

# **RAILWAY CONVENTION COMMITTEE (1980)**

**(SEVENTH LOK SABHA)**

## **EIGHTH REPORT**

**ON**

**Action taken by Government on the recommendations contained in the Fifth Report of the Railway Convention Committee (1980) on review of the working and financial results of the railways during Fifth Plan period (1974—78) & during 1978—80 and targets and achievements with regard to freight and passenger traffic during the Fifth Plan Period (1974—78) and during 1978-80.**



*Presented in Lok Sabha  
Laid in Rajya Sabha*

1980  
} on .....

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1983/Chaitra 1905 (Saka)*

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**RAILWAY CONVENTION COMMITTEE  
(1980)**

**CHAIRMAN**

**Shri D. L. Baitha**

**MEMBERS**

*Lok Sabha*

- \*2. Shri Satyasadhan Chakraborty**
- 3. Shri K. B. Choudhari**
- 4. Shri K. Mayathevar**
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- 15. Shri Ram Lakhan Prasad Gupta**
- @16. Shri Pranab Mukherjee**

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**\*Nominated w.e.f. 19-2-1982 Vice Shri Jyotirmoy Bosu died.**

**\*\*Nominated w.e.f. 19-2-1982 Vice Shri R. Venkateswaram resigned from the Committee.**

**@Nominated w.e.f. 19-2-1982 Vice Shri Kedar Pandey resigned from the Committee.**

**@Nominated w.e.f. 9-8-1981 Vice Shri Mahendra Mohan Mishra resigned from the Committee.**

- \$17. Shri (Molana) Asrarul Haq  
£18. Shri Ghan Shyam Singh

*Secretariat*

1. Shri T. R. Krishnamachari—Joint Secretary
2. Shri K. C. Rastogi—Chief Financial Committee officer.
3. Shri Ram Kishore—Senior Financial Committee Officer

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\$Nominated w.e.f. 29-5-1982 *Vice* Shri F.M. Khan ceased to be a member of Committee consequent on his retirement from Rajya Sabha w.e.f. 2-4-1982.

£Nominated w.e.f. 21-10-1982 *Vice* Shri J. K. P. N. Singh resigned from the Committee.

## INTRODUCTION

I, the Chairman of Railway Convention Committee (1980) having been authorised by the Committee to submit the Report on their behalf present this Eighth Report on Action taken by Government on the recommendations contained in their Fifth Report on 'Review of Working and Financial Results of Railways during the Fifth Plan period (1974—78) and during 1978—80 and Target and Achievements with regard to the Freight and Passenger Traffic during the Fifth Plan Period (1974—78) and during 1978—80. The Fifth Report of the Railway Convention Committee (1980) was presented to both the Houses of Parliament on 13th July, 1982.

2. In paragraph 1.42 of the Fifth Report, the Committee had pointed out that even the reduced Fifth Plan outlay could not be utilised by Railways in full and there was a sizeable shortfall of Rs. 138 crores. The Committee had desired to have full account of the circumstances in which the amount allocated remained unutilised. The Committee find from the data now furnished by the Ministry that the Railways had overspent the Plan outlay under the heads like Road Services, Signalling and Tele-communication Works, New Lines, Staff Quarters, Staff Amenities, Users Amenities etc. However, there were heavy shortfalls in vital areas such as Rolling stock, workshops, Track Renewals, Traffic facilities etc. The cumulative shortfall under these heads was as high as Rs. 112 crores. As a result of this shortfall, the Railways are now faced with heavy accumulation of arrears of renewals, replacements, over-aged assets and shortage of wagons and coaches etc. The Committee are of the view that the health of the Railways has deteriorated over the years because of lack of concerted efforts to make the best use of available resources. The Committee have desired that the Railways should now make vigorous and timely efforts for ensuring optimum utilisation of available funds for repairs, maintenance and replacement of worn out track, rolling stock etc. so as to meet successfully the challenging tasks that lie ahead.

3. The Report was considered and adopted by the Railway Convention Committee at their sitting held on the 14th April, 1983. Minutes of the setting from part II of this Report.

4. For reference, facility and convenience, the recommendations and conclusions of Committee have been printed in thick type in the body of the Report.

NEW DELHI:

The 20 April, 1983.

Chairman 30, 1905, (Saka).

