

**PUBLIC ACCOUNTS COMMITTEE
(1978-79)**

(SIXTH LOK SABHA)

HUNDRED AND SEVENTEENTH REPORT

RAILWAY EXPENDITURE

MINISTRY OF RAILWAYS

(RAILWAY BOARD)

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 24th Report (Sixth Lok Sabha)]



Presented in Lok Sabha on

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**LOK SABHA SECRETARIAT
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ACCOUNTS COMMITTEE (SIXTH LOK SABHA).

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PUBLIC ACCOUNTS COMMITTEE
(1978-79)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Seventeenth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their 24th Report (Sixth Lok Sabha) relating to Railway Expenditure.

2. On 31 May 1978, an 'Action Taken Sub-Committee' consisting of the following Members was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports:

- | | |
|-----------------------------|-----------|
| 1. Shri P. V. Narasimha Rao | Chairman |
| 2. Shri Asoke Krishna Dutt | Convener |
| 3. Shri Vasant Sathe | } Members |
| 4. Shri M. Satyanarayan Rao | |
| 5. Shri Gauri Shankar Rai | |
| 6. Shri Kanwar Lal Gupta | |

3 The Action Taken Sub-Committee of the Public Accounts Committee (1978-79) considered and adopted the Report at their sitting held on 20 February, 1979. The Report was finally adopted by the Public Accounts Committee (1978-79) on 8 March, 1979.

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

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

NEW DELHI;
March 8, 1979
Phaiguna 17, 1900 (Saka).

P. V. NARASIMHA RAO,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations of the Committee contained in their 24th Report (Sixth Lok Sabha) on Railway Expenditure, which was presented to Lok Sabha on 22 December, 1977.

1.2. Action Taken Notes on all the 43 recommendations contained in the 24th Report have been received from Government and these have been broadly categorised as follows:—

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

S. Nos. 1, 2, 3, 10; 11; 14, 16, 17, 22—26, 27, 28, 36 and 41.

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

S. Nos. 4, 8, 13, 15, 20, 21, 31, 32 and 39.

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

S. Nos. 6, 9, 18, 19 and 43.

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

S. Nos. 5, 7, 12, 29, 30, 33, 34, 35, 37, 38, 40 and 42.

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

1.4. The Committee find that out of the 43 recommendations contained in the 24th Report (Sixth Lok Sabha) replies to as many as 14 recommendations, which account for more than 32 per cent of the total are of interim nature though more than one year has elapsed since the presentation of the report in December, 1977. The Committee have been repeatedly emphasising the need for speedy implementation of their recommendations as it is felt that undue delay in the implementation only militates against the usefulness of the

remedial steps taken or proposed to be taken. The Committee would like to stress that as far as possible conclusive action on the recommendations of the Committee should be finalised within the period of six months normally allowed for furnishing of Action Taken Notes. In this connection attention is also drawn to the recommendations contained in paras 1.3 and 1.4 of their 68th Report (Sixth Lok Sabha) and para 1.4 of their 107th Report (Sixth Lok Sabha).

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

**Replacement of defective cylinder heads supplied to the Railways
(S. No. 6, para 1.57)**

1.6. In paragraph 1.57 of their 24th Report (Sixth Lok Sabha) the Committee had made the following observation:

“The Committee find that in addition to the cylinder heads supplied by General Motors, 96 cylinder heads had been imported from another firm viz. M/s. Hunt Spiller, these cylinder heads gave way prematurely earlier than the expected life. Out of the 96 cylinder heads supplied by this firm 73 (76 per cent) cracked after giving service ranging between 36 days and 44 days only (the lowest and the highest kilometrage done being 14,040 to 1,60,290 against the warranty of 1,60,000 kilometres). The comparatively greater premature failures of the cylinder heads are according to the Ministry of Railways due to manufacturing defects. However, it is with great difficulty that India Supply Mission, Washington has been able to persuade the firm to agree to replace 90 cylinder heads without further inspection and free of cost. The Committee would like to know whether all these 90 cylinder heads have since been replaced and are working satisfactorily.”

1.7. In their Action Taken Note dated 6 July, 1978, the Ministry of Railways (Railway Board) have stated:

“69 cylinder heads have already been sent to the supplier for replacement which are still awaited. It may be added that a large number of cylinder heads manufactured by M/s. General Motors and M/s. Hunt Spiller had been sent to the C.L.W. to be used as raw material for indigenous development. Out of 90 cylinder heads, 69 cylinder heads had been traced and despatched to the firm as mentioned above. The remaining cylinder heads could not be traced

out and have presumably been melted by the CLW in the process of developing indigenous supply."

1.8. The Committee note that out of 90 cylinder heads the Northern Railway had been able to trace 69 cylinder heads only and these have been despatched to the firm for replacement. The remaining 21 cylinder heads have not been traced out and it is presumed that these have been melted by the CLW in the process of developing indigenous supply. The Committee are not satisfied with the explanation offered. It is shocking to find that no proper record of such costly items has been maintained in CLW. In the absence of such a record it is difficult to say whether the missing cylinder heads were actually melted or were lost in transit. It is a serious matter. The Committee are of the view that the Railway Administration had failed to take proper care of the cracked cylinder heads to ensure their replacement. The Railway Administration should have kept these cylinder heads segregated and proper account kept for the same, in view of the claim made by them on the suppliers for replacement. The Committee desire that responsibility for this lapse may be fixed.

**Indigenous manufacture of cylinder heads for WDM-4 locomotives
(S. No. 9, para 1.60)**

1.9. Commenting on a case of high incidence of failures of cylinder heads on Indian Railways, the Committee had in paragraph 1.60 of their 24th Report observed as under:—

"The Committee have been informed that the entire requirement of cylinder heads for WDM-4 locomotives was being imported as the indigenous manufacture of these hard core items had not progressed much. Although success is stated to have been achieved in the development of ALCO cylinder heads at the Chittaranjan Locomotive Works, a break through in perfecting the techniques of producing WDM-4 cylinder heads has yet to be made. According to the information furnished by the Ministry of Railways, it is expected that during the course of next 12—18 months, it may be possible for Chittaranjan Locomotive Works to produce cylinder heads for WDM-4 locomotives. However, during the course of evidence the Committee were informed that the Chittaranjan Locomotive Works have been entrusted with the development of the work of this cylinder heads only recently. Knowing fully well the urgency of the requirements, the Committee feel that this work should have been given a very high priority than

assigned earlier. They would like to know the results of the efforts made by Chittaranjan Locomotive Works in this direction."

1.10. The Ministry of Railways (Railway Board) have in their Action Taken Note dated 6 July, 1978 stated:

"The observations of the Committee have been noted. The actual position of casting, machining etc. of cylinder heads for WDM-4 locomotives is given below:—

(i) Total No. of castings made	50
(ii) Total No. of castings machined	23
(iii) Total No. of castings rejected during Hyd. test	14
(iv) Total No. of castings passed during Hyd. test	9

Even though CLW has already developed the Cylinder Heads for WDM-2 locos, it is to be reiterated that the design of the Cylinder Head as fitted on WDM-4 loco is entirely different from that fitted on the Alco Engine and, therefore, the technique of manufacture of cores, patterns etc. which has to be adopted is entirely different. A number of experiments have already been carried out so as to produce leak-proof castings of acceptable quality and to the desired working tolerances. Besides, the machining process and toolings etc. for the machining of the cylinder heads had to be specially evolved through repeated trials and experiments; it is anticipated that the first loco set of Cylinder Heads duly finish machined will be despatched to the Northern Railway shortly. This field of work is technically so challenging and highly sophisticated that besides CLW no local supplier was able to develop this process and even in the international field there are very few suppliers. That CLW has been able to develop this product is a tribute to the pioneering spirit, perseverance, technical knowledge and experience of their technicians.

CLW was awarded Shram Vir Award by the Government of India in recognition of the outstanding effort in developing Alloy Iron Castings by the CLW."

1.11. The Committee note that some progress has been made in regard to the development of cylinder heads for WDM-4 locomotives at the Chittaranjan Locomotive Works. However, much remains to

be done in perfecting the process. From the information made available to the Committee it is seen that out of 23 castings of cylinder heads machined by CLW only 9 castings could pass the requisite test. This is by no means a satisfactory situation. The CLW will have to put in more concerted efforts to ensure that the process of producing adequate number of cylinder heads for WDM-4 locomotives is completed without further delay. The Committee need hardly point out that success in this direction will not only enable the Railways to be self-sufficient in this critical area of spare parts but will also help the Railways in minimising the hazards involved in the dependence on sole agencies for supply of essential components.

Procedure relating to consultations between the RDSO and the Railway Board (S. Nos. 18 & 19, paras 1.166 and 1.167.)

1.12 Dealing with a case of procurement of tyres for Electric Multiple Unit (EMU) Coaches, the Committee had made the following observations in Paras 1.166 and 1.167 of their 24th Report:—

“1.166 The Committee have since been informed that following the cases of cracking of EMU tyres supplied earlier from Japan, during the year 1968-69 on the South Eastern Railway, the RDSO had been making detailed studies and investigations over a period of about two years into the causes of the incidence of cracked tyres. As a result of these investigations the RDSO had suggested an amendment to the specification which had the effect of restricting the percentage of chromium content used in EMU tyres to 0.15. The Committee are unable to understand how the Ministry of Railways could invite a global tender for the supply of EMU tyres of a particular specification knowing fully well that the RDSO was engaged in investigations on the incidence of the cracked tyres which had been supplied earlier from Japan. In view of the fact that the specifications for the EMU tyres had to be amended on the basis of the investigations conducted by RDSO, the Committee feel that the Ministry of Railways should have consulted the RDSO before issuing the global tender which they did on 26 November, 1970, i.e., some four months before the RDSO advised amendment to the specifications. The Chairman, Railway Board had conceded during evidence that consultation with RDSO could have been better. That the investigations being carried out by the RDSO were not of a routine nature is borne out by the

fact that when the offer of the firm to supply tyres with 1.1 per cent to 1.4 per cent chromium content was referred to RDSO, the latter rejected the offer and insisted that the specification as amended by them be adopted. It has also been stated that the tyres conforming to the amended specification of RDSO have not given any trouble. This vindicates the position that if RDSO had been consulted before the floating of tenders, the inconvenience and financial loss suffered as a result of defective supplies of tyres by the Belgium firm could perhaps have been averted.

1.167. The Committee also feel that there has been a communication gap between the RDSO and the Ministry of Railways even though it has been claimed that the Ministry of Railways are continuously in touch with the activities of RDSO. It is seen that the RDSO had come to the conclusion sometime in February 1971 that an amendment to the specification of EMU tyres was necessary. However, this was communicated to the Ministry of Railways in April, 1971 after the placement of the contract. If the amendment to the specification had been communicated before the Ministry of Railways had finalised the contract with the Belgium firm on 31st March, 1971, it would have enabled the Ministry of Railways to have the changes in the specification incorporated in this agreement. The Committee regret that neither the Ministry of Railways nor RDSO took initiative in this respect. The Committee would like the matter to be thoroughly gone into, fix responsibility for the lapse and devise remedial measures to obviate recurrence. The Committee would like to be informed of the action taken."

1.13. In their Action Taken Note dated 29th June, 1978 the Ministry of Railways (Railway Board) have stated:

"1.166. It was known that RDSO were investigating into the cause of bursting of tyres. It was, however, not known that it will result in any amendment of the then existing specification. Such studies are normal and continuous developmental activities. The fact that a study is going on does not justify that all further ordering of material should be suspended till the study is finalised since these tyres were required continuously to keep the Electrical Multiple Units in good fettle, the wheelsets being subject to heavy wear round the clock particularly due to repeated

braking peculiar to suburban service and replacements are a must in the interests of safety. Number of cases of **EMU Motor Coach tyres cracking** referred to relate to the same supply i.e. 577 tyres by Sumitomo against ICF contract. Since supply of tyres to the then current specification i.e. IRS R-15-64 with Corrigendum Nos. 1 and 2 procured earlier from Japan and thereafter from Nikex| Hungary had functioned in a satisfactory manner, there was no cause to apprehend that ultimately a change in the specification would become necessary. Railways also needed tyres to maintain EMU service as already stated above.

