committee, 1973, in the context of the social burdens borne by the Railways.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|
120(5) dated 26-7-74|4 Sravana, 1896]

ANNEXURE

EXTRACTS FROM RAILWAY MINISTER'S BUDGET SPEECH
FOR 1973-74

40. To cope with such gigantic tasks ahead, we will have to augment in a very big way our fleet of locomotives, wagons and coaches; construct new lines and increase the capacity of the existing lines, set up new repair and production units, provide additional passenger terminal and yard capacities at metropolitan centres and other cities. The concept of rail transport strategy will have to be radically revised and adjusted to deal with the movement of masses of persons and massive quantities of bulky goods. We will probably have to think of longer and heavier trains, more powerful locomotives, more seats in the passenger coaches, increased dieselisation and electrification of the services, better utilisation of our track and rolling-stock, though even now they are second only to Japan, increase in the payload of wagons. In short, we may have to reorient our thinking and outlook completely and take effective steps towards maximum utilisation of our existing assets, and creation of additional capacities within a limited time scale.

41. The construction of new lines is one such item where an entirely new approach may have to be thought out. The rising costs of construction require high density of traffic to justify a new line financially. For a new line to become an economic proposition, it has to be assured at least 3 million tonnes of originating traffic. This may be possible in highly industrialised areas. But there may be areas where such quantum of traffic may not be offering yet a new line or a conversion of a line may be necessary for the development of the region. With a view to make it financially possible for the Railways to construct new lines in such situations, it will be necessary to develop a new approach and explore measures to reduce their Capital liability and to improve the rate of their earnings. Some formulae which could be adopted towards this end are as follows:—

- (i) Exemption, full or partial, from payment of dividend liability to the General Revenue during the period of construction and for a specified number of years after completion and opening to traffic;
- (ii) Participation of State Governments or local authorities, in reducing the cost of construction by giving the land and labour content of construction free of cost;
- (iii) Suitable adjustment upwards of fares and freight structure applicable to the newly constructed line which in

common parlance is called 'inflation of chargeable mileage';

- (iv) Levy of fares and freight on a discontinuous basis so as to be a set-off against telescopic structure of standard fares and freight.

The classical concept of traditional economic viability needs to be re-adapted in the light of the historical experience gathered from the economic development of different societies. The principle that transportation infra-structure must evolve along the pattern determined by pre-existing economic viability needs to be modified to the extent that very often the creation of the infra-structure themselves lead to additional demand and increased commercial prospects. In selected areas the calculus of short-term economic returns must yield place to the long term benefits through a policy of deliberate developmental expenditure.

Based on this, I intend to discuss with my colleagues the Finance and Planning Ministers how we can initiate new railway projects or open new lines up to 60 kilometres where the development of the area would be greatly facilitated, without viewing this expenditure too closely in terms of the prospects of immediate returns on investment.

EXTRACTS FROM RAILWAY MINISTER'S BUDGET SPEECH FOR 1974-75

While presenting the Budget for 1973-74, I had mentioned the need for a new approach for evaluating the proposals for the construction of new railway lines in backward areas. In furtherance of this approach, it is now proposed to take up the construction of the following new railway lines and gauge conversion projects in 1974-75.

- (1) Conversion of New Bongaigaon-Gauhati Section from metre gauge to broad gauge.
- (2) Construction of a new metre gauge line from Dharmanagar to Kumarghat.
- (3) Construction of a new broad gauge line from Nadikude to Bibinagar.
- (4) Conversion of Guntur-Macherla line from metre gauge to broad gauge.
- (5) New broad gauge line from Rohtak to Bhiwani.

(6) Provision of broad gauge links to Ramnagar and Kathgodam from Moradabad and Rampur.

(7) Conversion of metre gauge section from Samastipur to Darbhanga to broad gauge.

(8) Construction of a new metre gauge railway line from Jhanjarpur to Laukaha Bazar.

(9) Construction of a new metre gauge line from Sakri to Hasanpur.

(10) Construction of a new broad gauge line from Jakhapura to Banspani.

The North Eastern Council has been requested to bear the cost of construction of Dharmanagar-Kumarghat line out of the funds which may be allotted to it for development of backward hill areas. The Governments of Andhra Pradesh and Haryana have agreed to bear the cost of land, to regulate road transport and to inflate the chargeable kilometrage for Nadikude-Bibinagar and Rohtak-Bhiwani rail links as well as for Guntur-Macherla gauge conversion project. I look forward to similar cooperation and financial participation from the Governments of Uttar Pradesh, Orissa and Bihar in respect of the projects falling within those States.

I have not been able to include railway lines in other backward areas of the country on account of paucity of funds during 1974-75. Surveys have, however, been taken up or are proposed to be taken up in 1974-75 for a large number of new railway lines which have been proposed by the State Governments, Members of Parliament and other public bodies. I mention specifically the following:—

1. Dhali-Rajhra-Jagdarpur;
2. Bhavnagar-Tarapore;
3. Dasgaon-Mangalore;
4. Kumarghat-Agartala-Sabroom;
5. Silchar-Jiribam;
6. Nangal Dam-Talwara;
7. Malda-Belurghat;
8. Miraj-Latur;
9. Muzaffarpur-Raxaul gauge conversion;
10. Dehri-on-Sone-Pipradih;
11. Deoghar-Dumka Rampur Hat;
12. Gaya-Rajgir.

I would like to take up the construction of these lines during the Fifth Plan, but this would depend upon the availability of resources. The present allocation during the Fifth Plan for construction of new railway lines is not sufficient for this purpose. Execution of these works will be considered by Government in the light of Survey Reports and as and when we can augment our Plan funds.

* * * *

Development of Backward areas.—From time to time I have received a number of requests from Chief Ministers, Members of Parliament, Public Bodies, etc. for construction of new railway lines in backward areas. Experience has shown that generation of traffic for such areas follows the development of transport infra-structure facilities. I have, therefore, advocated the need for a conceptual change in the application of orthodox financial criteria to the construction of new lines in under-developed areas. Discussions on these lines have also been held with my colleague, the Planning Minister, for allocation of additional resources for this purpose outside the Railway Plan. Due, however, to the overall limitation of funds, it has not been possible to include, during 1974-75, a large number of such projects, but I am alive to their necessity and I shall be further pursuing the matter with the Planning Commission.

Recommendation

The Committee find that as against a capital expenditure of Rs. 151 crores budgetted for 1971-72, the actual expenditure was of the order of Rs. 190.84 crores, thus registering an increase of Rs. 39.84 crores. This wide variation causes concern to the Committee. As the resources available for capital expenditure are limited the quantum of capital expenditure to be incurred during a financial year by each Ministry is determined on a very careful balancing of the claims of the competing demands of various Ministries. Even within a Ministry, a similar exercise has to be carried out. The Committee are, therefore, inclined to think that this necessary exercise for allocation of resources was not carried out in a realistic manner. It is clearly unrealistic to assume that prices will remain constant over a long period. The rate at which price-rise annually varies from country to country and even within our country the variation is erratic. In such a situation reliable projection of possible price rise is by no means easy, nor is it an impossible exercise. The Committee accordingly suggest that this aspect should be borne in mind when estimating costs for the purpose of budgeting.

[S. No. 6, Para 1.27 of the 120th Report of PAC (Vth Lok Sabha)]

Action taken

The suggestion of the Committee is noted.

This has been seen by Audit.

[Ministry of Railways (Rly: Board) O.M. No. 74-BC-PAC/V/
120(6) dated 31-8-1974/9 Bhadra, 1896.]

Recommendation

1.39. The Committee note with concern that during 1971-72 the inventory holdings of the Railways as a whole increased to Rs. 149.6 crores as against Rs. 129.8 crores at the end of the previous year. This addition of Rs. 19.8 crores worth of inventories during 1971-72 was the highest during the last six years. The unusual increase in the inventories has been attributed to (i) substantial increase in prices of spares and raw materials, (ii) some stock piling necessitated by the serious conflict with Pakistan and (iii) accumulation of scrap holdings due to disturbed conditions during the year. An analysis of the stock balances of the different Zonal Railways has revealed that there have been large variations in the building up of inventories from Zone to Zone. The additions during the year ranged from Rs. 1.16 crores to Rs. 7.96 crores. This points to the conclusion that the optimum inventory holdings for each Zonal Railway and Production Units have not been properly fixed and watched.

1.40. Apart from this the Committee cannot but regard the inventory holding on the Indian Railways as too high in as much as it is over 50 per cent of annual issues as against 33 per cent in Canadian National Railway and a mere 16-1/4 per cent in the Japanese Railway. It is obviously desirable that there should be no unnecessary blocking up of capital in the shape of inventories. The Committee note that the importance of inventory control has at long last begun to be appreciated by the Railways, as is clear from the establishment of inventory control cells on all Zonal Railways *w.e.f.* January 1973 and the setting up of a High Power Committee under the Chairmanship of the Deputy Minister of Railways to examine the position of inventories etc. and to recommend measures for bettering Inventory Management. The Committee trust that the High Power Committee will get down to its work speedily so that suitable steps can be taken progressively to bring down the inventory holding.

1.41. The Committee are unhappy to note that even though computers have been installed on Railways since August 1966 the

computerisation of stores accounting and inventory control was taken up only recently and the process has not yet been completed. The Committee desire that all phases of computerisation in this regard should be completed expeditiously so as to bring about an effective inventory control before the end of June 1974. This however, should not be construed to mean that the Committee are satisfied about the need for installing computers on Railways and their fullest utilisation. They propose to deal with these aspects arising out of their examination of paragraph 42 of the Report of C&AG separately.

1.42. It is a matter of concern that the average time required for the procurement of stores is much more than abroad. Indian Railways have therefore to keep their stock at a highest level. The Committee consider it important that procedures for procurement of stores should be rationalised with a view to cutting out all avoidable delays.

[S. No. 7 to 10, Para 1.39, 1.40, 1.41 & 1.42 of 120th Report of PAC (Fifth Lok Sabha)]

Action taken

1.39. The recommendations of the Committee have been noted, and necessary instructions in this regard also issued to the Railways in this Ministry's letter No. 74-BC-PAC/V/120(7-10)/I dated 27.5.74 (Annexure I).

It may be added, however, that working conditions and level of activities vary widely from Railway to Railway with the result that the criteria for fixing the targets for the balances would also have to vary significantly from Railway to Railway. These factors are always borne in mind while fixing targets for the Railways and with the steps outlined in Para 1.30 of the report improvements in the turnover percentage, i.e. balances to issue in the future years, are expected.

1.40. The observations of the Committee are noted and the same are also brought to the notice of the High Power Committee.

1.41. The observations of the Committee are noted. Necessary instructions in this regard have also been issued to the Railways in this Ministry's letter No. 74-BC-PAC/V/120(7-10)II dated 27-5-74 (Annexure II).

1.42. The observations of the Committee are noted. This aspect is also being examined by the High Power Committee who have

been apprised of the Committee's observations.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BS-PAC/V/
120(7-10) dated 22.6.1974./Asadha, 1896.]

ANNEXURE—I

Copy of Railway Board's letter No. 74-BC-PAC|V|120(7-10)|I dated 27-5-74 to All Indian Railways and Production Units etc.

Sub:—Optimum Inventory Holdings on Railways.

Ref:—Recommendation of PAC—Para No. 1.39.

The Recommendations of PAC in Para 1.39 of their 120th Report are reproduced below for information and necessary action.

1.39. The Committee note with concern that during 1971-72 the inventory holdings of the Railways as a whole increased to Rs. 149.6 crores as against Rs. 129.8 crores at the end of the previous year. This addition of Rs. 19.8 crores worth of inventories during 1971-72 was the highest during the last six years. The unusual increase in the inventories has been attributed to:

- (i) substantial increase in prices of spares and raw materials;
- (ii) some stock piling necessitated by the serious conflict with Pakistan; and
- (iii) accumulation of scrap holdings due to disturbed conditions during the year.

An analysis of the stock balances of the different Zonal Railways has revealed that there have been large variations in the bulking up of inventories from Zone to Zone. The additions during the year ranged from Rs. 1.16 crores to Rs. 7.96 crores. This points to the conclusion that the optimum inventory holdings for each Zonal Railway and Production Units have not been properly fixed and watched."

In this connection, it is mentioned that a number of steps like computerisation of stores accounting, ABC analysis, codification, variety reduction, rationalisation etc. have been taken to improve materials Management in Railways to bring the inventory holdings to optimum levels. Special Inventory Control Cells have also been

set up to watch the position of inventories continuously on accepted principles of ABC analysis based on computer outputs to fix target inventory holdings for all groups of stores and to take appropriate steps as and when required to control them.