D. L. BAFFHA,

Chairman

Railway Convention Committee.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by Government on the Committee's conclusions and recommendations contained in their Fifth Report (Seventh Lok Sabha) on "Review of Working and Financial Results of Railways during Fifth Plan Period (1974—78) and during 1978—80 and Targets and Achievements with regard to Freight and Passenger Traffic during the Fifth Plan period (1974—78) and during 1978—80".

Action taken notes on all the conclusions|recommendations contained in the aforesaid Report have been received. The Government have accepted all the recommendations and these have been included in Chapter II of this Report.

The Committee will now deal with the action taken by Government on four of the original recommendations in the succeeding paragraphs.

#### **Financial forecasting System (Sl. No. 2, Para 1.40)**

The Railway Convention Committee in paragraph 1.40 of their Fifth Report had stressed that the Railways should have a study made of the financial forecasting system with a view to improving the methodology for reducing to the minimum the variation between forecasts and actuals.

The Ministry of Railways have stated that the recommendation has been noted for necessary action.

The Committee would like the aforesaid study to be completed within six months and the steps taken in pursuance thereof should be communicated to them.

#### **Under-utilisation of the Fifth Plan Outlay (Sl. No. 4, Para 1.42)**

In para 1.42 of their Fifth Report, the Committee had pointed out that even the reduced Fifth Plan outlay could not be utilised by the Railways in full and there was sizeable shortfall in expenditures of Rs. 12.80 crores, for financing export orders). At the Re-account of the circumstances in which the amount allocated remain-



ed unutilised and why the amount thus saved was not spent elsewhere by reappropriation.

While explaining the shortfall in expenditure of Rs. 138 crores, the Ministry of Railways have, inter alia, stated that against the Plan outlay of Rs. 2152 crores, the aggregate of allotments made at the Budget Estimate stage were Rs. 2061.39 crores (excluding allotments of Rs. 12.80 crores, for financing export orders). At the Revised Estimates stage, this amount was enhanced to Rs. 2128.42 crores (excluding Rs. 8.08 crores for financing export orders). Thus, there was a shortfall of about Rs. 24 crores (Rs. 2152—Rs. 2128 crores) even at the revised estimate stage in the allotment of the funds towards Plan expenditure of the Railway, *vis-a-vis*, the revised Plan outlay. Out of balance shortfall of Rs. 114 crores the heaviest shortfall was under the Plan Head 'inventories' in which there was a saving of Rs. 51 crores. The Ministry has claimed that this saving was largely the result of tight inventory control measures and a concerted drive to reduce inventories. The balance shortfall of Rs. 63 crores in expenditure *vis-a-vis* the budgetary allotment worked out to less than 3 per cent of the total Plan allotments and was made up of excesses/shortfalls under several Plan heads spread over a period of 5 years.

The Ministry have also stated that the savings under the head 'Inventories' have, in fact, been utilised elsewhere, to an extent, by reappropriation. The Ministry have claimed that had higher levels of annual allotments been made, as were being demanded by the Railways, the "savings" arising both under Inventories and due to increases in realisation of credits could have been largely absorbed.

From the statement of break-up of fifth Plan outlay as furnished by the Ministry of Railways, the Committee find that the Railways had overspent the Plan outlay under the heads like "Road Services" (Rs. 11 crores), Signalling and Tele-communication Works (Rs. 3.4 crores), New Lines (Rs. 16.9 crores), Staff Quarters, Staff Amenities, Users Amenities and other specified works Rs. 25.55 crores). However, there were heavy shortfalls in vital areas such as "Rolling Stock" (Rs. 46.5 crores), "Workshops" (17.6 crores), "Track Renewals" (Rs. 16.5 crores), "Bridge Works" (Rs. 5.7 crores) "Traffic Facilities" (Rs. 26 crores) etc. Cumulatively, the shortfall under these heads was as high as Rs. 112 crores. It is unfortunate that such heavy shortfalls should have occurred precisely in areas which have a direct nexus with the ability of the Railways to move the growing volume of both goods and passenger traffic. No won-

der, the Railways are now faced with heavy accumulations of arrears or renewals, replacements of over-aged assets, shortages of rolling stock like wagons and coaches, inadequacy of workshop facilities etc.