Besides, it is submitted that the tyres which were found finally unacceptable were those which had inherent internal defects on account of defective manufacture by the Suppliers. In this context para 9 of Chemist & Metallurgist Jamalpur, Eastern Railway's test certificate No. LM-29 dated 22-12-1972 is reproduced below:—

“9. Conclusion:

- 9.1 The Chemical composition of the tyres was considered satisfactory.
- 9.2 The tensile property of tyre No. 3 was found to conform to IRS R-15|64 while that of tyre No. 1 were slightly low against the minimum requirement of 110 Kgf|mm².
- 9.3 The visual examination and macro characteristics clearly indicated evidence of prominent internal defect in the shape of laminations in all the tyres.
- 9.4. The failures (Cracking up of tyres after fitment on wheel centres) may be attributed to presence of inherent internal defect in the materials.”

This report was earlier submitted to the Lok Sabha PAC Branch under this Ministry's letter dated 15-12-76 in response to Point No. 98.

Recently similar defects i.e., cracking of tyres while being fitted on wheel-centres have been noticed in the supply of same item made by M/s. Korea, against the amended specification i.e. IRS R-15|64 with Corr. No. 1, 2, 3 & 4. It bears out the reply given by this Ministry against point No. 61—relevant portion in this regard is reproduced below:

“It will, therefore, be evident that the cracking of the Belgium tyres occurred during the process of fitment of the tyres

on to the wheel centres and was attributed to the manufacturing defects in the tyres. This is also borne out by the fact that 371 tyres out of 699 have been found defective on ultrasonic test as per method suggested by M/s. Groupment, Belgium viz. UIC Code 853-1. The fracture of Belgium tyres has, therefore, no resemblance whatsoever with the fracturing of the Sumitomo tyres which had occurred due to thermal effects after the tyres had earned kilometrages varying from 38,000 to 99,000. Even if the amendment to the specification R-15-64 had been issued earlier than the placement of order for 3604 tyres on M/s. Groupment, Belgium, if the manufacture was improper, the defects would still have occurred on these tyres and the failures during the process of shrinking would still have occurred on the Eastern Railway."

- 1.167 The first case of incidence of cracking of tyres on the S.E. Railway, in respect of an earlier supply of Japan, came to the notice of RDSO in October 1968. Again some more fractures were noticed in January 1969 and by March 1969, 18 Japanese tyres had failed in service out of 577 Nos. On receipt of reports of failure of Sumitomo tyres (Japanese tyres) from South Eastern Railway, prompt investigations were carried out by RDSO in association with South Eastern Railway. As a number of factors like thickness of tyre, interference between tyre and wheel centre, use of improper quality of brake blocks, generation of high heat between brake blocks, and the tyres on account of brake binding/normal braking, material specifications of the tyre and specific shoe pressure, could contribute to the fracturing of tyres, the effect of each factor had to be individually gone into in detail and the relevant factors had to be eliminated by the process of elimination. Only after all this had been done that the RDSO came to the conclusion some time in February 1971 that an amendment in the specification was necessary.

While it may be desirable to consult RDSO about the latest specification before floating the tender it may not be possible to consult in each and every case as this practice will lead to delay. The time honoured practice is to invite tender as per the latest Specification in force at the time of floating the tender. As already explained in reply to para 1.166 above that even if the amendment to the speci-

fication IRS R-15-64 had been issued earlier than the placement of order on M/s. Groupment, Belgium if the manufacture was improper as it happened in the current case the defects would have still occurred. Therefore, the supply of defective tyres have not been caused by Railway's not adopting the latest specification by floating the tender, but in fact have been caused by defective manufacture."

Audit Comments

The Audit have made the following observations:—

Para 1.166

"The Draft Action Taken Notes do not reply the operative portion of the PAC's recommendations reading "The Chairman Railway Board conceded that consultation with RDSO could have been better". The Ministry of Railways (Railway Board) may like to revise the Action Taken Notes suitably. The factual position is, however, under verification by the Chief Auditor, Eastern Railway.

Para 1.167

"The draft action taken notes do not reply the substantive part of the PAC's recommendations reading "The Committee also feel that there has been a communication gap between the RDSO and the Ministry of Railways (Railway Board) even though it has been claimed that the Ministry of Railways are continuously in touch with the activities of the RDSO". The factual position is, however, under verification by Chief Auditor, Eastern Railway."

Railway Board's Further Remarks

The Railway Board have the following further remarks to offer on the above audit observations.

"As explained in the reply to para 1.167 it may not always be possible to consult RDSO in regard to the likely changes in Specification in each and every case where investigation has been undertaken by RDSO, as such a practice will lead to delay in purchase action. It may be added that in this case the failure of the Tyres was not attributable to the fact that the revised Specification prescribed by the RDSO had not been incorporated in the Purchase Order.

However, the question as to how far it is feasible to consult the RDSO in this respect before floating tenders in such cases and the exact procedure that is to be followed is separately under examination and a decision will be taken in due course."

1.14. The Committee are surprised at the stance taken by the Railway Board that it may not always be possible to consult RDSO in regard to the likely changes in specifications in each and every case where investigation has been undertaken by RDSO, as such a practice will lead to delay in purchase action. From the facts of the case under reference it is obvious that if before floating global tenders for the procurement of tyres for Electric Multiple Unit (EMU) coaches, a timely reference in regard to the specifications for EMU tyres had been made to RDSO, the Railway Board could have perhaps been spared a lot of embarrassment, which they had to face in their failure to persuade the supplier firm to accept subsequently a modification in the specifications. In this case the then Chairman, Railway Board had conceded during the course of his evidence before the Committee, 'consultation with RDSO could have been better'. It is therefore up to the Railway Board to decide in which cases and when consultation with RDSO should be held. The Committee feel that since the RDSO is Railways' own technical organisation the Railway Board should make it a point to associate this organisation with all their purchase efforts.

Utilisation of the tourist coaches on the Railways

(S. No. 43, Para 1.260)

1.15. After reviewing a case of non-utilisation of an air-conditioned tourist car on the North Eastern Railway, the Committee had recommended that the Ministry of Railways (Railway Board) should immediately make an overall review of the need for maintaining the fleet of tourist cars of all gauges. In this connection, the Committee had in paragraph 1.260 of the 24th Report observed as under:

"The Committee have been informed that there are four metre gauge air-conditioned tourist cars and 37 first class metre gauge tourist cars with the Indian Railways. The particulars of utilisation of these cars during 1972-73, 1973-74 and 1974-75 as furnished by the Ministry of Railways are revealing. In each of the three years these air-conditioned tourist cars and first class tourist cars were used by tourists only for one day. For 5 or 6 days they were used for carriage of V.I.Ps. Strangely enough, these were used

by officials for 155 days in 1972-73, for 154 days in 1973-74 and for 144 days in 1974-75. This clearly demonstrates that these tourist cars are being put to purposes other than those for which they were intended, viz., carriage of tourists. The Committee deplore the improper utilisation of such costly national assets. They need hardly emphasise that the Ministry of Railways should immediately make an overall review of the need for maintaining the fleet of these tourist cars (of all gauges) more particularly in the context of their poor utilisation for the purpose for which they were originally intended. In case these cars cannot be economically used for tourist traffic, the Ministry may consider the feasibility of putting them to alternative uses by making suitable modifications. The Committee would like the Ministry to complete this review urgently."

1.16. In their Action Taken Note dated 19 June, 1978 the Ministry of Railways (Railway Board) have stated:

"Efforts are being made to explore the possibility of utilizing the air-conditioned tourist cars of both gauges (MG & BG) and also first class tourist cars in consultation with the India Tourism Development Corporation. Ministry of Tourism, is also being approached to popularise the travel facilities in these coaches among the public and foreign tourists.

This has been seen by Audit who have observed as under:

"The draft action taken note is of *ad-interim* nature. The final outcome of the efforts made by the Ministry of Railways (Railway Board) to explore the possibilities of utilisation of the tourist cars along with other air-conditioned tourist coaches may be brought to the notice of the PAC in due course."

1.17. The Committee note that the possibility of utilising the air-conditioned tourist cars of both gauges (MG and BG) and also first class tourist cars is still being explored in consultation with the India Tourism Department. They need hardly emphasise that the matter should be considered in its entirety on an urgent basis so that these costly assets are put to proper use.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Audit para mentions that 72 WDM-4 locomotives imported from U.S.A. were commissioned during August 1962 to June 1963. These locomotives were fitted with cylinder heads, an important component, supplied by the same firm which delivered the locomotives in 1974, 96 cylinder heads were procured from a West German firm on an emergency basis. Although the normal service life of these cylinder heads had not been specified by the manufacturer/supplier, the Railway Administration had assessed the average service life of a cylinder head as three years on the basis of their experience of many years of maintenance of WDM-4 locomotive. From the figures given in the Audit paragraph it is, however, seen that the average service life of 42.5 per cent of the cylinder heads received in 1971 and of 66.5 per cent received in 1972 from the firm in U.S.A., was less than three years. The Committee also note that out of 1499 cylinder heads received from the U.S.A. firm between 1971 and 1974, as many as 708 cylinder heads, i.e., about 47 per cent of the total supply, cracked within three years. Out of these 708 heads, 39 heads cracked within one year, 378 heads cracked within one to two years and 291 heads cracked within two to three years. That a large number of cylinder heads cracked prematurely much before their expected service life is a matter which has caused great concern to the Committee.

[S. No. 1, Para 1.52 of 24th Report of P.A.C. (1977-78)].

Action Taken

As has been explained, the average expected life of cylinder head had been assessed on the basis of service experience gained by the Railway Administration during earlier years of service of the WDM-4 locos. The Committee have in para 154 themselves noted that utilisation of these locos became more intensive with increasing use on fast Mail/Express trains hauling maximum loads at sustained speeds as also increased trailing goods train loads. The increased thermal loading consequent to operation at near full load condition

for sustained period has naturally impinged on assessed service life of the heads.

[Ministry of Railways (Railway Board) O.M. No. 77-BC|PAC|VI|24 (1—12) dated 6-7-1978|15 Asadha, 1900]

Recommendation

According to the supplier, the higher incidence of failure of cylinder heads on Indian Railways was attributable to the adoption of defective maintenance practices. The Ministry of Railways, however, maintain in that correct maintenance practices pertaining to cylinder heads as advised by the firm were being followed and that the contention of the firm in this behalf had not been accepted. It has also been stated that this aspect of the matter was being pursued with the firm. The Committee would like to be apprised of the outcome of these discussions.

[S. No. 2, Para 1.53 of 24th Report of the PAC (1977-78)]

Action taken

The problems regarding maintenance of WDM-4 locos are discussed with the representatives of the manufacturers whenever they visit India. The latest discussion with their representatives took place in December, 1977. The recommendations of the manufacturers regarding the maintenance practices are being rigidly followed. From time to time the manufacturer has given various suggestions for improvement and these have been faithfully implemented. Initially, they had advised that the trouble may be due to improper functioning of water tank pressure caps. The existing maintenance practice was immediately checked and it was found that the manufacturers fears were unfounded. However, the supervision on this aspect was further intensified and it was ensured at a higher level of supervision that no loco left the shed with a defective pressure cap. In spite of this action the rate of cylinder head breakage did not decrease. After sometime the manufacturers' service engineer recommended out of course cleaning of water strainer baskets in the radiators and a drive was immediately launched to carry out this recommendation. This drive was completed about four months back but even this has not led to any reduction in the breakage of heads. About one year back the Service Engineer of the manufacturer attributed the head breakage to the deteriorated heat exchange efficiency of the lube oil cooler cores and leakage of water at the tube to the header joint. This was also tackled immediately and N. Rly. has already set up facilities for regular reclamation of these cores in Jagadhari Workshop. More than 2/3rd of the fleet has already been given this out of course attention, but again this has not given any indications of improving the situation.

It may be mentioned that the head breakage problem started nearly 3 years after the commissioning of these locomotives in 1962. At that time none of the above mentioned components had developed any defects although the problem was at the same magnitude. As the locos are becoming older it is only natural that some components have given trouble due to ageing. Immediate action to improve their performance whenever it has been considered desirable or recommended by the manufacturer has been taken.

We are currently conducting investigations regarding the coolant water system and to aid these efforts an ion exchange type demineralising plant has been procured and installed recently. This will be an improvement over the existing distilled water feeding arrangements for the locos.

All the suggestions/recommendations made by the manufacturers have been implemented and immediate action taken with drive to ensure that no loco should leave the sheds with these defects but cracking of cylinder heads did not reduce.

In addition to the above, we have recently prescribed a descaling of the cooling system with Hydrochloric acid and this exercise is likely to be completed on all the locos by the end of July '78 and we can expect better results in cooling efficiency.