Board desire that the above recommendations of P.A.C. should be noted. Board further desire that the steps taken by the Railways for improving inventory management should be result-oriented so that the inventory holdings are brought down to optimum levels fixed already for all groups of stores as early as possible and that such wide fluctuations and increases pointed out by the PAC for the year 1971-72, are avoided in future.

Please acknowledge receipt.

ANNEXURE II

Copy of Rly. Board's letter No. 74-BC-PAC|V|120(7-10)|II dated 27-5-1974 addressed to the General Managers. All Indian Railways|Production Units and copy to ADAI (Rlys.)

Sub:Computerisation of Stores Accounting & Inventory Control.
Ref: Board (MM)'s DO letter No. 73|RS(G)|754|2 dated 27-4-74 to all G.Ms.

Computerisation of Stores Accounting and Inventory Control was started in Railways and Production Units a few years back; so far Phases I & II have been completed and Phase III is under implementation. Under Board (MM)'s letter dated 27-2-74 cited above, Railways/Production Units were directed to complete the introduction of all the Phases (I, II, III & V) of Stores Computerisation before the end of June 1974. The first set of programmes for Phase V must have already been collected by the System Analysts/Stores from South Eastern Railway. The remaining programmes will also be furnished to all Railways and Production Units in May/June 1974 by South Eastern Railway. Necessary action, may, therefore, please be taken to introduce Phase V within the target date prescribed.

In this connection, recommendation of PAC in Para 1.41 of their 120th Report (1973-74) are reproduced below:

"1.41: The Committee are also unhappy to note that even though computers have been installed on Railways since August 1966 the computerisation of stores accounting and inventory control was taken up only recently and the

process has not yet been completed. The Committee desire that all phases of computerisation in this regard should be completed expeditiously so as to bring about an effective inventory control before the end of June 1974. This, however, should not be construed to mean that the Committee are satisfied about the need for installing computers on Railways and their fullest utilisation. They propose to deal with these aspects arising out of their examination of paragraph 42 of the Report of C&AG separately."

Board desire that these recommendations may be noted and the completion of the Phases III & V of stores computerisation should be expedited and by a proper utilisation of the computer generated reports, substantial improvements in Materials Management should be effected in the coming years by way of reduction of turnover percentage to the optimum levels.

Please acknowledge receipt.

Recommendation

Para 1.69. In view of the depressing financial picture of the Railways it is imperative to augment revenue by improving the carrying capacity of the coaches and wagons. The Committee note that since 1940 very slight improvement in the ratio of tare weight to the payload had been effected by altering the designs of B. G. wagons and coaches. As there is said to be scope for appreciable improvement the Committee desire that the R.D.S.O. should consider this question of a top priority basis in collaboration with other organisations in the country who are engaged in research in transport management.

Para 1.70. The Committee learn that certain steps such as provision of 40 and 60 seats in Ist Class coaches meant for long distance and short distance travel respectively, development of 48 berth A.C. sleeper coaches, development of wagons are presently under con-development of improved types of wagons are presently under contemplation. The Committee recommend that increase in the carrying capacity of the Ist Class and A. C. Sleeper coaches which is long over due, should be carried out without further delay and the Committee advised. They consider also that possibility of augmenting revenue from suburban sections by increasing the stand-

ing capacity should also be explored and necessary action taken thereafter.

[S. Nos. 16 & 17 (Paras 1.69 and 1.70 of the 120th Report of the P.A.C. (5th Lok Sabha)]

Action taken

Para 1.69. The R.D.S.O. has been keeping itself current with the latest technological developments in the rail transport field through membership of the International Union of Railways and other means and drawing upon the new principles and practices developed in evolving new designs of stock, as permitted by the state of 'know-how' in the country, in respect of both manufacture and maintenance. Efforts are made continuously to improve each successive design with the object of making a better utilization of the resources available. Payload to tare ratio is one of the improvements effected.

WAGONS

The table furnished below brings out the actual improvement effected in the new designs evolved in the case of B.G. wagons, in the recent past and designs projected for future adoption.

Description	Type	Payload (t)	Tare (t)	Ratio Pay Tare	Payload per train in tonnes
Oil Tank Wagons	TORX (old design)	20.40	12.10	1:0.593	1448.0
	BTO (proposed for future adoption)	54.00	27.28	1:0.505	2322.0
Bogie Rail Wagon	BR (old design)	44.45	20.55	1:0.462	1734.0
	BRH (new design)	56.90	24.38	1:0.428	2219.0
Open General wagon	BOX (T) (current design)	54.48	26.70	1:0.489	2292.0
	NEW BOX (proposed design)	57.00	24.28	1:0.426	2907.0
Mineral traffic	BOX (St. CBC) (Current design)	56.30	25.00	1:0.444	2421.0
	BOI (New design)	58.48	22.80	1:0.390	2924.0

1	2	3	4	5	6
	BOI (New design)	58.48	33.80	1:0.390	2924.0
	BOY (Latest design)	71.60	19.80	1:0.277	3508.0
	BOX(St. GBC) (Current design)	25.00	25.00	1:0.444	2421.0
	BOY	71.60	19.80	1:0.277	3508.0

The improvement in the pay load to tare ratio in designs which have most recently been completed or are in the development stage such as the 'BTO' Tank Wagon and the proposed new Box' Wagon will further improve the overall ratio for B.G. wagons as a whole when wagons of these designs go into production and begin to operate on the Indian Railways in large numbers.

As stated earlier, effecting improvement receives continuous attention and will be resorted to as permitted by the indigenous availability of raw materials, such as low alloy high-yield steel, and development of 'know-how' in the areas of manufacture and maintenance.

As suggested by the Committee, efforts will be made to liaise with organisations in the country engaged in research of transport management.

Coaches

In the context of further improving the ratio of payload to tare of passenger coaches, the position is as under:—

- (a) New Designs recently completed and manufacture either taken up or will be taken up shortly:—
- (i) I Class Chair Car to provide sitting accommodation for 48 or 60 passengers. These coaches are intended generally for day travel.
 - (ii) Air-Conditioned two-tier sleeper coach to provide sleeping accommodation for 48 passengers.
 - (iii) Double Deck coach to provide sitting accommodation for 148 passengers.

(b) *New Designs in hand*:—Longer coaches: Limitations currently imposed on the length of BG and MG coaches have been examined and it has been found technically possible to increase the length of both BG and MG coaches by approximately 1829 mm (6') by tapering the ends of coaches and adopting bogies with a longer wheel-base. This will result in increasing the number of seats per coach by 10 in the case of BG second class coach and 8 in the case of MG second class coach. The unit weight per passenger will decrease from 0.427 to 0.40 in the case of BG and from 0.433 to 0.424 in the case of MG. Preliminary design work for both BG and MG coaches has been completed.

(c) NEW designs proposed to be taken up:—

(i) *Wider Coaches*: The possibility of introducing wider coaches to achieve increased carrying capacity has been examined. By removing infringements to moving dimensions at some places, it will be possible to introduce 3660 mm (12') wide coaches on certain selected sections. The preliminary study made indicates that the carrying capacity of 3660 mm (12') wide coaches can be increased by 15 to 20 per cent compared to the present day conventional coaches. The increase in the tare weight would be marginal.

(ii) *Aluminium light alloy steel coaches*:—With a view to reducing the tare weight of coaches further, it would be necessary to build coaches in aluminium/light alloy. A preliminary study under-taken indicates that it would be possible to design and develop such coaches with reduced tare weight per passenger. Such coaches would also offer better resistance to atmospheric corrosion and reduce maintenance problems. The construction of aluminium coaches will, however, call for special manufacturing techniques. Before introducing aluminium/light alloy steel coaches in large number, it will be necessary to build few prototypes and gain service experience over a period.

Para 1.70

The number of berths provided in the old wooden bodied 1st Class AC coaches on IRS underframes were 16/14. With the introduction of all-steel integral 1st Class AC coaches on De-lux trains,

the number of berths was increased to 18. The design is again under revision to provide accommodation for 20 passengers. A new design of fully air-conditioned coach has been developed which will have 34 chairs for II Class passengers and 10 berths for Ist Class passengers. This will further increase the carrying capacity and also the revenue earning capacity of AC coaches.

With a view to increasing the carrying capacity of Electric Multiple Units and thereby augment revenue from suburban sections, it is proposed to provide only longitudinal seats along the sides with provision of more floor area for standing passengers. With this arrangement, the carrying capacity of BG suburban stock will increase by 25 per cent compared to the existing designs. Preliminary design work has been completed and a prototype of the new design is to be manufactured by ICF shortly to assess public reaction and gain service experience before introducing the new type of EMU coaches on a large scale.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 74-BC-PAC/V/120
(16-17) dated 28-8-1974, 6. Bhadra, 1896.]

Recommendation

The successive Convention Committees have recommended that in the interests of financial discipline the rates of dividend payable by Railways on their capital-at-charge to the General Revenues should be fixed in such a manner that it yields a definite contribution to the General Revenues over and above the average borrowing rate of interest on loans raised by Government. Thus the rates of dividend recommended by various Convention Committees were always higher than the prevailing average borrowing rate of interest with the result that a definite amount in the form of contribution was credited to the General Revenue from year to year. It is of concern that this element of contribution has, however, been continuously declining since 1969-70 so much so that in 1972-73 and 1973-74 it has become negative. The concessions and exemptions granted to Railways on the basis of recommendations of the Convention Committee, 1971 total up to about Rs. 100 crores for the period 1969-70 to 1973-74. Those reliefs have in effect wiped out the contribution element of the dividend to General Revenues. The actual dividend payments therefore now give General Revenues a return less than even the

average rate of interest on the capital-at-charge. During evidence, the Committee were informed that fresh proposals asking for further reliefs had been placed before the Railway Convention Committee, 1973. The Committee desire that the Railway Board should, while placing these proposals before the Convention Committee, clearly bring out the implications of further reliefs *vis-a-vis* the contribution element taking the capital-at-charge as a whole.

[S. No. 22, Para 1.96 of the 120th Report of the PAC Fifth Lok Sabha]

Action taken

The observations of the Committee have been noted. A copy of the Memorandum submitted to the Railway Convention Committee, 1973 in this connection is attached. (Annexure)

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 74-BC-PAC/V/120(22). dated 11-9-1974. Bhadra 20, 1896.]

ANNEXURE

MEMORANDUM TO THE RAILWAY CONVENTION COMMITTEE, 1973.

Impact of concessions and exemptions granted by the Railway Convention Committee *vis-a-vis* the contribution element of the dividend to General Revenues.

An extract of Recommendation No. 22 (para 1.96) of the 120th Report of the Public Accounts Committee (1973-74) is reproduced below:

Para 1.96. The successive Convention Committees have recommended that in the interests of financial discipline the rates of dividend payable by Railways on their capital-at-charge to the General Revenues should be fixed in such a manner that it yields a definite contribution to the General Revenues over and above the average borrowing rate of interest on loans raised by Government. Thus the rates of dividend recommended by various Convention

Committees were always higher than the prevailing average borrowing rate of interest with the result that a definite amount in the form of contribution was credited to the General Revenues from year to year. It is of concern that this element of contribution has, however, been continuously declining since 1969-70 so much so that in 1972-73 and 1973-74 it has become negative. The concessions and exemptions granted to Railways on the basis of recommendation of the Convention Committee, 1971 total up to about Rs. 100 crores for the period 1969-70 to 1973-74. These reliefs have in effect wiped out the contribution element of the dividend to General Revenues. The actual dividend payments therefore now give General Revenues a return less than even the average rate of interest on the Capital-at-charge. During evidence, the Committee were informed that fresh proposals asking for further reliefs had been placed before the Railway Convention Committee, 1973. The Committee desire that the Railway Board should while placing these proposals before the Convention Committee, clearly bring out the implications of further reliefs vis-a-vis the contribution element taking the Capital-at-charge as a whole.'

2. As a result of the recommendation of the Railway Convention Committee, 1971, the quantum of relief received by the Railways during the Fourth Five Year Plan was as follows:—

	Rs. in Crores.
1969-70	17.03
1970-71	19.25
1971-72	22.06
1972-73	23.92
1973-74 (Estimate)	25.05
TOTAL	107.31

3. The contribution element in the dividend payment represents, the difference between the amount of dividend actually paid and the interest charge calculated on the average borrowing rate each year.