The Committee are also not satisfied with the vague reply given by the Railways that the "Savings under inventories have in fact been utilised elsewhere to an extent by reappropriation". In the absence of precise data, it is not established whether this reappropriation was made for vital heads of expenditure. The Committee would like to have a detailed account of reappropriation of the amount of Rs. 51 crores which was available with the Railways as a result of savings in inventories. The Committee consider that had Railways reappropriated the savings effected through "tight inventory control and concerted drive to reduce inventories", necessary funds could have been made available for essential items for which they had been demanding higher levels of annual allotments. In such a circumstance the Committee can only infer that the Railways resorted to overspending in areas where it is more difficult to ensure accountability by identifying the necessary and unnecessary and the justified and the unjustified expenditure. The Committee cannot but conclude that the health of the Railways has deteriorated over the years because of the lack of concerted efforts to make the best possible use of funds made available to them.

The Committee trust that vigorous and timely efforts would now be made by the Ministry for ensuring optimum utilisation of available funds for repairs, maintenance and replacement of existing track, rolling stock, signalling equipments etc. so as to enable the Railways to meet successfully the challenging tasks that lie ahead.

#### **Planning Monitoring and Appraisal wings of Railways:**

**(Sl. No. 8 Para 2.25)**

In paragraph 2.25 of their Fifth Report, the Committee had pointed out that the dismal performance of Railway in moving freight traffic during the period 1974—80 reflected adversely on the functioning of the planning, monitoring and appraisal wings of Railways at the Board as well as Zonal levels. The Committee had desired that their methods of work should be streamlined so as to ensure that their analysis and reports were in real sense an aid to management.

The Ministry of Railways have stated that the observations of the Committee about streamlining the functioning of the Planning, monitoring and appraisal wings of the Railways at different levels would receive continuous attention.

While this assurance is welcome, the Committee would like to point out that a lot more needs to be done to improve and strengthen the Management Information system on the Railways so that it could serve as an effective tool in taking on course corrective measures and also in monitoring and evaluating the performance against the prescribed targets.

**Diversion of high rated revenue earning freight traffic:**

(Sl. No. 10, Para 2.27) . . . .

The Committee had recommended that Railways should take corrective measures to win back at least a part of the high rated revenue earning freight traffic crossed over to road transport under compelling circumstances, such as, persistent non-availability of wagons, increased incidence of delays, thefts and damage en-route, rampant corrupt practices in the matter of freight booking, weighment, delivery etc.

The Ministry of Railways have accepted the recommendation of the Committee and issued instructions to the Zonal Railways, for taking necessary remedial action forthwith.

The Committee consider that it is not enough for the Railway Board to have issued instructions to the Zonal Railways to make all out efforts to improve their performance. There is urgent need for activating the Marketing and Sales Organisation and evolving effective marketing strategies to win back the high rated revenue earning freight traffic which is increasingly getting diverted to road transport. The Committee desire that the Zonal Railways should be asked to take effective action to eliminate the causes that are responsible for this situation. This aspect should be closely monitored by the Railway Board and the results achieved should be indicated in the Annual Reports of the Ministry for information of Parliament and the people.

## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### **Recommendation (Serial No. 1, Paragraph 1.38)**

The Committee observe that there has been a substantial variation in the forecasts for the modified Fifth Plan period (1974-78) in respect of gross traffic receipts and working expenses in the memorandum of the Financial Commissioner, Railways to the Railway Convention Committee (1973), and the actuals, being (+) 27.62 per cent in the case of Gross Receipts and ( + ) 27.99 per cent in the case of Working Expenses.

#### **Reply of Government**

The observations of the Committee are noted.

#### **Recommendation (Serial No. 2, Paragraph 1.40)**

The Committee appreciate the reasons advanced for this substantial variation between the projections and actuals in the case of Working Expenses as being due to an inordinate rise in stock and material costs and increase in the size of Railway assets. They, however, do not agree with the Financial Commissioner, Railways when he, reacting to the suggestion during evidence that the Railways' Financial forecasting system should be improved, observed that this is an "up hill" nay an "impossible" task and that this variation "will happen all the time". The Committee feel that there is no cause for despair on this account. Some variation between forecasts and actuals on account of unforeseen elements is inherent in any system of long term financial planning. However, the endeavour should be to reduce it to the minimum so that the forecasts are a worthwhile base for planning. A more positive approach would therefore be to improve upon the methodology of financial forecasting by forecasting as many imponderables as possible. The Committee therefore recommend that the Railways should have a study made of the financial forecasting system with a view to improve the methodology so that the variation between forecasts and actuals are reduced to the minimum.