From the successive modifications that have been made by the manufacturers in the cylinder head design, all be it to cater for higher horse-power outputs, it can be deduced that this component is critically designed in this particular diesel engine, i.e., it does not possess sufficient margins above normal operating requirements to withstand either overload or sustained usage at higher outputs. RDSO have also taken note of this factor and have evolved an improved design of cylinder head incorporating additional feature to combat the thermal loading in critical areas. The cylinder heads presently under development at CLW are to the improved design and it is hoped that these improvements will lead to longer service life.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(1—12) dated 6-7-1978/15th Asadha, 1900]

Recommendation

Explaining the reasons for the in-adequate life of cylinder heads supplied by the USA firm, the Committee have been informed during evidence that the design parameters of the WDM-4 locomotives had a direct impact on the life of the cylinder head. Besides, the operating conditions had also a very vital role in determining

the life of diesel loco components including cylinder heads. It is stated that on some WDM-4 locos, there were cases of cylinder heads cracking in less than 3 years because of such locos being deployed on heavy duty services. It has been admitted by the representatives of the Ministry of Railways during evidence that the utilisation of WDM-4 locomotives has gradually increased. Earlier the engines were put to much lesser loads than they were put to after 1968. The number of diesel locos on mail and express trains increased from nil in 1962 to 2 in 1966 and to 16 in November 1973. During the utilisation of mail and express locos was 761 kms. per day per engine. The speed of Howrah-Kalka Mail which was 90 kms. per hour booked and 100 kms. per hour maximum was raised to 100 kms. per hour booked and 110 kms. per hour maximum in November, 1971. Similarly, the **Rajdhani Express train** was introduced using the same locomotive. During the earlier years of usage of WDM-4 locos, these were mostly utilised for haulage of loaded coal wagons from Mughal-sarai to up country and the load used to be 2000 to 2250 tonnes. The same load has gradually increased and is now about 3600 tonnes. The work done by the same loco and same cylinder is much higher than in the earlier years. On some locos, there were cases of cylinder heads cracking in less than 3 years because of such locos being deployed on heavy duty services. Keeping in view the increasing load that is being put on diesel locomotives and the incidence of cracking of cylinder heads, it is imperative that immediate remedial measures should be thought of so as to arrest the premature failing of the cylinder heads in diesel locomotives. The Committee would like to know the details of the steps that the Ministry of Railways propose to take in this direction.

[S. No. 3, Para 1.54 of 24th Report of the PAC (1977-78)]

Action taken

In this connection, reference may be made to the detailed reply given against observations of the PAC in paragraph 1.53.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(1-12) dated 6-7-1978/15th Asadha, 1900]

Recommendation

Yet another important point highlighted in the Audit Paragraph relates to **delay in indenting for the cylinder heads** leading to the emergency procurement of cylinder heads which had to be airlifted from West Germany at a cost of Rs. 2.25 lakhs. According to the Railway Board the emergency purchases of cylinder heads were

necessitated because of the low stock position and this had been brought about as the India Supply Mission, Washington did not place an order till November, 1973 against an indent placed by DLW in September, 1972. The ISM Washington have, however, pleaded that the delay in placing the order occurred because several back references had to be made to the indenter for confirmation of prices, reduction of quantities and allotment of additional foreign exchange.

[S. No. 10, Para 1.61 of 24th Report of PAC (1977-78)]

Action taken

In this connection, it is stated that a telex service with Washington has been set up in the Northern Railway Headquarters' Office in 1977. Thereby the possibilities of delay in correspondence has been reduced, if not eliminated.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(1—12) dated 6-7-1978/15th Asadha, 1900]

Recommendation

Prima facie it appears that the indent placed by Diesel Locomotives Works on 28th September, 1972 was processed in a haphazard fashion alongwith the indents for 554 items for the WDM-4 locomotives. It stands to reason that if cylinder heads were required so urgently, the indent for them should have been delinked from the other indents and the ISM should have been told about the urgency. The references and back references made by the Railway Administration and the ISM Washington resulted in delay which ultimately proved very costly. It is also seen that ISM, Washington made two references to the Railway Administration asking for reduction in the quantities so as to cover the purchases within the available foreign exchange. The Ministry of Railways have stated that the proportionate reduction in the quantities could have been made by ISM, Washington without any reference to them. The Committee regret that due to lack of proper coordination between the ISM Washington and the Ministry of Railways, the supplies of cylinder heads were inordinately delayed. An available expenditure of Rs. 2.20 lakhs had therefore, to be incurred for emergency airlift of cylinder heads.

[S. No. 11, Para 1.62 of 24th Report of PAC(1977-78)]

Action taken

It may be stated that instructions are now being incorporated in the indents placed on the ISM Washington to the effect that where

on account of an increase in prices the foreign exchange released is not adequate to cover the entire indent, ISM may place orders after enforcing a proportionate reduction in the quantities so that purchases could be made expeditiously with the available foreign exchange, release of additional foreign exchange, wherever required being processed independently. Moreover, while placing indents, separate annexures indicating mechanical, electrical, tools and under-frame items are furnished duly indicating the latest rates available in the price list of M/s. General Motors, USA, which are taken as the approximate rates while placing the indents.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(1—12) dated 6-7-1978/15th Asadha, 1900]

Recommendation

The Committee further observe that besides the above 102 cylinder heads, 131 cylinder heads were rejected but subsequently reclaimed after the supplier had explained the machining process. The balance of 307 rejected cylinder heads were got replaced by the firm after a great deal of correspondence and discussion. It is seen that although the warranty claims for replacement of rejected cylinder heads were preferred by the DLW Administration between March, 1972 and December, 1973, the firm gave an assurance to replace 200 cylinder heads only in a meeting held in October, 1975. The excessively long time taken by the supplier firm to honour the warranty claims of the DLW Administration lead the Committee to conclude that either the warranty clause was worded in ambiguous terms or the supplier firm was trying to take undue advantage of their monopolistic position. In this context it is to be noted that in November, 1973, a representative of the firm had suggested that it would be possible to accept the claim for the rejected cylinder heads if the DLW administration placed a further order for 1000 cylinder heads. Again in April, 1974 when a fresh order for supply of 1120 cylinder heads was placed on the same firm, the firm expressed its unwillingness to accept the order until the claim for rejected cylinder heads was withdrawn. This gives rise to suspicion about the *bona fides* of the firm which, it appears to the Committee, wanted to take advantage of the helplessness of the indenter in the matter of supply of a crucial component. "The Committee would like the Railway Board to make an exhaustive review of the terms of warranty clauses incorporated in purchase agreements with a view to ensure that they are worded in unambiguous terms and are not susceptible to different interpretations at different hands."

[Sl. No. 14, Para 1.95 of 24th Report of PAC (1977-78)]

Action Taken

The Recommendation of the PAC are accepted. The question of prescribing a proper warranty clause in the contracts for purchase of stores had in fact been into the detail by a high power committee under the Chairmanship of Minister of Supply. The high power committee had made the following recommendations and these have been accepted by the Government and instructions have accordingly been issued in regard to contracts for purchase of stores placed through the Ministry of Supply.

"31. Since there cannot be a general warranty clause for all stores a suitable minimum period of warranty should be stipulated for different products. In the case of special type of equipment|stores the indenting department should indicate the type and nature of warranty required and on that basis it should be the endeavour of the purchase organisation to negotiate the best terms possible with the firms."

In regard to the contracts for purchase of stores made directly by the Railway Administration, instructions have been issued to the effect that warranty clauses prescribed in the contracts should be reviewed carefully keeping in view the recommendations of PAC as well as High Power Committee in consultation with legal and financial advisers to avoid ambiguity to ensure clarity.

[Ministry of Railways (Railway Board) O. M. No. 77-BC|PAC|VI|24 (13—16) dated 20-6-1978|30 Jyaishta, 1900]

Recommendation

The audit paragraph also brings into focus the almost pathetic dependence of Railways on imports in so far as certain vital components of diesel locomotives are concerned. The Committee have been informed that the production of cylinder head castings has now been started in Chittaranjan but a break-through has yet to be achieved as the rate of rejections is too high. The Committee need hardly emphasise that more concerted efforts should be made for achieving self-reliance in the manufacture of components and spare parts of the diesel locomotives.

[Sl. No. 16, Para 1.97 of 24th Report of PAC (1977-78)]

Action Taken

Concerted efforts continue to be made for achieving self-reliance in the manufacture of components and spare parts of diesel locomotives. The up-to-date figures in respect of the Production Units under Railways as on 31-12-1977 are as under:

Name of production unit	No. of items indigenised	Approx. annual saving in Foreign Exchange (Rs. in crores)
1. DLW	62	4.93
2. CLW		
2.1 Electric Loco	44	94
2.2 Diesel Hydraulic loco	205	1.34
ICF	2	0.20
		Rs. 7.41

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(13-16) dated 20-6-1978/30 Jyaistha, 1900].

Recommendation

An order was placed in March, 1971 on a Belgium firm for manufacture and supply of 3604 tyres required for Electric Multiple Unit (EMU) coaches on Eastern, Central and Western Railways. The global tenders for the procurement of these tyres were issued for advertisement on 26 November, 1970 and opened on 16 January, 1971. In April, 1971 the RDSO advised an amendment to the specification of the incidental alloying elements for these tyres and when in May, 1971, the Ministry of Railways requested the firm to supply the tyres according to the amended specification, the firm declined to accept the change in specification for the reason that the manufacture of tyres was already in progress.

[Sl. No. 17, Para 1.165 of 24th Report of PAC (1977-78)].

Action taken

The observations of the Committee have been noted.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(17-26) dated 29-6-1978/8 Asadha, 1900]

Recommendation

Para 1.170.

The Committee have been informed that out of the total supply of 3604 tyres only the tyres which were supplied to the Eastern

Railway and which were of the same cost showed defects. From the information made available to them, the Committee note that after a great deal of persuasion and discussion, the firm has agreed to a free replacement of 358 tyres. The matter is still being pursued with the firm. The Committee would like to be apprised of the final outcome.

Para 1.174.

The Committee have been informed that the firm had submitted a bank guarantee valued at BF 1,805,604 (Rs. 2.7 lakhs) which was current upto 31 March, 1977. This guarantee was to be utilised to ensure that the firm makes replacement of 388 tyres. The Committee would like to know whether the necessary replacements have since been made.

[Sl. Nos. 22 and 26, Paras 1.170 & 1.174 of 24th Report of PAC (1977-78)].

Action Taken

As earlier advised 388 Nos. tyres received by Eastern Railway were finally rejected. The tests results in respect of the defective tyres were sent to the firm and the same have been accepted by them.

The firm have since despatched 388 Nos. tyres in full replacement per "INDIAN RESOLVE" which sailed from Antwerp on 25-2-1978. The material have reached Calcutta Port and is under clearance.

{Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(17-26) dated 29-6-1978/8 Asadha, 1900}

Recommendation

The Committee would also like to know whether such of the tyres which were found defective by the Eastern Railway but were not rejected by RDSO have since been utilised.

[Sl. No. 23, Para 1.171 of 24th Report of PAC (1977-78)]

Action Taken

Eastern Railway have advised that as sufficient stocks were available against other contracts, they had not utilised the tyres against this contract. However, they have started using these tyres.

{Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(17-26) dated 29-6-1978/8 Asadha, 1900}

Recommendation

Para 1.172

The Committee find that in March 1974, the Ministry of Railways wrote to the Chief Accounts Officer, High Commission of India in London to arrange to recover the full cost of the defective tyres from the outstanding bills of the firm for supplies against another contract, if the payment of the EMU tyres had already been made to them. On 24 April, 1974, the Chief Accounts Officer informed the Railway Board through a letter that they had no bills outstanding against this particular contract but that they have been able to trace out a contract of 22 June, 1972 against which BF 196,964 remained to be paid to the firm. It was only on 19 April, 1975, i.e., after about a year the Ministry of Railways asked the Chief Accounts Officer to withhold this payment, which had already been authorised by the Chief Accounts Officer on 13 August, 1974. How the delay of a year in asking the Chief Accounts Officer to withhold payment occurred needs to be investigated to fix responsibility.

Para 1.173

The Committee also feel that after having written to the Ministry of Railways for further advice on the 24 April, 1974, the Chief Accounts Officer should have withheld authorisation of payment to the firm on 13 August, 1974. This matter also needs to be looked into.

[Sl. Nos. 24-25, Paras 1.172-1.173 of 24th Report of PAC (1977-78)].