The element of contribution in each of the five years covered by the 1971 Convention is as under:—

Year	Average borrowing rate	Amount payable on the basis of the average borrowing rate on the dividend paying Capital	Amount of dividend paid (excluding payments in lieu of Passenger Fare Tax)	(In crores of Rs.)	
				Element of contribution (col. 4—col. 3)	Payment to States
1	2	3	4	5	6
1969-70	4.43%	128.29	133.29	10.00	18.10
1970-71	4.53%	138.24	146.17	7.93	18.42
1971-72	4.65%	131.46	133.13	1.67	18.11
1972-73	4.77%	143.53	153.35	(-)0.18	18.16
1973-74	4.92%	155.23	150.44	(-)4.79	18.16

4. It may be pointed that dividend rates have not remained static but have gone up significantly. Between 1950-51 and 1973-74 the dividend rate has gone up from a uniform rate of 4 per cent (which was in force upto 1960-61) to 4.5 per cent on capital invested upto March, 1964 and to 6 per cent on the capital invested thereafter. By 1978-79 the capital amount spent after March 64, which will attract the higher dividend rate, could well be over 50 per cent of the total dividend paying capital. Apart from the exemption and concessions given by the Railway Convention Committee from time to time, the main reason for the steady fall in the contribution element is the sharp rise in the average borrowing rate over the year. The average borrowing rate increased from 3.16 percent in 1950-51 to 3.57 in 1960-61, and thereafter to 4.92 per cent in 1973-74, an increase of about 55 per cent over the base rate prevalent in 1950-51. (The detail have been given in para 5 of the Board's Memorandum on Subject No. III—page 70 of the bound volume).

5. As regards the reliefs asked for from the Committee a specific proposal has been made in para 10(ii) (6) of Memorandum No. III (page 79 of the bound book) seeking exemption from payment of dividend for a period of 3 years in respect of 50 per cent of the outlay.

in a year on capital works in progress. This was expected to give an additional relief of Rs. 39 crores during the Fifth Plan period.

6. In the Memorandum No. VIII on Social burdens, various items of losses borne by the Railways have been enumerated and it has been submitted to the Convention Committee to consider as to the manner the Railways may be compensated and the extent thereof.

Recommendation

The Committee find that *w.e.f.* 1st April 1965, concessional rates were notified by the Western Railway Administration for carriage of plantains over 320 Kms. in local bookings. Although these rates were withdrawn from 1st May, 1969, certain stations continued to charge concessional rates which resulted in under-collection of revenue to the extent of Rs. 2.43 lakhs. Surprisingly enough, in some cases distances covered were less than 320 Kms. There has thus been a reprehensible lapse not only on the part of the station staff but also on the part of the supervisory officials of the Commercial Department and the officials of the Traffic Accounts Department who failed to detect the irregularity. The Committee were, however, sorry to hear that disciplinary action has been taken only against the Station Staff. They desire that suitable action should also be taken against the supervisory staff for their failure of check.

[Sl. No. 23, Para 2.13 of the 120th Report of P.A.C. (5th Lok Sabha)]

Action taken

A sub-head of Traffic Accounts Office has been punished with stoppage of two sets of passes and PTOs. for two years. On the Commercial side, one pass and two PTOs. of a Commercial Inspector have been withheld. Besides, a Commercial Inspector has been warned for slack supervision. Action against Head Luggage Clerk, Surat held responsible for failure to detect the incorrect charging, could not, however, be taken as he has since retired.

This has been seen by Audit who have stated that the facts are under verification of the Chief Auditor, Western Railway.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|120 (23-24) dated 8-10-1974|16 Asvina 1896.]

Recommendation

The Committee have not been informed of the operational considerations which weighed with the local administration for divert-

ing the consignments of steel to a longer route involving two transshipments instead of the shorter all M.G. route. However, the fact remains that the carriage of consignments by a longer route involving two transshipments has ultimately resulted in an avoidable loss of Rs. 65,000. The Railways will no doubt have learnt a lesson from this costly lapse. The Committee desire that diversion of traffic to routes involving transshipments en route should as far as possible be minimised, if it cannot be completely eliminated.

[S. No. 31, Para 2.50 of 120th Report of PAC (Fifth Lok Sabha.)]

Action taken

The observations of the Committee have been noted and brought to the notice of the Railways *vide* Board's letter No. 74-BC-PAC/V/120 (31—33) dated 8th August, 1974 (copy enclosed. Annexure).

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC/V/120 (31—33) dated 16th August, 1974/25 Shrawana, 1896.]

ANNEXURE

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(Railway Board)

No. 74-B(C)-PAC/V/120 (31—33).

New Delhi, dated 8th August, 1974.

The General Manager,

All Indian Railways

Sub.—PAC's Recommendation Sl. Nos. 31—33 contained in paras 2.50—2.52 of their 120th Report (1973-74) on para 34 of C&AG's Report on Railways—1971-72-S.C. Railway-Payment of compensation for alleged non-delivery of wagon load consignments of steel.

Para 34 of the Railway Audit Report for the year 1971-72 deals with payment of compensation for alleged non-delivery of wagon load consignments of steel booked from Bhadravati, Southern Railway to Aurangabad, S.C. Railway. In this case, the steel consignments booked under nine different invoices were carried *via* Hotgi and Manmad involving transshipment at these two places instead of

via Hubli and Dronachallam, the all-MG route which is the shortest route, taking into account that each transshipment is equivalent to a movement distance of 160 Kms.

2. The Public Accounts Committee, while commenting on this para have observed as under in recommendation No. 31 (Para 2.50) of the 120th Report (1973-74).

2.50. "The Committee have not been informed of the operational considerations which weighed with the local administration for diverting the consignments of steel to a longer route involving two transshipments instead of the shorter all M.G. route. However, the fact remains that the carriage of consignments by a longer route involving two transshipments has ultimately resulted in an avoidable loss of Rs. 65,000. The Railways will no doubt have learnt a lesson from this costly lapse. The Committee desire that diversion of traffic to routes involving transshipments en route should as far as possible be minimised, if it cannot be completely eliminated."

3. The Board desire that the observations of the Public Accounts Committee may be carefully noted for future guidance.

Sd/-

(S. M. BHANDARI)

Joint Director, Traffic Rates,
Railway Board.

No. 74-B(C)-PAC-V|120 (31—33).

Dated 8-8.1974.

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

Sd/-

(M. S. BHANDARI)

Joint Director, Traffic Rates,
Railway Board.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

The Financial Commissioner for Railways informed the Committee during evidence that the actual return from the newly constructed lines was not as good as was expected. According to him in a majority of cases the return was less than anticipated. This only demonstrates that either the initial project reports on these lines were not realistically prepared or the operations were not done efficiently. The Committee would, therefore, like to know what actually went wrong.

[S. No. 4, para 1.20 of the 120th Report of the P.A.C. (5th Lok Sabha).]

Action taken

The main reason for the return on investment in a number of cases, being less than anticipated in the relevant project Report is that while expenditure on repairs and maintenance and operation was, by and large, kept to essential levels, the expected earnings did not fully materialise owing to non-fulfilment of traffic projections. Many of these lines were project oriented and were constructed for the movement of mineral products like coal and iron ore. As production in related projects did not materialise to the specified levels for a variety of reasons, earnings fell below the estimates. In the case of a few other lines, there was severe competition from road traffic.

[Ministry of Railways (Rly. Board) O.M. No.74-BC-PAC|V|120(3-4) dated 5th December, 1974.]

Recommendation

The Committee find that the value of surplus stores included in the balance under stores in stock has gone up during the year 1971-72 from Rs. 603.9 lakhs to Rs. 670.3 lakhs. The Railway Board have explained this increase as being due to identification of more surplus stores as a result of computerisation. The Committee desire

that the inventory control cell should review the stock on all the Zonal Railways and segregate the surplus and obsolete items completely within a target date to be fixed. The result of the review as well as the action taken to dispose of the surplus stores speedily should be reported to the Committee.

[S. No. 11, Para No. 1.50, of 120th Report of PAC (Fifth Lok Sabha).]

Action taken

The recommendation of the Committee has been noted. The Stores Depots of Indian Railways are stocking stores required for repairs and maintenance execution of works, manufacture and production, etc. With the progressive modernisation of Indian Railways during the plan periods such as introduction of diesel, electric traction, new types of coaches and wagons, sophisticated signalling and electronics equipment, the number of items held and their variety have increased and have, become quite large. Changes in design in plant and equipment and introduction of new standards or procedures in place of the old naturally leads to accrual of some surplus stock. While all necessary steps are being taken to keep the value of surplus stores to a minimum, it would be appreciated that an undertaking like Railways having sophisticated equipment cannot possibly eliminate surpluses completely. It is also not possible to segregate the surpluses at any one time as changes in designs of plants and equipments, introduction of new standards procedures etc. are a continuous process and will have to be done as and when necessary, keeping pace with development of new technology.

The value of surplus stores in the last 4 years as compared to value of stores held is given below:

Value of surplus and total stock as per appropriation accounts

Year	(Value in crores)		Percentage of Surplus Stores to Total value of stores held
	Value of stores held	Value of surplus held	
1970-71	129.78	6.04	4.7%
1971-72	149.59	6.70	4.5%
1972-73	154.17	6.13	3.9%
1973-74	148.92	5.25	3.5%

It would be seen from the above that the value of surplus stores held in Railways is under control and the percentage of such stores has gradually come down from 4.7 per cent in 1970-71 to 3.5 per cent in 1973-74. The values of the surplus stores are also coming down.

The Inventory Control Cells of the Railways have been specially instructed to keep a constant watch and arrange for review on the stocks regularly to identify the surplus stores and take immediate necessary action for their use or disposal. The position is under review constantly and it is expected that there will be further improvement in the coming years.

This has been seen by Audit who have stated that the figures relating to 1973-74 are under verification.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC/V/120 (11-12) dated 12th November, 1974|21 Kartika, 1896].

Recommendations

1.66. The Committee note that the change in rates of fares and freight are brought to the notice of Parliament as part of Budget proposals. However, they have found that the rates are reduced by the Railways under their own powers. The Committee have dealt with the reduction in the rates for the transport of plantains by a Zonal Railways elsewhere in this Report. When the tariff rate for 'fruits and vegetables' is already lower than the cost of transport, the Committee find it difficult to understand how it can be further reduced by the Zonal Railways. The Committee presume that the rate reducing powers of the Zonal Railways can be exercised only on commercial considerations. In any case there should be at no time any question of reducing the rate below cost. The Committee desire that all the concessional rates in the nature of station-to-station rates or otherwise quoted by all Zonal Railways should be reviewed immediately to see how far they have served the interests of Revenue. Such of those as are found to be detrimental to revenue should be withdrawn forthwith.

1.67. Further the Committee suggest that all such concessions should be quantified in monetary terms and mentioned in the Budget documents of the Railways so that Parliament is apprised of the position.

[Sl. Nos. 14 and 15, Paras 1.66 and 1.67 of 120th Report of PAC (5th Lok Sabha)].

Action taken

Para 1.66. General Managers of the Zonal Railways have powers to quote station-to-station rates only on Commercial considerations, i.e., in order to retain|attract traffic to rail and to earn additional revenue and in quoting such a rates they are required to ensure that it is not below the cost of transport.

The special rate for plantain traffic in wagon loads quoted by the Western Railway—reference to which has been made in the recommendation, was in respect of coaching traffic. That special parcel rate was above the cost level.

Instructions already exist to the effect that the Railways should review the station-to-station rates periodically and make adjustments therein as may be called for. The recommendation for a review of all existing station-to-station rates has again been noted and communicated to Zonal Railways for implementation. *Vide* Railway Board's letter No. TCR|1618|74|2, dated 30th August, 1975 (copy enclosed—Annexure).

Para 1.67. It may be stated that monetary value of concessions which are treated as 'Social Burdens' is already furnished in the Central Facts and Major Problems circulated to Members of Parliament along with the Budget Documents. The Station-to-station rates quoted for attracting traffic to rail cannot be termed as 'Concessional rates', since by the quotation of these reduced rates the Railways are expected to gain additional revenue.

This has been seen by Audit who have stated that the factual position stated in sub para 2 of the reply to Para 1.66 is under verification by Chief Auditor, Western Railway.

[Ministry of Railways (Railway Board) O.N. No. 74-BC-PAC|V|120(13—15), dated 30-10-74].

(Copy of Railway Board's letter No. TCR|1618|74|2, dated 38-8-74, to the General Managers, All Indian Railways. (Annexure)

Sub: Rate reducing powers of General Managers.

Ref. Rly. Board's letter No. TCR|1618|70, dated 3-9-70.

General Managers were given rate reducing powers in local and through bookings under Board's letter referred above. It is clarified that these powers should be exercised only on commercial considerations, i.e., in order to retain|attract traffic to rail and to earn additional revenue. It also implies that station-to-station rates should

not be below the cost of transporting the goods after taking into account special factors such as movement in the direction of empty haulage.