### **Reply of the Government**

The recommendation of the Committee has been noted for necessary action.

#### **.. Recommendation Serial No. 3 Paragraph 1.41**

The distressing feature of the Fifth Plan investment for Railways has been the inequitable approach of the Planning Commission to the investment proposals of the Ministry of Railways. The Inter-Ministerial Working Group had projected for the Railways a freight traffic of 335 million tonnes by the end of the Fifth Plan period (1978-79). The Planning Commission tone it down to 300 million tonnes. In projecting their Fifth Plan requirements, the Railways themselves basing their proposals on a target of 280 million tonnes, projected an outlay of Rs. 2570 crores. The Planning Commission, however, indicated to the Railways a tentative allocation of Rs. 2380 crores for the Fifth Plan period. Despite protestations by the Ministry of Railways, the draft Fifth Five Year Plan provided the outlay on railways of Rs. 2350 crores only. In the revised Fifth Plan, the Railways Plan outlay came to be slashed down further to 2152 crores only. It finally came to rest at Rs. 2086 crores. The Committee have been told that the reduction in the Plan outlay from Rs. 2350 crores to Rs. 2086 crores was mainly due to the adverse impact of the oil crisis. The Committee are, however, unable to appreciate the progressive reduction in the Plan outlay without regard to its possible adverse impact on the performance of the Railways. The Committee have elsewhere in the Report already commenced upon the dismal performance of the Railways during the Fifth Plan period. At this stage, they would only like to put a word of caution that any dent in the Railways Plan resources is bound to cause widespread repercussions in almost all fields of the country's economic activities. They hope that Planning Commission would, while assessing, reassessing and finalising the Plan investment for the Railways constantly keep in view the nodal position of the Railways in the country's economic milieu.

### **Reply of the Government**

The observations of the Committee have been noted and the Planning Commission's attention has been drawn to this recommendation.

#### **Recommendation (Serial No. 4, Paragraph 1.42)**

The Committee are shocked to find that even reduced Fifth Plan Outlay could not be utilised by the Railways in full and there was a sizeable shortfall in expenditure of Rs. 138 crores. What would

have been the position if the Planning Commission had not applied the rather drastic cut and the entire amount asked for was made available to the Railways, could better be left to imagination.

They are not entirely convinced with the explanations adduced by the Ministry of Railways for non-utilisation of funds. While Committee appreciate the savings on account of reduction in inventory holdings, these savings could have been reappropriated and utilised for bettering the overall performance of the Railways. As it is, the Committee are confronted with an obvious contradiction when the Ministry of Railways maintain that the targets could not be achieved on account of lack of funds whereas the records indicate that they have been unable to spend a sizeable chunk out of plan funds available to them. While recording their displeasure at this lapse on the part of the Ministry of Railways, the Committee would like to have, within three months from the date of presentation of this Report, fuller account detailing the circumstance in which the amount allocated remained under-utilised and why the amount thus saved was not spent elsewhere by reappropriation.

### **Reply of the Government**

The reasons for the shortfall in actual Expenditure *vis-a-vis* revised Fifth Plan Outlay during the period from 1974-75 to 1978-79 have been re-examined in detail, as desired.

2. The original Plan Outlay stood at Rs. 2380 crores. This was reduced to Rs. 2152 crores (excluding outlay of Rs. 50 crores on Metropolitan Transport Projects) when the Plan outlay was revised. As against this, the actual expenditure was of the order of Rs. 2014 crores. There was thus a shortfall of Rs. 138 crores as compared with the revised Plan outlay figures.

To appreciate in detail the areas of and the reasons for the shortfall, a statement showing the Budget Estimates, Revised Estimates and the actual expenditure Plan-head-wise from 1974-75 to 1978-79 is enclosed as Appendix-I.

4. Though the revised Plan outlay was fixed at Rs. 2152 crores, the actual annual allotments of funds made to the Railways did not

add up to this figure. The figures of the annual allotments proposed and the actual allotments made are as follows:—

(Rs./crores)				
Year			Allotments proposed by Railways	Allotment made by Planning Commission
1974-75	.	.	420	350
1975-76	.	.	360	320
1976-77	.	.	535	401
1977-78	.	.	614	470
1978-79	.	.	670	543
				2064

5. The initial allotment of funds to Railways is made through Budget Estimates after obtaining clearances from the Planning Commission & Finance Ministry and the Vote of Parliament. Subsequently, at the Revised Estimates stage, variations in the allotments are made depending upon supplementary authorisations received, latest position of expenditure against the Grant and other relevant factors.