Action Taken

Chief Accounts Officer on 28-4-1976 advised that the balance payment of BF 196,964 (Rs. 29,520/-) relating to contract No. 72/RS (WTA)-51|Tyres|874|IX dated 22-6-1972 was released on 13-8-1974 and not on 13-8-1975 as earlier stated by him. In this context, it may be stated that Railway Board under their letter dated 26-3-1974 advised CAO, London to arrange recovery of the full cost of the defective tyres from any outstanding bill of the firm. This letter has been duly received by CAO, London. Further in his letter No. ACCTS|SI|DIR|188 dated 24-4-1974 CAO, London, had indicated that only an amount of BF 196,964 remained to be paid. Although he had not asked for any further instructions or confirmation regarding withholding of this amount, he had stated in his letter No. ACCTS|SI|DIR|188 dated 28-4-1976 that payment of BF 196,964 had

been made as he did not receive any confirmation from the Ministry of Railways. This position, however, is not accepted as the Railway Board's instructions dated 26-3-1974 regarding withholding payments were quite clear and the CAO, London had not asked for any confirmation. However, reference may be made in this connection to the reply to paras 1.170 and 1.174. As brought out therein, the firm have since despatched 388 tyres. In view of this circumstance, it is submitted that no further action need be taken in the matter.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(17-26) dated 29-6-1978|8 Asadha, 1900]

Recommendation

Para 1.194:

The Committee note that the Northern Railway Administration placed an indent in March 1973 on India Supply Mission, Washington for procurement of some spare parts for WDM-4 Diesel Electric Locomotives from a firm in USA. The Committee have been informed that the need for the spares, which were required on replacement account, was felt by the consuming department as far back as in August 1971. The time taken for processing the indent and obtaining foreign exchange was about 1½ years. In view of the fact that in the absence of these essential spares the locomotives had necessarily to suffer detentions in workshops for longer periods than in warranted, the Committee would like the Railway Board to critically review this case with a view to find out if the time taken in processing the indent was the barest minimum and if not what remedial measures need be taken to obviate delays.

Para 1.195

The Committee further note that although the indent had been placed on the India Supply Mission, Washington in March 1973, orders for the spares could be placed on the supplier firm some time after October, 1974 even though the items to be procured were of a proprietary nature and had to be purchased only from one particular firm. It is seen that between the dates of placing indent on ISM, Washington and of placing orders on the firm, lot of time was taken in avoidable correspondence involving several references between the ISM, Washington and the Northern Railway Administration. The Committee feel that if clear-cut instructions in regard to the minimum requirements of the spares which could be bought within the amount of foreign exchange initially released, had been

given by the Railways Administration, the ISM, Washington would not have been obliged to seek specific orders on more than one occasion in regard to the number of spare parts to be purchased. Further, the Northern Railway Administration, while replying to the first reference made by the ISM, Washington on 29 May 1973, took unnecessary a long time in conveying their revised requirements with the result that the period upto which quotations were kept open by the firm viz., upto 22 August 1973 had expired. It is further seen that after the Railway Administration had conveyed their requirements on 31 August, 1973 the ISM, Washington could place the orders for those spares only in February, 1974 and that took on higher rates. This order was, however, not accepted by the firm on the ground that the letter of credit had not been opened by the ISM, Washington within the validity period. As a result thereof fresh offers had to be invited again. Thus there has been delay at various stages which ultimately had the effect of enhancing the total expenditure on the reduced quantity of spares by more than Rs. 1,46,742. The Committee cannot but deprecate incurring such increased expenditure which could have been avoided if the case had been handled more carefully and expeditiously.

[Sl. Nos. 27-28, Paras 1.194-1.195 of 24th Report of PAC (1977-78)]

Action taken

Paras 1.194—1.195:

The observations made by the Committee in Paras 1.194 & 1.195 have been considered in detail and remedial measures to avoid delays at various stages from the time of assessing the demand to the time of receipt of supplies have been initiated. All Railways/ Production Units have been directed to reduce the lead time to 22 months and fix a rigid time schedule for each stage of activity and watch the same for compliance *vide* Board's letter No. 78/RS(G)/779/12 dt. 2-5-1978.

As regards observations made in para 1.195, the Northern Railway are now specifying on the indents to ISM, Washington that in case higher rates considered reasonable are obtained, the quantity could be correspondingly reduced in the order so as to be within total release of foreign exchange and funds provided for this purpose and Northern Railway intimated for confirmation of the same. A telex service has also been installed in the Northern Railway Headquarters Office for facilitating early reply to the references from ISM, Washington.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(27-29) dated 16-6-1978/26 Jyaistha, 1900]

Recommendation

The Committee note that the Ministry of Railways placed an order for the purchase of 18 tonnes of wire mild steel (18 SWGs) in July 1973 with a private firm of Bombay. The firm supplied 18.46 tonnes of wire mild steel between 27 July and 12 September, 1973 valued at Rs. 42,352. The District Controller of Stores, Mahalaxmi accepted the stores after test and inspection and sent the same to the Assistant Store-Keeper, Kota. A joint inspection held by a team of Technical Officers revealed that the materials were old, rusted and rotten. The stores were returned to the District Controller of Stores, Mahalaxmi but the firm refused to accept the material back. Ultimately, after further inspection the supply was rejected in October 1975. As the Railway Administration recovered Rs. 21,992.90 from the firm from its pending bills and also withheld other dues of Rs. 8,089.80 the firm has taken the case to a court of Law. The facts disclosed go to show that the stores were not properly inspected and tested before acceptance. Some of the glaring lapses on the part of the inspecting authorities are mentioned below.

[Sl. No. 36, Para 1.238 of 24th Report of PAC (1977-78)]

Action taken

An order for 18 M/Ts of wire steel 18 SWG was placed by Western Railway on M/s. Jaimspex on 25-7-73. The firm supplied 18.46 M/Ts between 27th July and 13th September, 1973 valued at Rs. 42,352. The District Controller of Stores, Mahalaxmi accepted the stores after it was inspected by the Stores Inspector (Signals) attached to the depot and the material was sent to ASK (C)-Kota. A joint inspection was held on 6-1-1974 by a team consisting of AEN(C)-KTT ASK(C)-KTT and Stores Inspector (Signals). In the joint inspection it was found that the material was "in badly rusted and in corroded condition". In view of this, the material was returned to DCOS-MX who rejected the material. The firm represented against this rejection and a further inspection was done in September, 1975 and the entire material was rejected in October, 1975. Since the firm refused to accept the material, the Administration recovered Rs. 21,992.90 from the bills of the firm and withheld sufficient further amount to cover the total amount due to the Railway. The firm has actually not taken the case to the court of law so far. They served a legal notice on the Administration on 1-12-75. There is no indication of the firm having taken any further action after this. As for the observation of the

Committee that the facts disclosed go to show that the stores were not properly inspected and tested before acceptance, this point is dealt with in detail in the remarks against the paras 1.239, 1.240 and 1.241.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/24(36—40) dt. 17-6-78/27 Jyaistha, 1900]

Recommendation

The Committee are perturbed to find that the proposal of the North Eastern Railway sent in September, 1959 for the provision of an air-conditioned tourist car for catering to the likely demand from tourist of different categories fructified after elapse of more than 13 years. On the proposal submitted by the Railway Administration in September, 1959, the Ministry of Railways took more than 4 years in conveying their acceptance of the proposal. Thereafter, more than 6 years were taken in finalising the lay-out and drawings of the car and completing its manufacture. Further after the tourist car was turned out of the workshop in March, 1970, the Railway Administration took almost four years in conducting further trials and ultimately commissioning the car in February, 1974. The abnormally long time taken in processing the proposal for acquisition of a tourist car and the poor utilisation of the tourist car after commissioning only lead the Committee to conclude that *ab initio* there was no valid justification for the provision of a tourist car.

[S. No. 41, Para 1.258 of 24th Report of PAC (1977-78)]

Action Taken

The observations of the P.A.C. have been noted.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/24(41—43) dt. 17-6-78/27 Jyaistha 1900]

CHAPTER III

Recommendations and observations which the Committee do not desire to pursue in the light of replies received from Government

Recommendation

The Committee observe that in April, 1975, the Northern Administration identified thermal overload and inadequate cooling arrangements as prime contributors to the premature cracking of these cylinder heads and had suggested to the Railway Board that loads of mail and express trains would require reduction by one bogie and as a further means of reducing the thermal load, the fuel rack setting for WDM-4 locomotive should also be slightly reduced. The Committee desire that the precise action taken in pursuance of these suggestions by the Railway Administration should be intimated to them.

[S. No. 4, para 1.55 of 24th Report of PAC (1977-78)]

Action taken

The suggestion for reduction in fuel rack setting was not approved by the manufacturers. Their service engineer based at Tehran had visited this shed during the early part of '77 and he had said that this would disturb the thermal balance between the engine and the turbo charger.

It has not been possible to reduce loads on Mail/Express trains in view of the ever increasing demands for increased accommodation on trains. In fact, in spite of introduction of a very large number of additional trains in recent years, it has not been possible to keep up with additional passenger traffic requirements. A deliberate administrative decision to continue with existing loads and put up with a somewhat reduced cylinder head life has, therefore, had to be taken.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(1-12) dated 6-7-1978/15, Asadha, 1900]

Recommendation

The Committee would also like the matter to be investigated further as to how far it was proper and technically justified for ISM

Washington to place the order for supply of cylinder heads on M/s. Hunt Spiller about whose technical capability of manufacturing the requisite components they had no knowledge. It has been stated that the reports about the performance of the cylinder heads supplied by M/s. Hunt Spiller to Santa Fe, Chicago and National Railways, Mexico were called for on 9th January, 1974, by ISM Washington. but no reply was received from them.

[S. No. 8, Para 1.59 of 24th Report of PAC (1977-78)]

Action taken

An extract of the remarks furnished by ISM, Washington, received through the Ministry of External Affairs, is reproduced below for Committee's information:—

“The reasons for placing the contract on M/s. Hunt Spiller have been furnished to Ministry of External Affairs in our letter No. C-5789/72/IDA/R dated 8-12-76. To state briefly M/s. Hunt Spiller's price was lower than General Motors. Hunt Spiller had supplied this item to Railways in other countries. Hence they were taken as capable of manufacturing. The requirement of the DLW was urgent. DLW asked for air-lifting. The delivery period of General Motors was 7 months. But Hunt Spiller offered to make immediate supply. Hence, order was placed on M/s. Hunt Spiller. It was a trial order in an effort to develop alternative sources of supply and to effect overall economy in purchase.”

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC-VI/24(1—12) dt. 11-8-78/20 Sravana, 1900]

Recommendation

The Committee find that out of 3,200 cylinder head castings received between May, 1971 and September, 1972 by the Diesel Locomotives Works from a firm in USA, 540 cylinder heads were rejected during machining operations due to various manufacturing defects. Warranty claims on the suppliers for these 540 cylinder head castings were preferred between March, 1972 and December, 1973. Out of the rejected cylinder heads, the claim for 102 cylinder heads was withdrawn on the advice of the supplier firm that the casting variations were within the permissible tolerances and that these cylinder heads could be used on locomotives without any adverse effect on their life and functioning. However, in the absence

of any separate records having been maintained for these 102 cylinder heads it is difficult to judge whether these cylinder heads had given trouble-free service as per warranty clause. All that the Committee have been told is that "they have been in service for three years". The Committee would like to be informed as to how the Railway Administration satisfied themselves that these cylinder heads which were initially rejected by them were later on considered fit for use on the locomotives.

[Sl. No. 13, Para 1.94 of 24th Report of PAC (1977-78)]

Action taken

The Railway Board submit that on receiving technical clarifications from the firm who have long experience in the field, the 102 Nos. cylinder heads were taken up for machining and fitment. To further check the recommendations made by the firm, trials were conducted on the test bed on 5 power packs by fitting 25 per cent such cylinder heads (with valve seat landing width upto 3/32") and 75 per cent cylinder heads with full valve seat landing width as per the drawing. After the full test bed runs, these cylinder heads were opened out to inspect the condition of valve seat inserts valves and other associated components and it was found that there was no feature indicating mal-functioning of any of these components. The valves of these power packs were also found faultless. When the trials mentioned above confirmed the recommendation made by the firm, all the 102 cylinder heads were fitted on locomotives and despatched to the railways. These cylinder heads have now been in service for nearly 4 years and no adverse report has been made by any of the railways to which these locomotives were despatched. These facts quite adequately indicate that the cylinder heads were free of any defects.