2. The review contemplated under para 5 of the Board's letter dated 3.9.70, referred should also be conducted to see how far the special rates have served the interest of revenue. Such of those as are proved to be detrimental to revenue should be withdrawn.

3. In this connection the attention is also drawn to the recommendation of the Public Accounts Committee made in para 1.66 of their 120th Report (1973-74) which was communicated to your Chief Commercial Superintendent under Jt. Director, Traffic (Rates)'s D.O. letter of even number dated 12th July, 1974.

Please acknowledge receipt of this letter.

Recommendations

1.72. The Committee have been expressing concern over the inadequate utilisation of line capacity which accounts for the bulk of Railways investments. The Railways regard 85 per cent utilisation of the chartered capacity as a signal for augmenting it. In view of over-capitalisation on Railways and the need to maximise the return, the Committee feel that the Railways should aim at better utilisation of line capacity.

1.73. From the information made available to the Committee, it is seen that barring the *Rajdhani* and other important routes and suburban sections of Bombay and Calcutta, the utilisation of the line capacity is indeed poor. On the Branch lines it is as low as 65 per cent. The Committee, therefore, desire that all the lines where the utilisation of the line capacity is below the optimum level should be expeditiously identified and all out efforts made to attract more traffic failing which steps should be taken to cut down the expenditure on them without affecting its utility. One of the steps to effect economy on branch|suburban lines could be to introduce on an experimental basis a system of issuing tickets in the train itself as is obtained in a bus or a tram car which will eliminate travel without tickets. The Committee would like to be informed of the concrete steps taken and the results achieved in this direction within 6 months.

[Sl. Nos. 18 & 19, Paras 1.72 and 1.73 of 20th Report
of PAC (5th Lok Sabha)].

Action taken

1.72 & 1.73. The Railways have identified the various sections where utilisation of the line capacity is below the optimum level and found that better utilisation of such sections, although endeavoured, has not been possible due to a variety of reasons as indicated below:—

- (i) On the major trunk routes, while the capacity on some sections is utilised to the optimum or even above the optimum, there are a few intervening sections where the utilisation is not the same. This is because of limited scope for traffic in these areas despite canvassing and the pattern and flow of through traffic, but they are part of the total route and for obvious reasons isolated sections of a through route cannot have lesser capacity as it would have the effect of retarding movement of through traffic. For example, on the Mathura-Agra section on the Central Railway which forms part of the route between Tughlakabad and Balharshah, the utilisation of the capacity during 1973-74 was 59 per cent. During the peak season of 1973-74, the utilisation of the adjoining sections, i.e., Tughlakabad-Mathura and Agra-Jhansi sections was 94 per cent and 80 per cent respectively. The capacity on this isolated Mathura-Agra section had to be built up to ensure free flow of traffic from either direction and there is limited scope for increasing the traffic on this isolated section.
- (ii) On certain sections line capacity works are undertaken in view of the anticipated materialisation of traffic at a certain level. Projections in regard to these anticipated levels are always made in close co-ordination with the concerned Ministries and the Planning Commission. Keeping in view the gestation period involved in the development of facilities for carrying additional traffic such advance action is taken for planning out line capacity works. However, if in course of time the anticipated traffic does not materialise, the utilisation of the capacity so developed is not used up to the optimum level. For instance, the New Katni-Jabalpur and Jabalpur-Itarsi sections of Central Railway were doubled because these sections which were originally single line had become saturated and doubling of these sections was undertaken to cater to heavy movements anticipated in the Third Five Year Plan from the

Bengal-Bihar and Central India coal fields. Apart from coal production in these coal fields not coming upto the anticipations other traffic comprising mostly foodgrains and forests produce has not increased appreciably. These factors militate against optimising the utilisation of line capacity.

(iii) There are a number of uneconomic branch lines where utilisation is not satisfactory. On some of these, there is hardly any traffic potential due to a variety of reasons, an important one being availability of parallel roads and the traders preferring road transport due to its inherent advantages over the Railways. While on purely financial considerations, the closure of such uneconomic branch lines is justified, the Railways continue to operate these lines for reasons of social policy. In some cases, such sections are of strategic importance while others serve backward areas where there are no alternative means of transportation. The only alternative left for the Railways in these cases is to keep the expenditure to the minimum and this aspect is constantly kept in view and economy in expenditure is effected to the maximum extent possible. A number of steps have been taken in this direction, important among them being—

- (a) Closing down of a number of stations;
- (b) Running of mixed trains;
- (c) Converting certain stations to contractor-operated halts, thereby reducing the expenditure on departmental staff;
- (d) Closing certain stations for night working by running trains only during the day; ..
- (e) Reducing the staff by introducing 12 hour shifts as against 8 hour shifts before;
- (f) Providing minimum staff with multi-functions.

2. Efforts are constantly under way to attract additional traffic to the extent possible by aggressive canvassing and liaison with the Chambers of Commerce and Industries, Directors of Industries of the State Governments who have been requested to keep in mind transport capacity available on the under-utilised sections while deciding the location of new industries to be set up and liaison with Transport Authority when they are considering proposals for issue of permits.

3. However, the efforts to attract additional traffic to ensure better utilisation have to be viewed against the background of the traffic potential available in the sections, the uninhibited competition posed by road hauliers who operate without any let or hindrance with no regulation even on long distance while capacity is available on the Railways, availability of wagons and locomotive power, the commitment of the Railways to carry essential commodities such as food-grains, fertilisers, cement, coal, ores etc.

4. The suggestion of the Committee to introduce, on an experimental basis, a system of issuing tickets in the train itself as in a bus or a tram car as a measure of economy and reducing ticketless travel has been examined. This suggestion is not considered feasible of implementation, even on an experimental basis, on account of the following considerations:—

- (i) In regard to the economy aspect, it is pointed out at the outset that unless there is traffic justification, separate booking staff are not provided at all stations on branch lines/sections (particularly where the traffic density is low) and the staff, namely, Station Master|Assistant Station Masters, who arrange reception and despatch of trains, also sell tickets.
- (ii) It will not be practicable for one booking clerk alone to cope with passenger entraining in the entire length of the train, particularly in view of the fact that there are no separate 'Exit' and 'Entry' doors in a railway carriage as in the case of a bus or a tram car. Posting of booking staff in every compartment will not also be economical.
- (iii) The booking staff in a carriage will be in possession of a large amount of cash and would require security arrangements, since such trains often travel through sparsely populated areas. In recommendation No. 30 of the 126th Report of the PAC (5th Lok Sabha), the Committee have also stressed that measures should be taken to improve the handling and transport of cash.
- (iv) In suburban sections, where frequency of trains is generally high and overcrowding is heavy, it is not practicable for the staff to enter the carriage or issue tickets in the short stoppage of the trains.
- (v) The provisions in the Indian Railways Act (section 68) stipulate that no person shall enter a carriage for the pur-

pose of travelling therein as a passenger without a proper pass or ticket or without the permission of an appropriate railway servant.

In view of the position explained above, it is submitted for the consideration of the Committee that this suggestion may not be pursued further.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|120 (18-19) dated 9.12.1974|18 Agrahayana, 1896]

Recommendation

The Committee understand that the general concessional rates were replaced by a few specific station-to-station rates w.e.f. 1st May 1969. This was done on the basis of a review conducted in 1968 which revealed that traffic was available only from certain stations. This concession initially granted was thus evidently not based on a proper study. The Committee would like to know how the concession was initially granted and why it was not reviewed and withdrawn promptly.

[Sl. No. 24, Para 2.14 of the 120th Report of PAC (5th Lok Sabha)]

Action taken

The system of quoting lumpsum wagon load rates for fresh fruits has been in vogue on the Railways for several years as a matter of policy followed by the Railway Board.

It was for this reason that the Western Railway had made these rates applicable to banana traffic from all B. G. stations to destinations situated more than 320 kms. away.

When the Western Railway made the review in 1968 and limited the concessional rates to only three booking stations, it was not the intention to withdraw the facility and in fact, the concession was not withdrawn. It was only made applicable to these stations where it was found to be useful.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|120 (23-24) dt. 3.10.74/16 Asvina, 1896]

Recommendation

According to the working agreement between the Southern Railway and the Madras Port Trust Railway, free time of 21 day light hours is allowed in respect of loaded wagons received and back loaded by the Port Trust. For wagons detained beyond the free time, the Port Trust is liable to pay hire charges. In August 1963, the Divisional Operating Superintendent, Madras Division locally authorised the released wagons being detained by the Madras Port Trust for maximum period of 12 hours in addition to the normal free time already admissible to them. The financial implications so varying the free time allowed to the Port were not worked out nor was the prior approval of the competent authority obtained and the agreement amended. Further although it was decided by the Southern Railway Administration in October, 1965 to withdraw the facility it was given effect to only in June 1967. Strangely enough the relevant records are stated to be not available to find out how such lapses took place. The matter requires thorough investigation with a view to fixing responsibility although it is fairly evident on the face of it that the major responsibility was that of the then Divisional Operating Superintendent.

[S. No. 29 Para 2.39 of 120th Report of PAC (Fifth Lok Sabha)].

Action taken

The Committee have held that the Divisional Operating Supdt. Madras Division, Southern Railway, in authorising the Madras Port Trust Railway to retain the wagons for an additional period of 12 hours beyond the normal free time did not work out the financial implications of varying the free time, did not obtain prior approval of the competent authority for it and did not amend the agreement. The position in regard to these items has been explained in the written answers to the points.

It is again submitted that the temporary extension of free time was allowed by Divisional Operating Supdt. Madras Division on two grounds viz (i) cross haulage of empties could be avoided and (ii) pressure on Royapuram Yard could be kept down. It would be appreciated that this was done at the initiative of Southern Railway and not that of the Madras Port Trust Railway. Although the relevant records are not available, it is the Southern Railway that has derived benefit out of this arrangement.

As regards the failure to obtain the prior approval of the competent authority, it is submitted that the operational advantages to be

derived were so obvious to the Divisional Operating Supdt. that it is likely that he did not think of referring the matter to the superior authority. It may, however, be mentioned that the matter was reviewed at a meeting held on 30.10.1967 with the Port Authorities at which the Chief Operating Supdt. was present, and the position was confirmed. It was however decided that, in future, such extension of free time would be allowed only by the Headquarters Office vide copy of minutes of this meeting (enclosed Annexure). From this it is clear that the head-quarters office accorded post facto approval to the arrangements made by the Divisional Operating Supdt.

In regard to the amendment to the agreement, it is submitted that as this was a very temporary arrangement subject to a review from time to time, the question of amending the arrangement formally was not considered.

The action of the then Divisional Operating Supdt. has to be considered in the light of his objective to gain overall advantage to the Southern Railway. As the Divisional Operating Supdt. is the officer in charge of the day-to-day movement of wagons to and from the Madras Port, his opinion and judgement has to be given due weight.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|120
(29-30) dated 9.11.1974|16 Kartika 1896].

ANNEXURE

NOTES OF DISCUSSION AT A MEETING HELD AT 11.30 A.M. ON MONDAY THE 30TH OCTOBER, 1967

A meeting was arranged between the Representatives of the Southern Railway and the Madras Port Trust at the Office of the Chairman, M.P.T., to consider the question regarding the free time for loading|unloading of wagons at the Madras Harbour and certain other issues when there were present:

- | | | |
|----|--|-----------------------|
| 1. | Shri V. Karthikeyam, IAS, Chairman, | Madras Port
Trust. |
| 2. | „ T. K. Parameswaran Nambiar, Secretary, | „ |
| 3. | „ V. A. Jayawant, Traffic Manager | „ |
| 4. | „ L. N. A. Krishnan, Financial Adviser and Chief accounts
Officer | „ |
| 5. | „ S. Yegnanarayanam, Dy. Traffic Manager | „ |
| 6. | „ A. Padmanabha, Asstt. Secretary | „ |

- | | | |
|-----|--|---|
| 7. | Shri J. Rama Rao, Financial Adviser & Chief Accounts Officer, Southern Railway | |
| 8. | „ S. Rajagopalam, Chief Operating Supdt. | ” |
| 9. | „ K. J. Chandy, Chief Comml. Supdt. | ” |
| 10. | „ V. Venkataramam, District Operating Supdt. (Goods) | ” |
| 11. | „ S. Ramaswamy, Dy. Financial Adviser | ” |
| 12. | „ K. S. Shankaraiya, Senior Comml. Officer (Rates) | ” |
| 13. | „ A. Krishnamurthy, Asstt. Accounts officer | ” |

The following were the items on the agenda and they were all discussed one by one

- | | | |
|-----|---|--|
| 14. | Waiver of hire charges in full on foreign Railway wagon loaded with Food and Fertilisers. | |
|-----|---|--|

ITEM NO: 4— WAIVER OF HIRE CHARGES IN FULL ON FOREIGN WAGONS LOADED WITH FOOD AND FERTILIZERS.