6. It will be seen from Annexure 'A' that the aggregate of allotments made to the Railways towards 'Plan' expenditure at the Budget Estimate stage after obtaining clearance from the Planning Commission and Vote of Parliament were Rs. 2061.38 crores (excluding allotments of Rs. 12.80 crores for financing export orders). This is against a Plan outlay of Rs. 2152 crores. At the Revised Estimates stage, the allotments were enhanced to Rs. 2128.42 crores (excluding allotment of Rs. 8.08 crores for financing export orders). Thus there was a shortfall of about Rs. 24 crores (Rs. 2152 crores—Rs. 2128 crores) even at the Revised Estimates stage in the allotment of the funds towards Plan expenditure to the Railways *vis-a-vis* revised Plan outlay.

7. Out of the balance shortfall of Rs. 114 crores in actual expenditure *vis-a-vis* revised Plan Outlay (*viz.* Rs. 138 crores—Rs. 24 crores referred to above), the heaviest shortfall is under the Plan head "Inventories" in which there is a saving of Rs. 51 crores compared with the revised budgetary allotments made (*vide* Annexure 'A'). As has been explained in the earlier reply, the savings under this head were largely the result of tight inventory control measures and a concerned drive to reduce inventories taken during the period.

8. The balance shortfall of Rs. 63 crores in expenditure *vis-a-vis* budgetary allotment works out to less than 3 per cent of the total Plan allotments and is made up of excesses/shortfalls under several Plan heads spread over a period of 5 years.

As explained in the earlier reply, during this period, supplies were tardy against long-term firm price contracts owing to high spurt in prices following the energy crisis, supplies of permanent way materials such as rails, sleepers and track fittings were less than anticipated and productivity all round was at a low ebb because of strike including that on the railways and go-slow tactics adopted by labour. Besides, there was a general climate of economy in expenditure. Further, drives made to dispose and realise value for released materials as quickly as possible resulted in higher realisation of credits which went to reduce the net expenditure.

9. An inference has been drawn that had the Planning Commission not applied the "rather drastic cut" and made the entire amount asked for by the Railways available to them, the shortfalls in expenditure would have been of a larger magnitude. It is submitted in this connection that the level of expenditure is geared to the level of allotments and in an atmosphere where allotments proposed are being reduced at various stages and accent is placed on economy in expenditure, the tendency is to control expenditure so as to keep it within the level authorised and in this process some savings can occur. In other words, if higher levels of expenditure are initially authorised, there should be normally no difficulty in planning and incurring the expenditure authorised, with marginal variations, especially when there are large requirements waiting to be met, both on additional and replacement accounts.

10. The savings under the head "Inventories" have in fact been utilised elsewhere, to an extent, by re-appropriation. While the savings *vis-a-vis* Plan outlay is Rs. 85 crores, it is only Rs. 51 crores when compared with budgetary allotments made. Had higher levels of annual allotments been made, as were being demanded by the Railways, the "savings" arising both under Inventories and due to increases in realisation of Credits could have been largely absorbed.

#### **Recommendation (Serial No. 5, Paragraph 1.43)**

Another disquieting feature of the financial results of the Railways operations during the period 1974—80 was that Railways' own contribution to their development expenditure had consistently fallen from 36.7 per cent during 1974-75 to 32.8 per cent in 1976-79. It was explained during evidence that the fall in Railways' contribution to the development expenditure was mainly on account of less than adequate appropriation for Depreciation Reserve Fund the main component of the internal resources of the Railways, the



acknowledged consequence of which has been the heavy accumulation of arrears in the replacement of over-aged assets. The Committee regret that neither the Ministry of Railways nor the Planning Commission could perceive in right time the need for adequate provisions for Depreciation Reserve Fund. Timely appreciation in this regard would have saved the Railway operation from the dire predicament that it faces today on account of a massive rehabilitation backlog.

### **Reply of Government**

1. Noted.

2. The arrears in renewals and replacements have arisen over a period of years and have continued to persist inspite of progressively larger contributions to and appropriations from the Depreciation Reserve Fund from year to year. Since 1951, the full cost of replacement including improvement and inflationary elements is charged to Depreciation Reserve Fund. The prices have been going up over these years. However, the constraints of availability of resources have, to a large extent, come in the way of making adequate provision for replacements.