This has been seen by Audit who have observed as under:—

"Seen. The factual position brought out in the Draft Action taken Notes had been verified in consultation with the Chief Auditor, Railway Production Units and it is noted that no original papers or test reports except a note recorded by the CDE/CLW on 15-2-78 could be made available to Audit for verification of the Statement that trials were conducted on the test bed on 5 power packs by fitting 25 per cent of the Cylinder Heads with valve seat landing width upto 3/32" and 75 per cent Cylinder Heads with full valve seat landing width as per the drawing and that the test results indicated no mal-functioning."

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC-VI/24(13—16) dated 20-6-1978/30 Jyaistha, 1900]

Recommendation

The Committee's attention has also been drawn to the agreement entered into between DLW and M/s. Overseas Diesel Corporation, New York for the supply of components of the Locomotives. Under the terms of this agreement a restriction had been imposed on the Government of India not to release designs, drawings and other technical data relating to components of diesel engines to certain specified countries in East Europe. This in effect implied that for the requirement of the components of diesel locomotives the Indian Railways had to depend solely on M/s. Overseas Diesel Corporation, New York or its nominated allies. When asked to explain why such a restrictive clause in the agreement was accepted, the Railway Board have explained that from the records available it has not been possible to locate any reasons why such a clause was accepted. The Committee urge that the Railway Board should look into this aspect with a view to taking necessary remedial measures.

[Sl. No. 15, Para 1.96 of 24th Report of PAC (1977-78)]

Action taken

The observations of the Public Accounts Committee are noted. It may be mentioned that the collaboration agreement under reference, has already expired and the restriction referred to by the Public Accounts Committee no longer operates.

It may be added that if the collaborators insist on the inclusion of such restrictive clauses, it may still be necessary to enter into collaboration agreement with such parties taking into account all other relevant factors.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC-VI/24(13—16) dated 20-6-1978/30 Jyaistha, 1900]

Recommendation

The Committee note that the Ministry of Railways requested the firm in May 1971, i.e., within less than two months of the acceptance of the offer of the firm to supply the tyres according to the amended specifications but the firm declined to accept the change in specifications for the reason that the manufacture of tyres was already in progress. The Committee further note that although under clause 8 of the General Conditions of Contract, the Ministry of Railways could have negotiated with the firm for alteration in the specifications, they did not pursue the matter feeling that a change in specification would infringe the World Bank guidelines in regard to IDA

credit under which the procurement was ordered. Surprisingly enough, instead of putting pressure on the supplier firm for acceptance of a change in the specification which was considered essential, the Ministry of Railways agreed to reschedule the delivery period twice on the request of the firm. By doing so the Railway Board lost the opportunity of either making the supplier to agree to change in the specification or to cancel the contract without financial repercussions for tyres which were otherwise unacceptable. The Committee feel that the Railway Board has not been vigilant in safeguarding the interest of the Railways and has shown undue indulgence to the supplying firm in accepting delayed supplies of tyres made to unacceptable specification. This has resulted in a loss of Rs. 7 lakhs which in the opinion of the Committee was avoidable. The Committee desire that responsibility for this loss by failing to take advantage of firm's failure to adhere to the original contractual delivery schedule should be fixed.

[S. No. 20, Para 1.168 of 24th Report of PAC (1977-78)]

Action taken

The firm initially quoted the delivery commencing 8 months from the date of receipt of the order at the rate of 1200 Nos. per month. According to this the delivery would have commenced in Nov. '71 and the terminal date would have been mid Feb. '72. In order to utilise the IDA credit within the target date, they were requested to improve upon the delivery schedule. The improved delivery schedule offered by the firm was subject to order being received by them before 1-3-71 in which case they offered to commence delivery in Sept. '71 and complete by Dec. '71. The order could not be placed by this date as Railways were negotiating for better terms with M/s. Nikex who were the last supplier of this item.

The negotiations with M/s. Nikex were spread over during the period 24-2-71 to 31-3-71 and during these discussions M/s. Nikex offered to supply only 500 Nos. of these tyres at a unit FOB price of Rs. 637.00. This offer was availed of and Order No. 71/RS(WTA)-41/Tyres/874 XIII dated 13-5-71 was placed on Nikex for 500 Nos. against Railways requirements of 1972-73.

As the Railway requirements of this item during 1971-72 i.e. 3604 Nos. could not be deferred, telegraphic acceptance of their offer was communicated to M/s. Groupment on 17-3-1971. It would, thus, be seen that ordering on M/s. Groupment was deferred deliberately to watch the progress of the negotiations which were then being conducted with M/s. Nikex. After the formal contract was issued,

firm's Indian Agents requested for revision of delivery period so as to conform with their original quotation vide their letters No. 19997 dated 6-4-71 and No. 2183 dated 16-4-71. Accordingly, the delivery schedule was revised under Railway Board's cable No. 16 dated 11-5-71.

It would therefore, be seen that in amending the delivery schedule on 11-5-71 the Railway Board did not at all show any indulgence to the firm. In fact this amendment of delivery period had to be issued as the earlier delivery schedule mentioned in the contract amounted to a counter offer as it did not conform to the firm's original offer viz., commencement in Nov. 71 and completion by Mid Feb., 72.

Due to strike in firm's premises the delivery was further extended from 15-2-72 to 31-3-72. Since this was a force majeure condition over which the firm had no control, this extension of delivery period had to be granted as per the contract and can not be regarded as an act of indulgence to the supplying firm.

The firm has replaced the entire quantity of 338 Nos. defective tyres under the warranty clause, therefore, the Railways has not suffered any loss.

[Ministry of Railways (Rly. Board) O.M. No. BC-PAC-XI/24(17—26) dated 29-6-1978/8 Asadha, 1900]

Recommendation

It is surprising that in the present case the patent defects which could be discovered by the Eastern Railway by visual inspection could not be detected at the initial inspection either by the Inspection Agency or the Railway Adviser. The Committee have been informed during evidence that at the time of agreement with the Belgium firm for supply of tyres, no provision for ultrasonic test had been made as per practice then prevailing. The reason for this was that in the past there was no occasion for rejection on such a large scale. Since the firm had refused to make supplies to the specifications revised within a period of two months of the placing of the order, it was the duty of the Railway Board to have ensured that the tyres supplied by the firm were subjected to rigorous tests so that defective supplies could be eliminated. For that purpose it was essential for the Railway Board to have immediately asked for other forms of tests necessary, such as ultrasonic tests, to make the tyres acceptable, knowing that the chromium content of the steel used by that firm was excessive with reference to the revised specifications.

[S. No. 21, Para 1.169 of 24th Report of PAC (1977-78)]

Action taken

The impression conveyed by the Chemist & Metallurgist Jamalpur, Eastern Railway, has since been clarified by him under his letter No.LM-01 dated 9-10-76 which was forwarded on 5-12-76 to the Lok Sabha Sectt. in response to point No. 98). Relevant extracts of the same are re-produced below:—

“In reply to the queries made in para 2 of your above mentioned letter it is confirmed that the defects were visually detected after cutting sections of the tyre. The tyres did not show any defect visually looking at the tyre before cutting.”

“Therefore it is not as if the Belgium Railway and the Railway Adviser who did the detailed inspection and the over-sight inspection respectively against this contract failed to detect a flaw in the tyres which was visible from the outside. The fact of the matter is that the defects were internal and could be seen only after cutting up of the tyres.

Clause 8.2 of the relevant specification is re-produced below:—

“8.2... The Purchaser or the Inspecting Officer shall in case of reasonable doubts, resort to other forms of testing such as ultrasonic, magnetic etc. as mutually agreed to between the Purchaser or the Inspecting Officer and the Manufacturer and to satisfy that the tyres are free from defects of any kind.”

“Since the Chemical and Physical tests performed by the Inspector on the tyres in the premises of the Supplier did not reveal any deficiency, the Inspector did not have any doubts about the quality of the material and consequently did not resort to any other tests such as ultrasonic etc. As earlier pointed out, tyres to the specification then current i.e. IRS R-15-64 with Corr. No. 1 & 2 had been procured for several years and supplies had been found suitable excepting one case of Japanese supply. It was not considered necessary to issue any specific instructions to the Inspector as he was in any case expected to inspect the material as per the specification.

[Ministry of Railway (Rly. Board) O.M. No. 77-BC-PAC-VI/
24(17—26) dated 29-6-1978/8 Asadha, 1900]

Recommendation

Para 1.217. The Committee are distressed to note that the first supply of screw couplings was received in July, 1973 but the representative samples for test were drawn in January, 1974. The Committee are not convinced by the explanation that since there was a CBI enquiry going on against the firm for supplies against some other contract, the samples could not be tested till the final clearance was received in December, 1973. The Committee consider that the reason for delay in drawing of samples for test are specious. The Committee feel that if the samples from the first lot of supply had been tested in the workshops, the defects would have come to light earlier and further supplies suspended. The Committee desire that this aspect of the case may also be gone into in depth to identify the reasons for this lapse.

Para 1.218. The Committee are also perturbed at the heavy expenditure which the Railways had to incur by direct purchase of the couplings in order to meet their pressing requirements. It is seen that against Rs. 170 payable per screw coupling under the running contract of DGS&D, the Railways procured the screw couplings at the rate of Rs. 450 each, which entailed extra expenditure of Rs. 9.24 lakhs. The Committee find that while ordering fresh purchases the Railway Administration failed to observe the routine formalities which consisted of formal rejection of the stores and intimation of such rejections to the supplier within 45 days of the delivery of the stores as also notification of its intention to make purchases at the risk and cost of the firm. The Ministry of Railways' plea that the details of rejections could not be conveyed to the supplier within the time limit of 45 days because of the delay in finalising the test reports is not at all convincing. There can be no justification whatsoever for overlooking the legal formalities in a contract which are required to be observed for safeguarding the financial interest of the Railways. The Committee desire that the matter may be thoroughly investigated with a view to fixing responsibility.

[Sl. Nos. 31 & 32 Paras 1.217 & 1.218 of 24th Report of PAC
1977-78)]

Action taken

The delay in testing the consignment and not advising the rejection within 45 days of receipt was due to the following reasons. As a sequel to a CBI report of March 1973 the Vigilance department of Eastern Railway advised the Depot officer in August '73 about the possible supply of second hand reconditioned screw couplings by

M/s. Ajay Industries and advised him to be very careful in inspection. At that time two lots, received against DGS&D running contracts placed in July 1972 and August 1972 were in hand. While the matter was under examination, CBI had collected 3 samples from the lots supplied against the contract placed in July, 1972. Since the lot received against the other contract placed in August, 1972 was available at that time, the Depot considered prudent enough to wait for the results on samples obtained by CBI before further action. On receipt of the advice from the Vigilance Branch on 20-12-1973, further action was initiated. In this process, the delay has occurred which could not be avoided owing to the peculiar circumstances of the case. However, it would be seen that this delay has not affected the interests of the purchaser in this particular contract. The entire value of defective screw coupling viz. Rs. 10.5 lakhs have been recovered from the firm and defective materials have been removed from the depot premises.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24(30—35) dated 16-6-1978/26th Jyaistha 1900]

Recommendation

The Committee regret that the Chemical test of the material as required *vide* para 5.1 of IS-280 was not carried out. The Ministry of Railways have advanced the argument that as the material was used for binding wire and for typing reinforcement, the chemical test for impurities viz. sulphur and phosphorus was not important. The Committee are surprised that an essential condition of chemical test was waived. That this waiver was unjustified is proved by further development viz. that the material had to be rejected being 'old stocks, badly rusted and rotten.' Had the material been chemically tested in larger measure at the initial stage, impurities of sulphur and phosphorus would have been noticed and suitable action taken before acceptance of the material.

[S. No. 39, Para 1.241 of 24th Report of PAC (1977-78)]

Action taken

As already mentioned in the preceding para 1.239, one sample out of the 20 samples drawn, was sent for chemical test. The ACMT who was to conduct the test, came to the conclusion that since the samples stood the wrapping test, it indicated that the sulphur and phosphorus contents could not have been beyond the permissible limits, as otherwise, the wires of such small size will tend to be brittle and would not stand the wrapping test. In view of this,

chemical test was not considered necessary. As for the Committee's observation that had the material been tested in a larger measure at the initial stage, impurities of sulphur and phosphorus would have been noticed, and suitable action could be taken before acceptance of the material, it may be mentioned that the rejection of the material was not on the basis of the impurity of sulphur and phosphorus but only on the basis of size and rusting.

[Ministry of Railways (Rly. Board) O.M. No. 77-BC-PAC/VI/24 (36—40) dated 17-6-78/27th Jyaishta 1900].