This question arose out of the issue of an instruction by the Divisional Operating Superintendent, Madras, in August, 1963, for the retention by the Trust of the released empties for loading food, fertiliser and railway coal so as to avoid cross working. Subsequently, the concession was withdrawn. The Trust requested full remission of the demurrage charges in respect of such wagons detained inside the harbour, based on the above instructions of the D. O. S.

After discussion, it was agreed that the Railway would honour the commitment entered into by its officer for the period the said instruction was in force. For the future, it was made clear, that orders issued from Headquarters Office of the Southern Railway only should be taken cognizance of in the matter of retention of wagons to avoid cross working.

After going through the information furnished by the Railway Board, the Committee receive an impression that in respect of empty wagons returned by the Port Trust beyond 11 hours but within 21 hours upto July 1963 and after June 1967 and 33 hours between August 1963 and May 1967 no hire charges were recovered. The hire charges ought to have been recovered as out of the free time only 11 hours were allowed for unloading and the balance was for reloading. If it was not done, the wagon turn-round must have been affected very badly, beside loss of hire charges. The Committee would, therefore, like to know the actual position in this regard.

(S. No. 30, Para 2.40 of 120th Report of PAC-Fifth Lok Sabha).

Action taken

According to the working agreement, the free time allowed on loaded wagons returned empty is 11 day-light hours. The Southern Railway have confirmed that during the period upto July 1963 and from June 1967, hire charges due as per the agreement have been recovered in respect of loaded wagons returned empty which were detained by the Madras Port Trust beyond 11 day-light hours.

The grant of extra free time of 12 hours which operated during the period August 1963 to May 1967 viz. 33 hours in total was for loaded wagons returned with loads by the Port Trust. There is no question of this extra time being made applicable to wagons returned empty.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|120
(29-30) dated 3.11.1974|16 Kartika 1896]

CHAPTER IV

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

The Committee are surprised to note that the frauds and misappropriation in the Budge Budge Goods Office spread over a period of years could not be detected either by Traffic Accounts Officer or by the Inspecting officials of Commercial and Accounts Departments. As the prescribed checks are stated to be adequate to detect irregularities of the type mentioned in the Audit paragraph, the Committee can only conclude that there has been an unaccountable failure of the machinery. Unfortunately the responsibility for the failure to spot the fraud and misappropriations has not yet been finally determined. Further, the assessment of the amount involved and the period over which the fraud was perpetrated are also still being inquired into. The Committee are perturbed to note that during the period from March 1971 back to October 1967, which has so far been reviewed, a sum of Rs. 3.35 lakhs is stated to have been misappropriated. They desire that the findings of the enquiry committee consisting of the Divisional Commercial Superintendent, Sealdah and Senior Accounts Officer (Traffic) as also the action taken thereon for fixing individual responsibility, including that of the supervisory officials, should be intimated to them within 3 months.

(S. No. 34, Para 2.62 of 120th Report of PAC Fifth Lok Sabha)

Action taken

As desired by the Committee an extract of the findings of the Enquiry Committee consisting of Divisional Commercial Supdt., Sealdah and Senior Accounts Officer Traffic and also the action taken thereon is enclosed as Annexures 'A' and 'B'.

As a result of further investigations carried out by the Eastern Railway, the total amount misappropriated stands at Rs. 3,40,858.40 with reference to available records.

[Ministry of Railways (Rly. Board) D.M. No. 74-BC-PAC|V.|120
(34) dated 13|16 December, 1974|22|25 Agrahayana 1896]

ANNEXURE 'A'

EXTRACTS FROM THE REPORT OF THE FACT FINDING ENQUIRY BY SENIOR SCALE OFFICERS IN CONNECTION WITH MISAPPROPRIATION OF RAILWAY CASH AT BUDGE BUDGE GOODS SHED, EASTERN RAILWAY

(D) Findings

Having examined the different staff of Budge Budge station who worked during the material period and scrutinising the relevant available documents and enquiry report of the Commercial and Accounts Inspectors, the Committee find the undernoted staff responsible on different counts as indicated against each:—

- (1) Shri Panchu Gopal Das, working as Sr. Goods Clerk (Inward) at Budge Budge was responsible for falsification of records and misappropriation of Rs. 2,66,515.40, the freight charges of inward goods by keeping the related inward to-pay invoices as outstanding in accounts and Rs. 68,955.00, in respect of some Inward to-pay invoices by keeping them out of account, though the said amounts were duly paid for by the siding holders.
- (2) Sri Sheikh Shah Jamal working as Commercial Clerk (Inward Goods) at Budge Budge is responsible for aiding and abetting Sri Panchu Gopal Das, Sr. Goods Clerk in committing the fraud.
- (3) Sri Kartic Chandra Dey, who worked as Commercial Clerk (Inward Goods) for sometime during the material period did not follow the extent rules and procedure and thereby he helped Sri Panchu Gopal Das in misappropriation of the aforesaid amount.
- (4) Sri A. K. M. Kashimuddin, Chief Goods Clerk Budge Budge Goods during the material period, did not exercise any supervision whatsoever over the Inward Goods Shed working and also did not undertake any check on books and records of the Goods Shed, as was required under extent rules/orders and expected of an incharge of the Goods Shed having 38 years of service at his credit. Sri Kashimuddin is found responsible for—
 - (a) not exercising any check, before accepting the days' cash collection from the inward Goods Clerk, to satisfy himself that cash as entered in the Goods Cash Book

by the Inward Goods Clerk did represent the entire cash collection made by him on respective dates, thereby failing to detect and prevent the mis-appropriation of railway cash committed by Sri P.G. Das.

- (b) for not pursuing with the mill authorities himself, for payment of outstanding railway dues as per outstanding book or the entries in the siding registers in respect of unlinked inward wagons, placed and unloaded at mill sidings.
- (5) Sri Debendra Chandra Das, who worked as CGC|Budge Budge for 4 months in 1969 failed to exercise supervisory check over the work of inward goods transactions and did not satisfy himself that the cash entered in the Goods Cash Book by Sri Panchu Das did represent the actual cash collection made by him, thereby failing to detect and prevent the fraud. He is also responsible for not checking the Money Receipts issued by the above named staff.
- (6) Sri K. P. Roy Chowdhury who was TI(C)|Sealdah from Aug|69 to Nov|71 did not undertake commercial inspection of Budge Budge Goods during this period. He is also responsible for not making timely enquiries into the irregularities mentioned in the Serious Irregularity Statements of the TI(A)s made over by the Commercial Branch of D.S. Office|Sealdah to him.
- (7) Sri J. B. Mukherjee, ex-Supervisory Station Master Budge Budge:—Sri J. B. Mukherjee who was Supervisory Station Master/Budge Budge during the material time is found responsible for not exercising adequate supervision and occasional checks on the books and records of Budge Budge Goods Shed as is required to be done in terms of T.A.O. 919, as reiterated in para 8 of Joint Procedure Order (for station cash handling etc.) Pt. I.

(F) Responsibility of TI(A)s

The question of responsibility of TI(A) was examined in this context. Sri S. K. Basu, TI(A) who was responsible for undertaking accounts inspection of Budge Budge Goods, is found to have undertaken checking of money receipts issued on 20th November, 1970, 11th April, 1970, and 22nd November, 1969, on which dates

misappropriation of cash was committed by Goods Clerk (Inward). A TI(A) has to undertake, in course of his inspection, the check of money receipts issued with reference to connected entry in the Goods Cash Book, Money Receipts for check by TI(A) are the respective record foils of the money receipts, which in this case are not available, since these were missing from Budge Budge Goods Shed and the loss was reported on 5th April, 1971. However one of the concerned used up Money Receipt Books containing record foils of money receipts from 577650 dated 3rd March, 1971, to 577699 dated 24th March, 1971 could be traced out by the investigating inspectors. From this book it transpired that though record foils Nos. 577665 dated 6th March, 1971 and 577692 dated 20th March, 1971 were issued for Rs. 3,402|- and Rs. 1,395|- respectively receipt foils of these money receipts issued to parties showed the amounts to be Rs. 5,294|- and Rs. 2,989|1 respectively. Particulars of Railway Receipts mentioned in the two foils of money receipts (i.e. record foil and receipt foil) were same in a few cases, while those did not tally with each other in other cases. This shows that the Goods Clerk (Inward) was in the habit of issuing money receipts by entering particulars of different railway receipts in two foils of same money receipts. In the absence of record foils of money receipts checked by the TI(A) it could not be ascertained if there was any manipulation or not in preparing the two foils of same money receipts. As such, the responsibility on Sri Basu cannot be pinpointed when the records are not available. Besides he submitted Irregularity Statement in form AC(T)T29 which called for action in receipt of unlinked wagons made over to Siding holders. As he carried out the prescribed checks as per extent orders of the Accounts Department he cannot be held responsible for failure in preventing or detecting the fraud.

(G) *Notes to Administration.*

(i) Since Sri K. P. Roy Chowdhury took over as the CTI of Budge Budge station on and from 20-8-69, the question of responsibility of his predecessors has also been gone into. Sarvashri C. Gomes and N. G. Mukherjee worked as CTI of this station for very brief periods viz. from 23-5-69 to 5-6.69 and from 7.6.69 to 19.8.69 respectively. Prior to Sri Gomes, Sri S. N. Bhattacharjee was the Sectional CTI for about 2 years. Since he retired from service in 1969, no action can be taken against him at this stage.

(ii) It is primarily for the Outstanding Inspector to clear outstanding on analysing the position from month to month and contacting siding holders for realisation of outstanding railway dues. It

is also his duty to ensure that adequate steps are taken by station staff for clearance of outstandings, specially those items, which have been running for more than three months. The then Outstanding Inspector, Sri Kalidas Banerjee had failed in this respect. No action can, however, be taken against him at this stage, since he had already retired from service.

(iii) From the statement of Sri Govinda Chandra Bhadra and Sri Manoranjan Chakraborty, Clerks D.S. Office, Sealdah it is seen that Serious Irregularity Statements of TI(A)s were not promptly and timely dealt with. For lapses, if any in this regard D.S. may kindly examine and take necessary action as considered fit.

(iv) *Accounts Office*: As regards non-detection of the fraud in internal check in Traffic Accounts Office in respect of the cases where Invoices were not accounted for, Dy. CAO/TA may kindly examine the lapses, if any on the part of the Accounts Office staff and action taken as considered necessary.

ANNEXURE 'B'

ACTION TAKEN ON THE STAFF HELD RESPONSIBLE BY THE ENQUIRY COMMITTEE

Section 'D' Findings

1. Shri Panchu Gopal Das, Sr. Goods Clerk (Inward) at Budge Budge was convicted by the Special Court on 6.2.1974. He has, however, preferred an appeal and in terms of Ministry of Home Affairs' O.M. No. 43/57/64-AVD(III) dated 11-9-1969 action for dispensing with his services cannot be taken till this appeal is disposed of.
2. Shri Seikh Shah Jamal, Commercial Clerk (Inward Goods) at Budge Budge, was found responsible for aiding and abetting misappropriation by keeping the invoices as outstanding account. Disciplinary action for imposition of major penalty is being processed against him. This is as a result of revision of enhancement of penalty proposed by the Competent authority.
3. Shri Kartick Chandra Dey, Commercial Clerk, (Inward Goods) at Budge Budge died on 7.10.1973 and hence no action is necessary.
4. Shri A. K. M. Kashimuddin, Chief Goods Clerk at Budge Budge, has been allowed to retire on revocation of orders of suspension

after much beyond the date of superannuation. For his failure in supervision, a part of his special contribution to P.F. is proposed to be forfeited by the competent authority.

5. Shri Debendra Chandra Das, Chief Goods Clerk, Budge Budge has been found responsible for his slack supervision and disciplinary action against him for imposition of minor penalty is being processed.

6. Shri K. P. Roy Chowdhury, T.I(C)/Sealdah, on review, finally held as not responsible. No further action is being taken against him.

7. Shri J. B. Mukherjee, Ex. Supervisory Station Master, Budge Budge was held responsible for not exercising adequate supervision and occasional checks. Disciplinary proceedings have been initiated against him by the competent authority.

Section 'F'—Responsibility of TI(A)s.