CHAPTER IV

Recommendations and observations replies to which have not been accepted by the Committee and which require deliberation

Recommendation

The Committee find that in addition to the cylinder heads supplied by General Motors, 96 cylinder heads had been imported from another firm viz. M/s. Hunt Spiller, these cylinder heads gave way prematurely earlier than the expected life. Out of the 96 cylinder heads supplied by this firm 73 (76 per cent) cracked after giving service ranging between 36 days and 44 days only (the lowest and the highest kilometrage done being 14,040 to 1,60,290 against the warranty of 1,60,000 kilometres). The comparatively greater premature failures of the cylinder heads are according to the Ministry of Railways due to manufacturing defects. However, it is with great difficulty that India Supply Mission, Washington has been able to persuade the firm to agree to replace 90 cylinder heads without further inspection and free of cost. The Committee would like to know whether all these 90 cylinder heads have since been replaced and are working satisfactorily.

[S. No. 6, Para No. 1.57 of 24th Report of PAC (1977-78)]

Action taken

69 cylinder heads have already been sent to the supplier for replacement which are still awaited. It may be added that a large number of cylinder heads manufactured by M/s. General Motors and M/s. Hunt Spiller had been sent to the C.L.W. to be used as raw material for indigenous development. Out of 90 cylinder heads, 69 cylinder heads had been traced and despatched to the firm as mentioned above. The remaining cylinder heads could not be traced out and have presumably been melted by the CLW in the process of developing indigenous supply.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI—24(1—12) dated 6-7-1978/15th Asadha, 1900]

Recommendation

The Committee have been informed that the entire requirement of cylinder heads for WDM-4 locomotives was being imported as the indigenous manufacture of these hard core items had not progressed much. Although success is stated to have been achieved in

the development of ALCO cylinder heads at the Chittaranjan Locomotive Works, a breakthrough in perfecting the techniques of producing WDM-4 cylinder heads has yet to be made. According to the information furnished by the Ministry of Railways, it is expected that during the course of next 12—18 months, it may be possible for Chittaranjan Locomotive Works to produce cylinder heads for WDM-4 locomotives. However, during the course of evidence the Committee were informed that the Chittaranjan Locomotive Works have been entrusted with the development of the work of this cylinder heads only recently. Knowing fully well the urgency of the requirements, the Committee feel that this work should have been given a very high priority than assigned earlier. They would like to know the results of the efforts made by Chittaranjan Locomotive Works in this direction.

[S. No. 9, Para 1.60 of 24th Report of PAC (1977-78)]

Action taken

The observations of the Committee have been noted. The actual position of casting, machining etc. of cylinder heads for WDM-4 locomotives is given below:—

(i) Total No. of castings made	50
(ii) Total No. of castings machined	23
(iii) Total No. of castings rejected during Hyd. test	14
(iv) Total No. of castings passed during Hyd. Test	9

2. Even though CLW has already developed the Cylinder Heads for FDM-2 locos, it is to be reiterated that the design of the Cylinder Head as fitted on WDM-4 locos is entirely different from that fitted on the Alco Engine and, therefore, the technique of manufacture of cores, patterns etc. which has to be adopted is entirely different. A number of experiments have already been carried out so as to produce leak-proof castings of acceptable quality and to the desired working tolerances. Besides, the machining process and toolings etc. for the machining of the cylinder heads had to be specially evolved through repeated trials and experiments; it is anticipated that the first loco set of Cylinder Heads duly finish machined will be despatched to the Northern Railway shortly. This field of work is technically so challenging and highly sophisticated that besides CLW no local supplier was able to develop this process and even in the international field there are very few suppliers. That CLW has been able to develop this product is a tribute to the pioneering spirit, perseverance, technical knowledge and experience of their technicians.

3. CLW was awarded Shram Vir Award by the Government of India in recognition of the outstanding effort made in developing Alloy Iron Castings by the CLW.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/77(1—12) dated 6-7-1968/15 Asadha 1900]

Recommendation

Para 1.166 The Committee have since been informed that following the cases of cracking of EMU tyre supplied earlier from Japan, during the year 1968-69 on the South Eastern Railway, the RDSO had been making detailed studies and investigations over a period of about two years into the causes of the incidence of cracked tyres. As a result of these investigations the RDSO had suggested an amendment to the specification which had the effect of restricting the percentage of chromium content used in EMU tyres to 0.15. The Committee are unable to understand how the Ministry of Railways could invite a global tender for the supply of EMU tyres of a particular specification knowing fully well that the RDSO was engaged in investigations on the incidence of the cracked tyres which had been supplied earlier from Japan. In view of the fact that the specifications for the EMU tyres had to be amended on the basis of the investigations conducted by RDSO, the Committee feel that the Ministry of Railways should have consulted the RDSO before issuing the global tender which they did on 26th November, 1970, i.e. some four months before the RDSO advised amendment to the specifications. The Chairman, Railway Board has conceded during evidence that consultation with RDSO could have been better. That the investigations being carried out by the RDSO were not of a routine nature is borne out by the fact that when the offer of the firm to supply tyres with 1.1 per cent to 1.4 per cent chromium/content was referred to RDSO, the latter rejected the offer and insisted that the specification as amended by them be adopted. It has also been stated that the tyres conforming to the amended specification of RDSO have not given any trouble. This vindicates the position that if RDSO had been consulted before the floating of tenders, the inconvenience and financial loss suffered as a result of defective supplies of tyres by the Belgium firm could perhaps have been averted.

Para 1.167. The Committee also feel that there has been a communication gap between the RDSO and the Ministry of Railways even though it has been claimed that the Ministry of Railways are continuously in touch with the activities of RDSO. It is seen that the RDSO had come to the conclusion sometime in February 1971 that an amendment to the specification of EMU tyres was necessary.

However, this was communicated to the Ministry of Railways in April 1971 after the placement of the contract. If the amendment to the specification had been communicated before the Ministry of Railways had finalised the contract with the Belgium firm on 31 March, 1971, it would have enabled the Ministry of Railways to have the changes in the specification incorporated in the agreement. The Committee regret that neither the Ministry of Railways nor RDSO took initiative in this respect. The Committee would like the matter to be thoroughly gone into, fix responsibility for the lapse and devise remedial measures to obviate recurrence. The Committee would like to be informed of the action taken.

[S. Nos. 18 & 19, Paras 1.166 & 1.167 of 24th Report of PAC (1977-78)]

Action taken

Para 1.166. It was known that RDSO were investigating into the cause of bursting of tyres. It was, however, not known that it will result in any amendment of the then existing specification. Such studies are normal and continuous developmental activities. The fact that a study is going on does not justify that all further ordering material should be suspended till the study is finalised since these tyres were required continuously to keep the Electrical Multiple Units in good fettle, the wheelsets being subject to heavy wear round the clock particularly due to repeated braking peculiar to suburban service and replacements are a must in the interests of safety. Number of cases of EMU Motor Coach tyres cracking referred to relate to the same supply i.e. 577 tyres by Sumitomo against ICF contract. Since supply of tyres to the then current specification i.e. IRS R-15-64 with Corrigendum Nos. 1 and 2 procured earlier from Japan and thereafter from Mike/Hungary had functioned in a satisfactory manner, there was no cause to apprehend that ultimately a change in the specification would become necessary. Railways also needed tyres to maintain EMU service as already stated above.

Besides, it is submitted that the tyres which were found finally unacceptable were those which had inherent internal defects on account of defective manufacture by the Suppliers. In this context para 9 of Chemist & Metallurgist Jamalpur, Eastern Railway's test certificate No. LM-29 dated 22-12-1972 is reproduced below:—

“9. Conclusion:

9.1. The Chemical composition of the tyres was considered satisfactory.

- 9.2 The tensile property of tyre No. 3 was found to conform to IRS R-15/64 while that of tyre No. 1 were slightly low against the minimum requirement of 110 Kgf/mm².
- 9.3 The visual examination and macro characteristics clearly indicated evidence of prominent internal defect in the shape of laminations in all the tyres.
- 9.4 The failures (Cracking up of tyres after fitment on wheel centres) may be attributed to presence of inherent internal defect in the materials."

This report was earlier submitted to the Lok Sabha PAC Branch under this Ministry's letter dated 15-12-76 in response to Point No. 98.

Recently similar defects i.e. cracking of tyres while being fitted on wheel-centres have been noticed in the supply of same item made by M/s. Korea, against the amended specification i.e. IRS R-15/64 with Corr. No. 1, 2, 3 & 4. It bears out the reply given by this Ministry against point No. 61—relevant portion in this regard is reproduced below:—

"It will, therefore, be evident that the cracking of the Belgium tyres occurred during the process of fitment of the tyres on to the wheel centres and was attributed to the manufacturing defects in the tyres. This is also borne out by the fact that 371 tyres out of 699 have been found defective on ultrasonic test as per method suggested by M/s. Groupment, Belgium viz. UIC Code 853-1. The fracture of Belgium tyres has, therefore, no resemblance whatsoever with the fracturing of the Sumitomo tyres which had occurred due to thermal effects after the tyres had earned kilometrages varying from 38,000 to 99,000. Even if the amendment to the specification R15-64 had been issued earlier than the placement of order for 3604 tyres on M/s. Groupment, Belgium, if the manufacture was improper, the defects would still have occurred on these tyres and the failures during the process of shrinking would still have occurred on the Eastern Railway."

Para 1.167. The first case of incidence of cracking of tyres on the S.E. Railway, in respect of an earlier supply of Japan, came to the notice of RDSO in October '68. Again some more fractures were noticed in January '69 and by March 69, 18 Japanese tyres had failed in service out of 577 Nos. On receipt of reports of failure of Sumitomo tyres (Japanese tyres) from South Eastern Railway,

prompt investigations were carried out by RDSO in association with South Eastern Railway. As a number of factors like thickness of tyre, interference between tyre and wheel centre, use of improper quality of brake blocks, generation of high heat between brake blocks, and the tyres on account of brake binding/normal braking, material specifications of the tyre and specific shoe pressure, could contribute to the fracturing of tyres, the effect of each factor had to be individually gone into in detail and the relevant factors had to be eliminated by the process of elimination. Only after all this had been done that the RDSO came to the conclusion some time in February '71 that an amendment in the specification was necessary.

While it may be desirable to consult RDSO about the latest specification before floating the tender but it may not be possible to consult in each and every case as this practice will lead to delay. The time honoured practice is to invite tender as per the latest Specification in force at the time of floating the tender. As already explained in reply to para 1.166 above that even if the amendment to the specification IRS Rs. 15-64 had been issued earlier than the placement of order on M/s. Groupment, Belgium if the manufacture was improper as it happened in the current case the defects would have still occurred. Therefore, the supply of defective tyres have not been caused by Railway's not adopting the latest specification by floating the tender, but in fact have been caused by defective manufacture.

Aud't Comments

The Audit have made the following observations:—

Para 1.166

“The Draft Action Taken Notes do not reply the operative portion of the PAC's recommendations reading “The Chairman Railway Board conceded that consultation with RDSO could have been better”. The Ministry of Railways (Railway Board) may like to revise the Action Taken Notes suitably. The factual position is, however, under verification by the Chief Auditor, Eastern Railway.

Para 1.167

“The draft action taken notes do not reply the substantive part of the PAC's recommendations reading. The Committee also feel that there has been a communication gap between the RDSO and the Ministry of Railways (Railway Board).

even though it has been claimed that the Ministry of Railways are continuously in touch with the activities of the RDSO. The factual position is, however, under verification by Chief Auditor, Eastern Railway."

Railway Board's further remarks

The Railway Board have the following further remarks to offer on the above audit observations:

"As explained in the reply to para 1.167 it may not always be possible to consult RDSO in regard to the likely changes in Specification in each and every case where investigation has been undertaken by RDSO, as such a practice will lead to delay in purchase action. It may be added that in this case the failure of the Tyres was not attributable to the fact that the revised Specification prescribed by the RDSO had not been incorporated in the Purchase Order. However, the question as to how far it is feasible to consult the RDSO in this respect before floating tenders in such cases and the exact procedure that is to be followed is separately under examination and a decision will be taken in due course."

[Ministry of Railways (Rly. Board) OM No. 77-BC-PAC/VI/24
(17-26) dt. 29-6-78/8 Asadha 1900]

Recommendation

The Committee have been informed that there are four metre gauge air-conditioned tourist cars and 37 first class metre gauge tourist cars with the Indian Railways. The particulars of utilisation of these cars during 1972-73, 1973-74 and 1974-75 as furnished by the Ministry of Railways are revealing. In each of the three years these air-conditioned tourist cars and first class tourist cars were used by tourists only for one day. For 5 or 6 days they were used for carriage of V.I.Ps. Strangely enough, these were used by officials for 155 days in 1972-73, for 154 days in 1973-74 and for 144 days in 1974-75. This clearly demonstrates that these tourist cars are being put to purposes other than those for which they were intended, viz. carriage of tourists. The Committee deplore the improper utilisation of such costly national assets. They need hardly emphasise that the Ministry of Railways should immediately make an overall review of the need for maintaining the fleet of these tourist cars (of all gauges) more particularly in the context of their poor utilisation for the purpose for which they were originally intended. In case these cars cannot be economically used for tourist traffic, the Ministry may

consider the feasibility of putting them to alternative uses by making suitable modifications. The Committee would like the Ministry to complete this review urgently.

[S. No. 43, Para 1.260 of 24th Report of PAC (1977-78)]

Action taken

Efforts are being made to explore the possibility of utilizing the air-conditioned tourist cars of both gauges (MG&BG) and also first class tourist cars in consultation with the India Tourism Development Corporation. Ministry of Tourism, is also being approached to popularise the travel facilities in these coaches among the public and foreign tourists.

This has been seen by Audit who have observed as under:

“The draft action taken note is of ad-interim nature. The final outcome of the efforts made by the Ministry of Railways (Railway Board) to explore the possibilities of utilisation of the tourist car along with other air-conditioned tourist coaches may be brought to the notice of the PAC in due course.”

[Ministry of Railways (Rly Board) O.M. No. 77-BC-PAC/VI/24
(41-43) dt. 17-6-78/27 Jyaishta 1900]

CHAPTER V

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

Recommendation

The Committee have been informed that out of a total 5,264 cylinder heads supplied by the U.S.A. firm since 1963, 62 cylinder heads had failed within the warranty period of 12 months. The claims for 62 cylinder heads were preferred but the firm accepted claim only for 14 numbers, the claim had been rejected for 19 numbers and the claim was still pending for the remaining 29 numbers. The value of the outstanding claim of 48 cylinder heads is approximately \$16,682. The Committee desire that the matter may be vigorously pursued with the firm and the final outcome intimated to them.

[S. No. 5, Para No. 1.56 of 24th Report of PAC (1977-78)].

Action taken

The matter regarding replacement of 62 cylinder heads is being vigorously pursued with the firm at the highest level through ISM, Washington and the final outcome will be intimated.

[Ministry of Railways (Rly Board) O.M. No. 77-BC-PAC/VI/24 (1-12) dated 6.7.1978/15 Asadha, 1900].

Recommendation

From the information made available to the Committee it is seen that there has been protracted correspondence between ISM Washington/Railway Administration and M/s. Hunt Speller in regard to replacements of the defective cylinder heads. It would appear that the main point of contention has been the interpretation of the warranty clause, which according to the Chairman, Railway Board was different from the warranty clause normally included in such contracts. The chairman, Railway Board stated in evidence: "That (warranty) clause said that whenever there was a defective thing, it should be sent back and the suppliers should replace it. In our warranty clause—which we have here we do not have such a

thing...we may have to change this warranty clause in future." Even though the Ministry of External Affairs have stated that the "warranty clause stipulated in the contract is as per the standard terms and conditions that govern procurements of all stores by the Supply Wing", the Committee nevertheless would like that the matter should be reviewed in depth in the context of the difficulties that have arisen in this particular case in order to obviate recurrence of such cases in future. The action taken in this behalf may be intimated to the Committee.

[S. No. 7, Para 1.58 of 24th Report of PAC (1977-78)].

Action taken

In this connection, it may be stated that a high power Committee under the Chairmanship of the Minister of Supply had gone into the question of prescribing a proper warranty clause in contracts for purchase of stores placed through the Ministry of Supply. The Committee in their report have recommended as follows in this respect—

"Since there cannot be a general warranty clause for all stores; a suitable minimum period of warranty should be stipulated for different products. In the case of special type of equipment/stores, the indenting Deptt. should indicate type and nature of warranty required and on that basis, it should be the endeavour of the purchasing organisation to negotiate the best terms possible with the firm. Instructions have already been issued to the Railway Administrations accepting the above recommendation.

The question of revising warranty clause so as to ensure replacement supplies being effected before the defective materials are taken over by the contractor from the consignee-points in India is being taken up with the ISM, Washington in the light of the PAC recommendation and will be pursued.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24 (1-12) dated 5.7.1978/14 Asadha, 1980].

Recommendation

Keeping in view the large number of avoidable lapses that occurred in this case, the Committee desire that the whole case may be reviewed so as to rationalise and streamline the procedure regarding purchases through Indian Supply Mission, Washington by the indenting departments. The Committee would like to be ap-

prised within six months of the presentation of this Report of the conclusive action taken in this regard.

[S. No. 12, Para 1.63 of 24th Report of PAC (1977-78)].

Action taken

The question of rationalising and streamlining the procedure regarding purchase through the India Supply Mission, Washington is being examined on the basis of suggestions received from the ISM, Washington. Conclusive action taken on the basis of this examination would be advised to the Committee in due course.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24 (1—12) dated 6-7-1978/15 Asadhra, 1900].

Recommendation

The Committee are also concerned to note that the Railways also sustained indirect loss on account of delay in the receipt of spare parts. It is estimated that every month 8 locodays and 192 man-hours were lost because the locomotives remained in sheds during scheduled overhauls for longer periods than was warranted. The Committee desire that the Ministry of Railways should review this case in conjunction with the ISM, Washington with a view to streamline the procedures involved in processing of indents and placing of orders in the light of the deficiencies and lapses which came to notice in the present case. The precise action taken in this behalf may be intimated to the Committee.

[S. No. 29, Para 1.196 of 24th Report of APC (1977-78)].

Action taken

The suggestion of the Committee for streamlining the procedure for procurement of stores through ISM, Washington has been noted and necessary action in this regard is being taken in consultation with the ISM, Washington.

This has been seen by Audit who have made the following remarks:—

The reply is of ad-interim nature. The results of action taken to streamline the procedure for procurement of stores through the I.S.M., Washington may please be brought to the notice of the Public Accounts Committee in due course.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24 (27—29) dated 16-6-1978/26 Jyaishta, 1900].

Recommendation

The Committee note that between July, 1973 and August, 1974, 5,900 screw couplings were delivered to the two Depots of the Eastern Railway at Liluah and Halisahar by a Calcutta firm against a running contract entered into by DGS&D in August, 1972. These screw coupling had been duly inspected by the Director of Inspection of the DGS&D. The Committee, however, find that after tests at the Railways Workshops, the entire supply of the screw couplings was found to be unsuitable due to major dimensional defects and not being in accordance with the specification drawing. The Committee would like to be informed as to how such sub-standard material could pass through inspection. It is rather intriguing that a CBI enquiry against the same firm in connection with another contract for supply of the screw couplings was then in progress and yet the Director of Inspection was not sufficiently vigilant in dealing with this firm. Prima facie, the inspection appears to have been very lax and perfunctory, which needs to be carefully investigated for fixing responsibility. The Department of Supply have informed that the whole matter was being examined from vigilance angle. The Committee would like these proceedings to be processed urgently and the action taken in pursuance thereof intimated to them.

[S. No. 30 Para 1.136 of 24th Report of PAC (1977-78)]

Action taken

The lapses have been investigated in consultation with the Central Vigilance Commission and it has been decided to initiate disciplinary proceedings for imposing major penalty against the concerned Assistant Inspecting Officer as well as the concerned Deputy Director of Inspection. The result of the proceedings will be intimated to the Committee.

[Deptt. of Supply O.M. No. PIII-17 (10/77) dated 15-6-78].

Recommendation

The explanation given by the Ministry of Railways for the Railway Administration's failure to notify its intention to make purchases of the material at the risk and cost of the firm is equally unconvincing. It is seen that the proposal for procurement of 3 months' requirement of screw couplings through special limited tender was initiated in May, 1974 and General Manager's sanction was obtained in June, 1974. At this stage the DGS&D contract had not been extended upto 31st July, 1975. It was only in January, 1975

that DGS&D extended the delivery date. Therefore, the argument that DGS&D cancelled the contract in May, 1975 only and Railways could not wait upto this period does not seem to be tenable. While resorting to direct purchases the Ministry of Railways should have ensured that all the legal formalities were completed so that their financial interests did not suffer. In such matters the Ministry of Railways cannot leave the observance of legal formalities to the DGS&D without complying with the duties cast on them in terms of the contract. This omission needs to be looked into with a view to fixing responsibility.

[S. No. 33, Para 1.219 of 24th Report of PAC (1977-78)].

Action Taken

Railway Administration is empowered to make emergent purchases in the event of failure of supplies against DGS&D contracts to ensure proper maintenance of the assets. Such purchases cannot be done at the risk and cost of the DGS&D suppliers where compliance of legal formalities etc., would not enable the Administration to make available the required stores in time for ensuring maintenance.

As far as this particular case is concerned, as earlier stated the purchase was made outside the DGS&D contract without modifying the indent on DGS&D. DGS&D has actually cancelled the contract only in May '75 and it is for DGS&D to take appropriate action against the firm for default.

In view of the above, it is considered that there was no omission on the part of the Railway Administration.

Audit comments

This has been seen by Audit who have made the following observations on the above reply.

"The draft action taken note now received from the Ministry of Railways is only a reproduction of the earlier action taken note which does not appear to have been subjected to any revision, in the light of the Audit observations conveyed in para 3 of this office U.O. note of 26-4-78. In fact, PAC's recommendation to the effect this omission needs to be looked into with a view to fixing responsibility has not been implemented. In this connection it may be pointed out that the initial validity of the contract was upto 31-7-74. The Railway Administration initiated action for direct purchase in May/June 1974, and the actual purchases were made in February 1975. The extension in the delivery date of the contract (upto 31-7-75) was

granted by DGS&D in January 1975. Failure on the part of the Railway Administration and DGS&D to take risk purchase action against the contractor between August 1974 and January 1975 has entailed an extra expenditure of Rs. 9.24 lakhs. It was in this context that the PAC desired the omission to be looked into with a view to fixing responsibility. This remains to be implemented.

Attention is also invited to the following statement made by the Department of Supply before the PAC:

General damages are recoverable in this case from the firm. The DGS&D have issued Trade Enquiry to ascertain market rate on the date of breach of contract so as to prefer their claim for general damages on the firm.

The draft action taken note states, *inter alia*, that it is for DGS&D to take appropriate action against the firm for default. Find action taken by DGS&D in this behalf may be incorporated in the note."

Railway Board's further remarks

The Railway Board have the following further remarks to offer on the above Audit comments—

An extract of para 3 of the U.O. note dated 26-4-78, referred to in the above observations, is reproduced below:

"This recommendation has been marked to both the Ministries, viz. Railways and Supply. It is, therefore, requested that the proposed reply may, in the first instance, be shown to Department of Supply to know its reaction. Further, it will be desirable to submit to the PAC an action taken note covering remarks of both the Ministries."

As suggested by Audit, the above reply was shown to the Department of Supply who have not made any further observations. It was in view of this that the above reply was again sent to Audit for their remarks. The further observations of Audit now made are dealt with hereunder:

In this connection, an extract of para 706 of the Indian Railway Code for the Stores Department is reproduced below.

"Para 706.

"Direct purchase of Directorate General of Supplies & Disposals items: Except in respect of items of stores for which the Directorate General of Supplies & Disposals has entered into Rate or Running

contracts, the Controllers of Stores may not use the agency of the Directorate General of Supplies & Disposals for any purchase upto Rs. 50,000/- and under in each case.

In emergencies where non-acquisition of the article concerned is likely to hold up work, purchases limited to the quantity required to tide over the emergencies may be made, the Controllers of Stores exercising these powers upto the limit of Rs. 5 lakhs for each item. In respect of purchases exceeding Rs. 5 lakhs but not exceeding Rs. 1 crore, sanction of the General Manager should be obtained."

As will be seen therefrom, powers have been delegated to the Railway Administrations for making emergency purchases in the situations indicated therein. It would be appreciated that emergency purchases arise only on account of failure of supplies through the DGS&D and they are limited to the quantity required to tide over the emergency. Naturally, such emergency purchases cannot be at the risk and cost of the DGS&D suppliers as completion of necessary legal formalities etc. would be time consuming. In this case, such a process would be more time consuming and would not have enabled the Railway Administration to meet the needs of the emergency situation but for which maintenance of operations would be hampered. It is, therefore, considered that there was no omission on the part of the Railway Administration in resorting to emergency purchases directly.