In regard to the fixation of responsibility of supervisory staff of the Commercial Department and Inspectorial staff of the Commercial and Accounts Department, the matter is under examination by the Chief Commercial Supdt. and the Financial Adviser and Chief Accounts Officer.

Section 'G'—Notes to Administration

The present position in respect of 3 staff, who were also found responsible by the Senior Scale Officers' Enquiry Committee as per their Notes to Administration, is also indicated below:—

- | | |
|----------------------------------|--|
| (1) Shri Manoranjan Chakravorty, | } Dealing Assistants,
DS Office, Sealdah. |
| (2) Shri Govinda Ch. Bhadra, | |

Both of them were found responsible for their failure to process the Part IV report containing serious irregularity statement promptly. Disciplinary proceedings for minor penalty have been initiated.

- (3) Sri Kali Das Banerjee, outstanding Inspector, Sealdah retired from Railway service prior to the receipt of the Joint investigation Report of the Inspectors. Hence, although found responsible by the Senior Scale Officers' Enquiry Committee, no action could be taken.

The reason how the fraud could not be detected in the Traffic Accounts Office has been gone into by the Eastern Railway. In view of the fact that the fraud was committed by keeping the amount outstanding it would not have been possible for the Traffic Accounts Office to detect the fraud. As such, there was no failure on the part of that office and no responsibility could be fixed on the Traffic Accounts staff.

}

CHAPTER V

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

Recommendation

The value of scrap held by the Railways had also increased from Rs. 7.5 crores to Rs. 9.8 crores in 1971-72. It has further gone upto Rs. 11 crores as at the end of 1972-73. During the years 1968-69 to 1972-73 the arisings of scrap on the Railways increased by 68 per cent. In 1972-73 the arisings were of the value of Rs. 30.56 crores. The Committee feel that there should be enough scope for maximising the use of scrap for meeting Railways own requirements. The Railways should have full capacity of their own to melt and refine the scrap. The matter, therefore, requires reconsideration. The Committee should be advised of the result of such re-examination.

[S. No. 12, Para 1.51 of 120th Report of PAC—Fifth Lok Sabha.]

Action taken

The suggestion of the Committee that Railways should have full capacity of their own to melt and refine the scrap is under examination of this Ministry; the result of the examination would be advised to the Committee in due course.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC/V/120 (11-12) dated 21-11-1974/30 Kartika, 1896]

Recommendation

The Committee are informed that the percentage of total traffic which did not pay for the cost of haulage for all distances or beyond certain distances constituted about 28 per cent of the total revenue earning traffic. The Railways are incurring an annual loss of about Rs. 55 crores on the carriage of 17 low rated commodities because the tariffs rates in these cases do not even cover the cost of transportation. In the list of these commodities are included items such as sugarcane, bamboo, oil seeds and molasses. While the Com-

mittee can appreciate the need to transport essential articles particularly those meant for weaker sections of the Society such as foodgrains at concessional rates as a matter of general public interest, they do not see any reason why industrial raw material should be transported at a loss. The Committee would, therefore, urge that the Railways should ascertain the unit cost of transport of low rated items of this type and revise their tariff immediately so that at the very least no loss is incurred. In regard to most such items the Committee consider that it should be possible to raise the rates without loss of traffic. The rate structure in fact should be rationalised so that without imposing unfair or unreasonable burden on the commodities affected, Railways are protected from avoidable loss.

[S. No. 13, para 1.65 of the 120th Report of the P.A.C.
(5th Lok Sabha)]

Action taken

As suggested by the Committee the question of revision of freight rates in respect of bamboos and molasses has been examined. It has been decided to raise the classification in respect of bamboos and molasses w.e.f. 1-9-1974 and 1-10-1974 respectively. In respect of sugarcane, the traffic which is mostly dealt with on the N.E. and Northern Railways is showing a downward trend and any increase in the freight rate may aggravate the situation. The matter is under consideration.

The question of revision of rates in respect of oil seeds is under consideration.

The question of rationalisation of the freight rate structure is also examined from time to time. Particularly at the time of framing budget proposals. Opportunity is taken on that occasion to bring up the freight rates closer to the line haul costs. Exceptions are however made in cases of commodities which are of common use by the general public, particularly foodgrains, pulses, edible oils, etc. The recent proposals announced by the Railway Minister in the Parliament on 21-8-1974 took into account the basis mentioned by the Committee in their recommendation.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 74-BC-PAC/V/120
(13) dated 23-9-1974/1 Asvina 1896.]

Recommendations

1.85. The Committee note with concern that the expenditure on repairs and maintenance rose to Rs. 272.74 crores in 1971-72 as against Rs. 248.53 crores in 1970-71. Out of the total expenditure during these years maintenance of track alone accounted for as much as Rs. 96.80 crores and Rs. 93.06 crores respectively. Moreover, the maintenance cost per equated track kilometre has gone up in 1971-72 as compared with the cost in 1970-71. It is to be regretted that the increase has occurred despite the fact that Railways have taken several measures such as 'Directed maintenance of track', 'Measured shovel packing' and use of long welded rails which are aimed at bringing down the expenditure on maintenance and repairs of track. The Committee desire that efforts should be made to reduce the maintenance cost more effectively. The committee should be advised of the results achieved.

1.86. The Railway Board have stated that while appreciable improvements in standards of maintenance have already been recorded, no quantified assessment of the effect of improved measures of maintenance of track on the cost of maintenance has so far been undertaken. As reduction in cost was one of the justifications for the introduction of these methods the Committee would like the Railway Board to carry out such an assessment. In case the assessment reveals a reduction in the cost of maintenance, the improved methods of maintenance of track should be introduced on a wider scale so as to derive the maximum benefit.

[Sl. Nos. 20 & 21, Paras 1.85 & 1.86 of the 120th Report of PAC
(5th L.S.)]

Action taken

1.85. The figure of Rs. 86.86 crores given as expenditure for 1971-72 represents the cost of maintenance of all assets under the charge of Civil Engineering Department which includes track as well as other structures and also dearness allowance including interim relief. If the figures of dearness allowance and interim relief are excluded, the cost of repair and maintenance for the year 1970-71 and 1971-72 would work out to Rs. 66.00 crores and Rs. 68.44 crores respectively. The annual expenditure on track A2110 alone for the years 1971-72 and 1970-7 is Rs. 36.85 crores and Rs. 34.49 crores respectively. The increase on cost of maintenance per ETKM is due to the increase in the wages of staff which forms a major portion of the total expenditure on track maintenance. Besides this inflationary factor, increase in cost of track maintenance on certain Railways is also on

account of floods, breaches and other factors which cannot be controlled. Introduction of measures such as LWR,DTM,MSP etc., require additional initial expenditure and only after gaining experience and stabilisation of new systems of maintenance after a period can results be felt. The stretches covered so far are too small and too recent to reflect the savings in cost of track maintenance. To be effective these measures will have to be extended in sufficiently long and continuous stretches to cover appreciable portion of the Railway gradually depending upon the availability of resources.

However, the views of the Committee to reduce the cost of track maintenance are noted and the Committee will be advised of the results achieved in due course.

1.86. Improved measures of maintenance of track are being introduced in order to ensure adequate standards of maintenance in the context of increasing traffic. So far such measures cover only small sections of the Railways. These are being gradually extended. Quantified assessments of some of the benefits can be undertaken as the improved practices are well established over long stretches. Studies for this purpose have to extend over a long period and are being initiated.

This has been seen by Audit.

[Ministry of Rlys Rly. Board) O.M. No. 74-BC-PAC'V|120(20-21)
dated 30.10.74|8 Kartika, 1896].

Recommendations

20.21. The Committee are unhappy to note that in July 1970 when the tariff of 50 paise per kilometre in respect of travelling expenses of Railway staff accompanying the wagons loaded with consignments exceeding the maximum moving dimensions was notified no procedure was laid down by the Railway Board for watching the realisation of travelling expenses of Railway staff. Further the instructions for the recovery of such expenses laid down by the Southern Railway in July, 1971 were found to be defective and had to be revised in July, 1972, i.e., just after one year of issue. A sum of Rs. 4.73 lakhs is stated to have been under realised on Southern Railway alone during the period from 1st July, 1970 to September 1971. The Committee desire that the review of transactions from September, 1971 onwards on Southern Railway may be completed early to determine the total extent of undercharging. Necessary steps for the realisation of these undercharges may also be taken.

2.22. The Committee would also like to suggest that a comprehensive review of the transactions on all stations of the South Central Railway, which is stated to be in progress, may be finalised soon and similar reviews on other Zonal Railways be undertaken to determine the undercharges on this score and to realise them.

2.23. The Committee suggest that in future the Railways should lay down both clear procedures and points of collection of such special charges *ab-initio*.

[Sl. Nos. 25, 26 and 27 Paras 2.21, 2.22 and 2.23 of 120th Report of PAC (5th L.S.)].

Action taken

Para 2.21. The observations of the Committee have been noted and the same also brought to the notice of the Southern Railway for implementation.

Para 2.22. The observations of the Committee in so far as these concern the South Central Railway have been brought to the notice of that Railway for implementation.

As regards the need for similar reviews it is stated that other Zonal Railways have been advised to undertake similar reviews to determine the undercharges, if any, on this score and to realise them.

Para 2.23. The observations of the Committee have been noted. The matter has been referred to the Commercial Committee of the Railways to ensure that there is no practical difficulty in the procedure laid down for collection of any special charge.

This has been seen by Audit who have stated that the result of review being conducted on different Railways may be advised to Public Accounts Committee in due course.

[Ministry of Railways (Railway Board) O.M. No. 74-BC-PAC|V| 120 (25—27) dated 28.10.1974|6 Kartika, 1896].

Recommendations

The Committee regret that the economics of transshipment at Itwari Station under chute arrangement *vis-a-vis* manual labour worked out by the Railways did not take into account the under-utilisation of P.G. wagons and the capital cost of the chute arrangement. The uneconomic practice resulted in extra expenditure of

Rs 1.68 lakhs during 1969 beside, loss of revenue. The Committee view this aspect very seriously. They would deprecate the adoption of labour saving devices unless they are very much demonstrably advantageous financially to a significant extent. No other policy approved could be sustained in the face of the widespread unemployment/under employment that obtains today in the country. The Committee would suggest that the position should be reviewed in respect of all the transshipment points with a view to weeding out un-economic practices. The emphasis should be on creating job opportunities and improving wagon utilisation.

[Sl. No. 28, Para 2.29 of the 120th Report of PAC (5 LS)]

Action taken

The observations of the Committee have been noted and also brought to the notice of the Railway Administrations vide Railway Board's letter No. 74.TGIV|6|14|PAC dated 13-8-74 (Copy enclosed Annexure).

This has been seen by audit.

[Ministry of Railways (Railway Board) O.M. No. 74-BC-PAC|V.120 (28), dated 5.10.1974|13 Asvina, 1896].

ANNEXURE

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(Railway Board)

No. 74.TGIV|6|14|P.A.C.

New Delhi dated 13.8.74.

The General Managers.

All Indian Railways.

SUBJECT—Under-utilisation of B.G. wagons at transshipment points—prevention of P.A.C.'s recommendation.

Extracts of paragraphs 2.24 to 2.29 of the Public Accounts Committee's 120th Report (1973-74) containing their observations|recommendations regarding transshipment of manganese ore from N.G. to B.G. wagons at Itwari station on the South Eastern Railway are enclosed. The recommendations made by the Committee in paragraphs 2.29 of the Report have been accepted.

2. The Board desire that whenever Railways propose to introduce mechanised arrangements for the transshipment of consignments at any transshipment point in future, the comparative economics of

such mechanisation *vis-a-vis* manual transshipment should be carefully worked out taking all relevant factors into account, such as—

- (a) capital cost of the highline|equipment etc., involved in mechanised handling;
- (b) carrying capacity of the wagons utilised on the different gauges;
- (c) loss likely to accrue due to deployment and haulage of more wagons of higher gauge than necessary as a result of under-utilisation of the carrying capacity of such wagons as normally under gravity mechanical transshipment we can tranship in the ratio of 1 B.G. for 1 M.G. or N.G. only.
- (d) cost of labour required;
- (e) likely loss of earnings due to extra detention of wagons etc.

3. The Board further desire that wherever mechanised transshipment is already in vogue the position should be reviewed in the light of the above observations, with a view to weed out uneconomic practices. The review may please be completed as early as possible and a report furnished to Board.

Meanwhile, receipt of this letter may be acknowledged.

Sd/-

(P. V. Vaitheeswaran),
Jt. Director, Traffic (G) II,
Railway Board.

DA/As above.

No. 74-TG IV|6|14|PAC.

New Delhi, dated 13.8.74.