As regards recovery of general damages, details of the further action taken by the DGS&D are still awaited and would be furnished in the course.

[Ministry of Railways (Railway Board) O.M. No. 77-BC|PAC|VI|24
(30—35) dated 16-6-78|26 Jyaistha, 1900].

Recommendation

The Committee would like to know how the GOS&D *suo moto* extended the delivery date without ascertaining whether the stores were still required against the contract. The Committee would also like to know whether DGS&D had, before extending the delivery date in January 1975, taken necessary precautions in consultation with the Railways to ensure that such extension did not in any way jeopardise the legal remedy of the consignee to resort to risk purchase at the cost of the defaulting firm. It appears that by resorting to direct purchases within the currency of the DGS&D's contract with the firm, which was cancelled only on 28 May, 1975, the Railways have forfeited their right to recover the extra cost on these

purchases. The only remedy now open to them is to claim general damages, for which DGS&D is stated to have initiated action. The Committee would like to be informed of the outcome of these proceedings."

[Sr. No. 34 para 1.220 of 24th Report (1977-78)]

Action taken

Delivery date was extended upto 31-7-75 with reservation of rights to recover general damages and with the usual denial clauses after consultation with the then Controller of Stores, Eastern Railway, Calcutta, who happened to be in Delhi on 16-1-75. This action of the DGS&D did not in any way jeopardise the rights of the consignee, because the right of cancellation and re-purchase at the risk and cost of a DGS&D defaulter vests only with the DGS&D. For the same reason, the consignee is not entitled to recover any extra money from a DGS&D supplier on the basis of his direct purchase. DGS&D have already filed a claim on the defaulting firm for recovery of general damages amounting to Rs. 24,76,597.20 and the case is still under arbitration. The Committee would be informed of the outcome of the Arbitration proceedings in due course.

[Deptt. of Supply O.M. No. PIII-17(10)/77 dt. 15-6-78]

Recommendation

In view of the lack of functional co-ordination between the Railways and the DGS & D as has been revealed in this case, the Committee desire that this case may be reviewed by a Joint Committee of Railways and Department of Supply to lay down appropriate procedures for obviating the recurrence of lapses noticed in the present case. The Committee would like to be informed of the action taken in this behalf.

[Sl. No. 35, (Para 1.221) of 24th Report of PAC (1977-78)]

Action taken

As desired by the Committee, Railway Liaison Officer, Railway Board and Dy. Director, General (I) in DGS & D's Office have been nominated to review the lapses in this case for laying down appropriate remedial measures.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI|24 (30-35), dated 16-6-1978|26 Jyaistha, 1900]

Recommendation

The Committee find that 20 samples were drawn from the lots of 295 bundles of wires received during July, 1973 by the District Controller of Stores, Mahalaxmi, but only one sample out of them was sent to Assistant Chemist and Metallurgist, Parel for testing the material for size, tensile strength and the wrapping test. It is not clear how the material was found acceptable for size and quality by the technical inspection when the materials supplied were in five sizes varying from 16 to 26 SWG_s against the order for 1.25 mm. dia. 18 SWG and the specification prescribed a tolerance limit of +0.04 mm. only. Even according to Railway's own admission based on the utility of the material 2.348 tonnes were outside the acceptable range, that is, 13.44 per cent. The Committee cannot but conclude that the initial inspection was lax and perfunctory.

[Sl. No. 37 (Para 1.239) of 24th Report of PAC (1977-78)]

Action taken

It is a fact that 20 samples were drawn and examined physically and one was sent for chemical test. Since the samples were found acceptable, it is clear that the presence of different sizes in the entire lot was not noticed from the samples. As per the normal practice, the entire consignment was accepted on the basis of the acceptability of the samples drawn for the purpose. It is true that the Administration has mentioned that 2.348 M|Ts of material were found outside the acceptable range. However, this quantity of 2.348 M|Ts was arrived at at the time of subsequent inspection, when 100 per cent check was done. At the time of initial inspection, this check was confined to the samples drawn and, hence, the entire lot was accepted. As for the observation of the Committee that the initial inspection was lax and perfunctory, this question was separately examined by an Enquiry Committee, action on the basis of whose report is being taken.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC|VI|24 (36—40) dated 17|19-6-78|27 Jyaistha, 1900].

Recommendation

The Committee regret that no record has been maintained of the samples drawn for inspection from the lots received in September, 1973. The Committee take a serious view of this lapse and would like the Ministry of Railways to investigate the matter thoroughly for fixing responsibility.

[Sl. No. 38 (Para 1.240) of 24th Report of PAC (1977-78)]

Action taken

Unfortunately, in this case, no record was maintained of the samples drawn for inspection. This was an omission on the part of the Stores Inspector (Signals). The question of taking DAR action against the employees is being examined.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC|VI|24 (36—40), dated 17|19-6-78|27 Jyaistha, 1900]

Recommendation

The Committee note that an Enquiry Committee has been constituted to investigate the matter fully. The Committee would like to know the findings of the Enquiry Committee and the action taken in pursuance thereof.

[Sl. No. 40 (Para 1.242) of 24th Report of PAC (1977-78)]

Action taken

The findings of the Enquiry Committee and the action taken in pursuance thereof are briefly given below:—

<i>Findings</i>	<i>Action taken</i>
(i) The material supplied by the firm was of heterogeneous quality and the Stores Inspector (Sig), Mahalaxmi, failed to take due care in the initial inspection.	The employee has since retired from service on 30th September '74. However, he being governed by Pension Rules, the question of taking DAR action against him is being examined in the light of rules governing pensionable employees and the period prescribed for taking such action. The death-cum-retirement gratuity has, however, not been paid pending this examination.
(ii) No guidelines existed as to the manner of sampling and the number of samples to be taken, etc.	Necessary guidelines in the matter have already been issued.
(iii) Approximately, 2,685 Kgs. out of 17, 18 and 19 gauge wire as supplied by the firm can be used after sorting out.	Even though the Committee recommended that this quantity can be used, the question of the legality of the rejection was under correspondence with the Ministry of Law, whose reply has been received by the Railway recently. Further action is being taken by the Railway.

*Findings**Action taken*

- (iv) Though the supplier failed to carry out the responsibility for supplying correct material in terms of the contract, legally it will not be possible to enforce rejection of the material except for a part quantity of 2,348 kgs. Since however, morally the supplier is responsible for having supplied sub-standard material not conforming to the specification, the Administration could consider whether any further action such as removal/suspension/banning is necessary.

Show Cause Notice was issued to the firm by the Railway proposing to ban business dealings. Their reply has been received and is under examination. The firm have, however, been removed from their list of approved suppliers by the Western Railway for 3 years on some other charge.

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC/VI/24 (36—40), dated 17/19-6-78/27 Jyaistha, 1900]

Recommendation

The Committee are further surprised to learn that from 1960 to February, 1974, no requisition from any party for the use of the car had been received even though the North Eastern Railway Administration had made out a case for the provision of the air-conditioned tourist car mainly on the basis of its anticipated demand from tourists. The meagre utilisation of the car during the period 5th March, 1974 to 18th April, 1975 also reinforces the Committee's view that the justification of a tourist car by the North Eastern Railway for the use of tourists could not be substantiated. It is disconcerting that in the period of about 13 months the car was utilised only on 11 occasions out of which 4 were empty runs, 5 runs were for senior railway officials and 2 runs for a foreign dignitary. The Committee would recommend that the Ministry of Railways should urgently review the utilisation of this tourist car which has been built up at a cost of more than Rs. 2 lakhs and which involves Rs. 6,000 per annum by way of maintenance charges.

[Sl. No. 42 (Para 1.259) of 24th Report (1977-78)]

Action taken

Efforts are being made to explore the possibility of utilizing the above tourist coach along with other air-conditioned tourist coaches, in consultation with the India Tourism Development Corporation. Ministry of Tourism is also being approached to popularise the travel facilities in the coaches among the public and foreign tourists.

This has been seen by Audit who have observed as under:—

“The Draft Action Taken Note is of *ad-interim* nature. The final outcome of the efforts made by the Ministry of Railways (Railway Board) to explore the possibilities of utilisation of the tourist car along with other air-conditioned tourist coaches may be brought to the notice of the PAC in due course.”

[Ministry of Railways (Railway Board) O.M. No. 77-BC-PAC|
VI|24 (41—43) datel 17|19-6-78|27 Jyaishta, 1900].

P. V. NARASIMHA RAO,
Chairman,
Public Accounts Committee.

NEW DELHI;

March 8, 1979

Phalguna 17, 1900 (S)

APPENDIX

CONCLUSIONS AND RECOMMENDATIONS

S. No.	Para No.	Ministry Concerned	Recommendations
1	2	3	4
1.	1.3	Railways	<p>The Committee expect that final replies to those recommendations or observations in respect of which only interim replies have so far been furnished, will be made available to them expeditiously after getting them vetted by Audit.</p>
2.	1.4	-do-	<p>The Committee find that out of the 43 recommendations contained in the 24th Report (Sixth Lok Sabha) replies to as many as 14 recommendations, which account for more than 32 per cent of the total are of interim nature though more than one year has elapsed since the presentation of the report in December, 1977. The Committee have been repeatedly emphasising the need for speedy implementation of their recommendations as it is felt that undue delay in the implementation only militates against the usefulness of the remedial steps taken or proposed to be taken. The Committee would like to stress that as far as possible conclusive action on the recommendations of the Committee should be finalised within the period of six months normally allowed for furnishing of Action Taken Notes. In this connection attention is also drawn to</p>

the recommendations contained in paras 1.3 and 1.4 of their 68th Report (Sixth Lok Sabha) and para 1.4 of their 107th Report (Sixth Lok Sabha).

3. 1.8 -do-
- The Committee note that out of 90 cylinder heads the Northern Railway had been able to trace 69 cylinder heads only and these have been despatched to the firm for replacement. The remaining 21 cylinder heads have not been traced out and it is presumed that these have been melted by the CLW in the process of developing indigenous supply. The Committee are not satisfied with the explanation offered. It is shocking to find that no proper record of such costly items has been maintained in CLW. In the absence of such a record it is difficult to say whether the missing cylinder heads were actually melted or were lost in transit. It is a serious matter. The Committee are of the view that the Railway Administration had failed to take proper care of the cracked cylinder heads to ensure their replacement. The Railway Administration should have kept these cylinder heads segregated and proper account kept for the same, in view of the claim made by them on the suppliers for replacement. The Committee desire that responsibility for this lapse may be fixed.
4. 1.11 -do-
- The Committee note that some progress has been made in regard to the development of cylinder heads for WDM-4 locomotives at the Chittaranjan Locomotive Works. However, much remains to be done in perfecting the process. From the information made available to the Committee it is seen that out of 23 castings of

cylinder heads machined by CLW only 9 castings could pass the requisite test. This is by no means a satisfactory situation. The CLW will have to put in more concerted efforts to ensure that the process of producing adequate number of cylinder heads for WDM-4 locomotives is completed without further delay. The Committee need hardly point out that success in this direction will not only enable the Railways to be self-sufficient in this critical area of spare parts but will also help the Railways in minimising the hazards involved in the dependence on sole agencies for supply of essential components.

5.1.14/Railways.

The Committee are surprised at the stance taken by the Railway Board that it may not always be possible to consult RDSO in regard to the likely changes in specifications in each and every case where investigation has been undertaken by RDSO, as such a practice will lead to delay in purchase action. From the facts of the case under reference it is obvious that if before floating global tenders for the procurement of tyres for Electric Multiple Unit (EMU) coaches, a timely reference in regard to the specifications for EMU tyres had been made to RDSO, the Railway Board could have perhaps been spared a lot of embarrassment, which they had to face in their failure to persuade the supplier firm to accept subsequently a modification in the specifications. In this case the then Chairman, Railway Board had conceded during the course of his evidence before the Committee, 'consultation with RDSO could

have been better.' It is therefore upto the Railway Board to decide in which cases and when consultation with RDSO should be held. The Committee feel that since the RDSO is Railways' own technical organisation the Railway Board should make it a point to associate this organisation with all their purchase efforts.

The Committee note that the possibility of utilising the air-conditioned tourist cars of both gauges (MG and BG) and also first class tourist cars is still being explored in consultation with the Indian Tourism Department. They need hardly emphasise that the matter should be considered in its entirety on an urgent basis so that these costly assets are put to proper use.

6./1.12/-do-