Copy to B(C) Branch, Copy with 40 spares is forwarded to the ADAI (Railways), New Delhi.

Sd/-

(P. V. VAITHEESWARAN)
Jt. Director Traffic (General) II,
Railway Board.

DA/As above.

South Eastern Railway—Underloading of B.G. wagons carrying manganese ore..

Audit Report.

2.24. Manganese ore booked from four stations on the N.G. Section of Nagpur Division of South Eastern Railway is transhipped from Narrow Gauge to Broad Gauge wagons at Itwari station. The transshipment was being done either by placing Narrow Gauge hopper wagons on a chute line and then discharging the ore into

B.G. wagons placed underneath or through manual labour. Under the former arrangement, the contents of only one N.G. hopper wagon could be transhipped into one B.G. wagon. The average carrying capacity of a B.G. wagon being 22 tonnes as against 16.5 tonnes of N.G. hopper wagon, this resulted in under loading of B.G. wagons to the extent of 5.5 tonnes per wagon. In case of transhipment by manual labour, it is generally possible to tranship the contents of 3 N.G. wagons into 2 B.G. wagons. Thus, the use of the chute line for transhipment resulted in under utilisation of B.G. wagons, apart from lack of flexibility and detention to N.G. wagons, as only B.G. open wagons could be used for such transhipment, unlike manual system where other types of B.G. wagons could also be used. Still the chute arrangement was utilised mostly till December, 1969, and from January, 1970, the bulk of transhipment of manganese ore is being done by manual labour.

2.25. Though the Ministry of Railways (Railway Board) stated in January, 1971, that mix up of consignments at the transhipment point is not permissible, it was, however, found that clubbing of consignments was possible in cases where 3 and more N.G. wagons had been booked under the same invoice from the same originating station to the same destination station. Assessed on this basis, the contents of 1879 N.G. wagons handled on chute line during the year 1969 could have been transhipped into 1473 B.G. wagons instead of 1879 actually used. Thus 406 B.G. wagons were found to have been used in excess of requirements. The cost of haulage of these B.G. wagons works out to Rs. 1.87 lakhs. After allowing for the elements of additional expenditure involved in manual handling and excess detention to wagons involved in this process, the extra haulage cost to the railway is estimated at Rs. 1.68 lakhs for the year 1969.

[Paragraph 32 of the Report of the Comptroller and Auditor General of India for the year 1971-72—Union Government (Rlys.)]

2.26. The Committee asked whether the economics of transhipment under chute arrangements *vis-a-vis* through manual labour were worked out at any stage and if so, which of the two modes was found to be economical. In a note, the Railway Board have stated: "Economics of the two systems have been worked out and it has been found that it is more economical to do transhipment by chute arrangements. Manual transhipment results in extra shunting and extra detention to stock. For 1879 Narrow Gauge Hopper wagons which were transhipped at Itwari during the period from 1st January, 1969 to 18th December, 1969, there would have been

additional handling cost to the extent of Rs. 8,773 (Appendix III) and additional detention cost to the extent of Rs. 10,471 (Appendix IV), if the same had been transhipped manually."

2.27. On being asked as to why the Railway Administration switched over to transhipment by manual labour from January, 1970, the Railway Board have in a note stated: "During the year 1969 chute transhipment was done at Itwari. In this period manganese ore was loaded only in Narrow Gauge Hopper wagons and transhipped into Broad Gauge open wagons by chute transhipment. There was no alternative use for the Narrow Gauge Hopper wagons in this period. This method of transhipment was also easier and less time consuming.

But from January, 1970, Narrow Gauge Hopper wagons were partially diverted for coal loading for the Khaprekhedda Power House where facilities for bottom discharge had been provided. This resulted in partial loading of Manganese ore in general service Narrow Gauge bogie open wagons and consequent manual transhipment at Itwari. This partial loading of Manganese ore in Hopper wagons continued to be done right upto 1972 depending upon the availability of such wagons.

It may be seen that the diversion of Narrow Gauge wagons for loading of coal was incidental and led to manual transhipment but this had the following two advantages:

- (i) The carrying capacity of the general service Narrow Gauge wagons was higher than that of the Hopper wagons.
- (ii) Transhipment could be done into both covered and open Broad Gauge wagons manually."

2.28. The Committee desired to know whether the arrangement for manual transhipment was still continuing and whether the capacity of the broad gauge wagons was being utilised fully. In a note, the Railway Board have stated: "Now only manual transhipment is being done at Itwari. It is not possible to utilise fully broad gauge wagon capacity even in manual handling for the following reasons:

- (a) Narrow gauge wagons should be received in groups of three booked from the same station to the same destination and having the same consignor and the same consignee if the ideal ratio of 3.2 is to be achieved. Such consignments are few. During the year 1969, there were

only 53 such consignments, out of which only in case of 32 consignments wagons were received in one hook at the transshipment point.

(b) As the Manganese ore loaded on the Nagpur Division of South Eastern Railway is of different grades and as grades of ore are not declared by the consignors, it is not possible to mix up the different consignments at the transshipment point. Such mixing would be necessary if more than one narrow gauge wagon is to be transhipped into the same broad gauge wagon or if a better ratio is to be achieved.

(c) Carrying capacity and the types of narrow gauge open wagons currently being utilised on Nagpur Division of the South Eastern Railway for the loading of Manganese ore are given below:

Type	Total No. available	Carrying capacity	IRS/Non-IRS
1. BBS/BKC	255	17.5	Non-IRS
2. SBS/BKC	65	17.5	Do.
3. SPI/BKC	19	17.5	Do.
4. OL/BKC	245	23.48	IRS

In the case of IRS type narrow gauge wagons which are 42 per cent of the total availability of the narrow gauge open wagons used for loading of ore, the broad gauge wagons capacity is fully utilised. In case of non-IRS type narrow gauge wagons, which have a carrying capacity of 17.5 tonnes on an average, it would not be possible to utilise fully the capacity of broad gauge wagons which have an average carrying capacity of about 22 tonnes. Three such narrow gauge wagons cannot be transhipped into two broad gauge wagons and as such a third broad gauge wagon would be necessary.

It is pointed out that underloading of broad gauge wagons at a transshipment point is inherent in the transport of commodities, particularly those which move in the bulk."

2.29. The Committee regret that the economics of transshipment at Itwari Station under chute arrangement *vis-a-vis* manual labour worked out by the Railways did not take into account the under-

utilisation of B.G. wagons and the capital cost of the chute arrangement. The uneconomic practice resulted in extra expenditure of Rs. 1.68 lakhs during 1969 beside, loss of revenue. The Committee view this aspect very seriously. They would deprecate the adoption of labour saving devices unless they are very much demonstrably advantageous financially to a significant extent. No other policy approved could be sustained in the face of the widespread unemployment|under-employment that obtains today in the country. The Committee would suggest that the position should be reviewed in respect of all the transshipment points with a view to weeding out uneconomic practices. The emphasis should be on creating jobs opportunities and improving wagon utilisation.

2.51. The facts brought out in this case indicate that the procedure laid down in the Indian Railways Commercial Manual Vol. II in regard to despatch of transit invoices was not acrupulously observed by all concerned. The Committee would like the Railway Administration to fix responsibility and take suitable disciplinary action against the delinquent officials.

2.52. The Committee would also like to be apprised of the outcome of the court case and of the action taken against the responsible official who delivered the consignment without collecting Railway Receipts and without obtaining party's signature.

[S. Nos. 32-33, Paras 2.51-2.52 of 120th Report of PAC—Fifth Lok Sabha].

Action taken

2.51. The observation of the Committee has been brought to the notice of the Southern Railway who are taking up the matter with the concerned staff in this case.

2.52. The appeal filed by the Railway in the Bombay High Court is still pending.

As regards disciplinary action against the staff for delivering consignments without collecting Railway receipts and without obtaining party's signautre, the same has been kept pending and will be finalised after the court case is decided that the disciplinary action does not prejudice the Court case. A further advice in this respect will follow as soon as the Court case is decided.

This has been seen by Audit.

[Ministry of Railways (Rly. Board) O.M. No. 74-BC-PAC|V|
120(31-33), dated 16-8-74|25 Sravana, 1896].

Recommendations

2.70. The Committee are distressed to learn that a review during the period between April, 1970 and September 1971 revealed as many as 116 cases of deliveries of consignments on forged railway receipts in practically all the Zonal Railways. The compensation claims preferred against the Railways in 81 cases were to the extent of Rs. 13.59 lakhs. The Committee would like to know the claims in respect of the remaining cases and the total amount paid.

2.71. The Committee are convinced that fraud of this kind cannot be so widespread without the active connivance of the Railway staff. What is disturbing is that there seemed to have been no effective supervision by the officials. Earlier, after examining similar cases the Committee had in their 60th Report (IVth Lok Sabha) called for exemplary action to prevent instances of negligence or connivance on the part of the railwaymen involved. It is indeed surprising that out of 116 cases mentioned in the foregoing paragraph, in as many as 54 cases even the persons involved have not been identified, much less of action being taken against them. The fraud came to light as long ago as 1970. The Committee therefore, take a very serious view of the delay in finalisation of these cases and desire that action against the erring staff at all levels should be taken with utmost expedition as delay takes away from the deterrent effect. The procedures for handling wagons and delivering consignments should also be critically reviewed with a view to making them fool-proof and the Committee advised.

[S. Nos. 35-36, Paras 2.70-2.71 of 120th Report of PAC-Vth Lok Sabha].

Action Taken

2.70. The Railways concerned were asked to indicate the present position of 116 cases. A total claim of Rs. 15,11,843 was lodged in 100 cases on all Railways. Out of these, 44 cases were settled by payment of Rs. 3,99,070/-. The break-up of the balance 56 cases is that 7 were repudiated, 30 are *sub judice* and 19 pending due to various reasons such as police investigations being in progress, documents awaited from the party, etc.

2.71. The observations of the Committee are noted. The Railways concerned have been asked to expedite the action regarding the fixation of responsibility and finalisation of the disciplinary action, against those found guilty. The Railways have also been asked to review and streamline the procedure for delivering booked consignments. In fact, some railways have already issued detailed instruc-

tions and procedures orders in this direction while some have reiterated the instructions already existing. Wide publicity has been given through the Railway Gazette Notifications and newspapers. Supervisory Inspectors have been alerted to visit the stations frequently, make surprise checks, educate the staff and ensure the observance of the correct procedures. However, besides bringing the Committee's observations to Railway's notice, existing instructions for guarding against the delivery of consignments on forged Railway receipts have again been reiterated *vide* this Ministry's letter No. 75-BC-PAC|V|120(35-36) dt. 21.1.75 (Copy enclosed).

This has been seen by Audit who have stated that the facts and figures relating to South Central Railway are under verification by Chief Auditors of destination Railways.

[Ministry of Railways (Rly. Board) O.M.No. 75-BC-PAC|V|120 (35-36) dated 15.2.1974|26 Magha, 1896].

ANNEXURE

Government of India (Bharat Sarkar)
Ministry of Railways (Rail Mantralaya)
(Railway Board)

No. 74-BC-PAC|V|120 (35-36) N. Delhi, Dt. 20th January, 1975

The General Managers,
All Indian Railways.

SUB: Delivery of goods on forged Railway Receipts.

Extracts of paragraphs 2.63 to 2.71 from the Public Accounts Committee's Report (1973-74) regarding deliveries of consignments on forged railway receipts is enclosed as Annexure-A. It will be seen from paragraph 2.71 that the Public Accounts Committee after considering the information furnished to them, have adversely commented upon the matter regarding delivery of consignments on forged railway receipts.

2. Your attention is invited in this connection to the comprehensive instructions contained in Board's letter No. TCI|1174| 70 dt. 27th October, 1970 (copy enclosed as Annexure A) wherein the various

measures to be taken by the railway staff concerned to prevent delivery of consignments on forged railway receipts have been laid down. It is significant to mention that the instructions already laid down are very comprehensive and these instructions should be scrupulously followed.

3. The Board desire that these instructions should be repeated to the concerned staff for strict compliance adding that failure to comply with the orders would be severely taken up. It should also be laid down that the Inspecting Officials, during the course of their inspections should check, among other things, all aspects of delivery of consignments including compliance of instructions issued for prevention of fraudulent deliveries.

4. Receipt of this letter may be acknowledged.

Sd/-

(S. Gopalakrishnan)

DA: As referred to.

Jt. Director Traffic Comml. (SD).
Railway Board

No. 75-BC-PAC|V|120 (35-36)

N. Delhi, dt. 20th January, 1975.

Copy to the ADAI (Rlys), New Delhi (with 45 spare copies) for information with reference to his office UOI No. 3409—408-RAI|RR12-48|PACV|120R (35-36) dt. 6th January, 1975.

Sd/-

(S. Gopalakrishnan)

DA: As above.

Jt. Director Traffic Comml. (SD)
Railway Board.

ANNEXURE 'A'

CENTRAL, EASTERN, NORTHERN, NORTH EASTERN, NORTHEAST FRONTIER, SOUTH CENTRAL AND SOUTH EASTERN RAILWAYS—DELIVERIES OF CONSIGNMENTS ON FORGED RAILWAY RECEIPTS

Audit Paragraph

2.63. In paragraph 52 of Audit Report, Railways, 1968, a number of cases of fraudulent deliveries on forged Railway Receipts had

been mentioned. The Public Accounts Committee (4th Lok Sabha), while considering this para in their 60th Report (1968-69), observed, *inter-alia*, that exemplary action should be taken to prevent instances of negligence or connivance on the part of the railwaymen involved and that action in regard to fixing of staff responsibility should be taken expeditiously.

2.64. The *modus operandi* generally adopted in such cases is to divert consignments to stations other than those to which these have been booked and then take delivery of these stations on the basis of forged railway receipts. In a number of cases even at the original destination stations deliveries were obtained on forged railway receipts by persons other than the rightful consignees. To guard against such fraudulent deliveries the extent instructions provide that the railway receipt presented at the destination station should be compared with the invoice copy received from the forwarding station and in the cases where the invoice copy has not been received; particulars of booking should be obtained from the forwarding station, if necessary, telegraphically, or alternatively, delivery may be made after proper identification of the party seeking delivery.

2.65. A review of the position conducted over the period from April, 1970 to September, 1971 showed that a number of cases of deliveries on forged railway receipts (Goods and Parcels) continued to occur on the Railways, mainly because of failures to observe these instructions. The compensation claims, which have been preferred on Railways by the rightful owners amounted to Rs. 13.59 lakhs. The details of the cases noticed are given in Appendix V. (not enclosed).

[Paragraph 40 of the Report of the C & AG of India for the year 1971-72—Union Govt. (Rlys.)].

2.66. The Committee enquired whether it was possible to divert booked consignments to stations other than the destination stations without assistance of station/yard staff and if not what action had been taken against the staff responsible for such diversions. In a note the Railway Board have stated Wagons loads moved from yard to yard on the basis of entries on the wagon labels. Wagons can be diverted to wrong destinations, if the wagon labels are replaced. The replacement of wagon labels is possible when the trains are stabled at road side stations or stopped outside signals or when the wagons stand in the yards. Though the train crew are required to keep an eye on the wagons on the train, and Operating and Railway Protection Force staff posted in the yards are required to ensure that

no unauthorised person tampers with the wagon labels, possibility of certain outsiders who possess knowledge of railway working replacing wagon labels without the assistance and connivance of railway staff cannot be ruled out. Every case of fraudulent diversion is required into with a view to determine connivance/negligence of the staff and responsibility is accordingly fixed. Punishment commensurate with the gravity of the offence is imposed on the staff held responsible for fraudulent diversion of wagons. Staff held responsible are also prosecuted for their criminal activities.

2.67. The Audit paragraph stated that the extent instructions provide that the railway receipt presented at the destination stations should be compared with the invoice copy received from the forwarding station. Asked whether it was checked that the station staff complied with these instructions so that consignments are not delivered on forged railway receipt, the Railway Board stated:

"Inspecting officials, during the course of their inspections, are required to check, among other things, all aspects of delivery of consignments including compliance of instructions issued for prevention of fraudulent deliveries.

It may be mentioned that about 21,000 consignments (only goods) are booked and about 25,000 wagons are loaded every day."

2.68. The Committee were informed that "Out of the 116 cases mentioned in the paragraph, claims (or suits) have been lodged in 96 cases. No claim has been received by destination Railways in 19 cases. Position in respect of 1 case is being ascertained.

84 cases have been settled by payment and compensation amounting to Rs. 2,42,034 has been paid to the claimants. 8 cases have been repudiated on various grounds. 27 cases are *sub-judice*. Claims are pending in other 27 cases."

2.69. The Railway Board further stated that out of 74 cases mentioned in the Audit paragraph staff responsibility in 20 more cases has since been determined.

2.70. The Committee are distressed to learn that a review during the period between April, 1970 and September, 1971 revealed as many as 116 cases of deliveries of consignments on forged railway receipts

in practically all the Zonal Railways. The compensation claims preferred against the Railways in 81 cases were to the extent of Rs. 13.59 lakhs. The Committee would like to know the claims in respect of the remaining cases and the total amount paid.

2.71. The Committee are convinced that fraud of this kind cannot be so widespread without the active connivance of the Railway staff. What is disturbing is that there seemed to have been no effective supervision by the officials. Earlier, after examining similar cases the Committee had in their 60th Report (IVth Lok Sabha) called for exemplary action to prevent instances of negligence or connivance on the part of the railwaymen involved. It is indeed surprising that out of 116 cases mentioned in the foregoing paragraph, in as many as 54 cases even the persons involved have not been identified, much less of action being taken against them. The fraud came to light as long ago as 1970. The Committee therefore take a very serious view of the delay in finalisation of these cases and desire that action against the erring staff at all levels should be taken with utmost expedition as delay takes away from the deterrent effect. The procedures for handling wagons & delivering consignments should also be critically reviewed with a view to making them foolproof the Committee advised.

ANNEXURE 'A'

Copy of letter No. TCI/1174/70 dt. 27-10-1970 from Railway Board to the General Managers, All India Railways.

SUB: Delivery of goods on forged railway receipts.

REF: Board's letters No. (i) TCI/1174/58, dated 1-10-1959 (ii) 67B (C)—Rlys./2 dt. 7-10-1968, (iii) TCI/1039/70 dt. 30-4-1970.

The Board are concerned about the increase in the incidence of fraudulent deliveries on forged railway receipts and on Indemnity Notes. Instances have come to the notice of the Board where wagons have been wilfully diverted and delivery taken on production of indemnity notes at the stations by parties who did not have title to the goods.

2. Instructions have been repeated to the Railways *vide* Board's letter quoted above, stressing the need for exercising proper vigilance and care in delivery of goods. It is once again reiterated that a special watch should be kept by the Railways on cases of delivery against forged railway receipts and Indemnity Notes, executed by wrong parties. To prevent such frauds it should be ensured that;

- (i) The name of the forwarding stations should be printed on the Invoice Books, for as many stations as possible on each Railway.
- (ii) The month and year of printing of the Invoice Book should invariably be shown on each foil of each book.
- (iii) The existing rules regarding sending of through Invoices by post should be rigidly enforced.
- (iv) When delivery of a valuable consignment (i.e., a consignment exceeding approximately Rs. 1,000 in value) is demanded by a person not known to the station staff, delivery should not be given until the Railway Receipt is compared with the through Invoice. If the through Invoice is not available, the station staff should request the party to get himself identified by someone known to the station staff. If he refuses to do this, delivery should be given only after the Station Master is satisfied of the bonafides of the person asking for the delivery. If necessary, an urgent telegram may be sent to the sending station to get the booking particulars confirmed before delivery is effected.
- (v) The Station Master should be careful in delivering consignments which are not of a nature normally received at his station.
- (vi) If the Railway Receipt is lost delivery of parcels or goods should be granted to the consignee on execution of an Indemnity Note PROVIDED the Station Master is satisfied that the person claiming the consignment is really the consignee. In all cases where the Station Master is not satisfied that the person claiming the consignment is really the consignee, the matter should be referred to the Divisional Commercial Superintendent for orders. In no cases delivery be given by the Station Master, if it is demanded by a person not known to the Station Master. Similarly no delivery on Indemnity Note should be given for such consignments which are of nature not normally received at the station until all invoiced particulars are properly verified and party's identity established.
- (vii) It should be ensured that all important documents like Railway Receipts etc., should be kept in the personal

custody of a responsible official of the station nominated for this purpose.

(viii) Delivery on Indemnity Note should not be granted without prior permission of the Divisional Commercial Superintendent in cases:

- (a) where consignment claimed by a person other than the invoice consignee or by a person when the column of consignee on the Way Bill is erroneously left blank by the booking station,
- (b) consignments through booked from abroad,
- (c) consignments claimed by more than one person,
- (d) consignment booked to sender when the sender is not personally known at the destination station.

In cases of wrong delivery, responsibility of the staff involved in the delivery of consignments to such spurious parties should be fixed immediately and suitable action initiated against them. The Board also desire that serious notice should be taken of the negligence on the part of staff in not observing the instructions issued from time to time.

Kindly acknowledge receipt.

NEW DELHI;
April 29, 1975
 Vaisakha 9, 1897 (Saka)

JYOTIRMOY BOSU,
 Chairman,
 Public Accounts Committee.

APPENDIX

Summary of main conclusions and recommendations

S. No.	Para No.	Ministry/Dept. concerned	Conclusion/Recommendation
1	3	3	4
1	1.7	Railways	<p>The Committee note that in response to an appeal made by the Prime Minister for adopting austerity measures and achieving economy in the normal expenditure, the Ministry of Railways launched an economy drive in 1973-74. This <i>inter alia</i> aimed at a ten per cent cut on the existing Budget provision for travelling & daily allowances and contingencies, etc. besides a ten per cent cut on the Plan expenditure. As a result of these measures a saving of the order of about Rs. 20 crores in the Revenue and the Capital Expenditure of the Railways was expected to be effected during the year 1973-74. The Committee would like to be informed of the actual savings recorded during the year as a result of the various economy measures taken. The Committee trust that the economy measures will not affect job opportunities of class III and IV staff, neither anybody will be retrenched for economy.</p>
2	1.14	—do—	<p>The High Power Committee which has been set up to examine the position of inventories etc. has been in existence and at work</p>

for over two years. It ought to have been able to complete its work by this time. The Committee would like to know how much longer this High Power Committee would take to complete its work.

—do—

I.17

The Committee note that their suggestion for the establishment of full melting and refining capacity for profitable re-utilisation of scrap arising on the Railways is under examination. Having regard to the importance of the profitable utilisation of the scrap and avoidance of waste and keeping speculative activity under check, the Committee trust that this examination will be completed most expeditiously and necessary action taken thereafter. The Committee would await a further report in this regard.

I.18 Railways

Cabinet Secretariat

The Committee would also like to draw attention to their recommendation contained in paragraph 1.29 of their 121st Report (Fifth Lok Sabha). The Committee had desired therein that the Government should consider setting up a sort of Metal Bank or Clearing House so that it can be ensured that the metal, specially non-ferrous, rendered surplus or unfit for a particular use in one organisation can be profitably utilised elsewhere without being disposed of at a loss. The Committee desire that their suggestion may be processed expeditiously in consultation with all organisations/departments in which scrap arise and the departments where such scrap is likely to be utilised by re-conversion. The Committee feel that there is an urgent need for the establishment of a centralised coordination agency for re-utilisation and disposal of metal scrap.

4

3

2

1

Since more than one Ministry would be involved in this, it is desirable that the Cabinet Secretariat should take up the responsibility for coordination in this regard.

The Committee note that several steps have been taken or are proposed to be taken to reduce the tare-payload ratio for improving the carrying capacity of coaches and wagons on Railways. It is, however, seen that the measures aimed at reducing tare-payload ratio have not been processed with any real sense of urgency and the progress made so far is very slow. For example, although the design of a double decker coach was evolved by RDSO as long back as 1972-73, the order for manufacture of the prototype has been placed on the factory only in March/April, 1974. As a result of this delay, the prototype coach will come out of the factory only by the end of 1976. The Committee feel that the efforts of the Railway Board in this direction should be result-oriented and that a time-bound programme should be chalked out so that the necessary improvement is achieved in the shortest possible time. The Committee, therefore, desire that the question of introducing changes in the designs of existing stock, should be tackled on a top priority basis and developments reported to them from time to time.

Railways

1.23

5

—do—

—do—

6

The Committee note that the Enquiry Committee have come to the conclusion that the fraud committed in the Budget Budge Goods Office was of such a nature that it could not have been possible for

the Traffic Accounts Office to detect the same. This however emphasizes the inadequacy of the system of checks and counter-checks prescribed for the purpose, which were claimed to be adequate for detecting the irregularities of the type mentioned in the Audit paragraph. The Committee desire that the whole position may once again be reviewed to lay down fresh procedures, if necessary with a view to ensuring that the prescribed checks are really effective in detecting irregularities of the type referred to in the Audit paragraph.

© 1975 BY LOK SABHA SECRETARIAT

**PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE MANAGER,
GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.**