3. Nevertheless, the Government having duly recognized the need for adequate contribution to Depreciation Reserve Fund, have progressively raised the contribution from Rs. 115 crores in 1974-75 to Rs. 350 crores in 1981-82 and to Rs. 500 crores proposed in Budget Estimates 1982-83. However much the Government may wish to increase the contribution to DRF in future to wipe out the renewal backlogs, the problem as already submitted is one of finding adequate resources for the purpose. Every effort will however, continue to be made to progressively step up the Contribution to DRF from year to year.

### **Recommendation (Serial No. 6 Paragraph 1.44)**

The committee note that Railways have the practice of setting out physical targets in respect of their various activities. These targets are however not being published in any documents. In order to assess the performance of the Railways in different fields as against the targets fixed, it is necessary that these should be published so as to be available to general public. The committee recommend that, as in the case of targets and achievements in respect of freight and passenger traffic which are published in the

Explanatory Memorandum to the Budget under 'Traffic Plan', the targets and achievements in respect of other activities of the Railways should also be published in the Explanatory Memorandum to the Budget so as to enable a better appreciation of the achievements of the Railways.

### Reply of Government

In addition to the 'Traffic Plan', it is proposed to give information on targets and achievements in respect of such activities. as electrification projects, track renewals, new lines construction, restoration of dismantled lines and M.T.Ps. and acquisition of rolling stock

### Recommendation (Serial No. 7, Paragraph 2.24)

The Committee find it very disappointing that the Railways were unable to achieve during the Fifth Plan period even the reduced target of 250-260 million tonnes of freight traffic provided for in the Fifth Five Year Plan document with reference to the reduced Plan outlay of the Railways. The maximum load of freight traffic that they could carry during the Plan period was 239.10 million tonnes reached during 1976-77. Thereafter the freight traffic declined consistently year after year to reach a level of 217.84 million tonnes in 1979-80. As for the revenue earning component of the freight traffic, it increased from 162.1 million tonnes in 1973-74 (the last year of the Fourth Five Year Plan) to 212.60 million tonnes in 1976-77. Thereafter, this traffic has also been consistently declining from year to year and in 1979-80 it was no more than 193.07 million tonnes. The Committee are unable to appreciate the reasons advanced for this unsatisfactory performance which are by and large of a general and perennial nature. They are in particular unhappy at the rather bold explanation offered by the Chairman Railway Board for the performance of the Railways in the matter of lifting Revenue Earning Freight Traffic when, during evidence before the Committee, he said: "whatever could be lifted was lifted". They regret that the measures reported to the Committee to have been taken to reverse the declining trend could not be thought of earlier.

### Reply of Government

The observations of the Committee are noted.

### **Recommendation (Sl. No. 8, Para No. 2.25)**

The dismal performance of the Railways in moving freight traffic during the period 1974—80 reflects adversely on the functioning of the planning, monitoring and appraisal wings of the Railways at the Board as well zonal levels. They should be energised and their methods of work streamlined where necessary so that their analysis and reports are in real sense an aid to Management.

### **Reply of the Government**

The last decade has witnessed one of the most critical periods in the history of the Indian Railways. Being the prime transportation life-line of the country, the Railway cannot insulate itself from the social upheavals that take place. Every organisation, however well formulated its plans and farsighted its approach, depends on a stable, peaceful environment for achieving its goals. Unfortunately the period from 1974 to 1980 (except 1975 to 1977) has been fraught with strikes and general indiscipline on the Railways, which to a large extent were fall-out of a disturbed socio-political milieu. The slackening discipline among the Railway staff in the early seventies exploded in the general strike of 1974 which, although dealt with firmly, seriously affected productivity on the Railways and it took time for the railways to gather momentum. Consequent on the industrial peace that existed in the following years the performance of the Railways improved remarkably and culminated in the record lifting of revenue earning traffic in 1976-77. Then followed another period of general laxity in discipline marked by wild-cat strikes and non-cooperation.

This adverse trend was reversed in the second half of 1980. The improvement in staff discipline coupled with several innovations in operation enabled the Railways to pull itself back on to the rails. The new improved methods of operation included the segregation of the conventional wagon fleet from the wagons fitted with roller bearings and CBC couplers, introduction of integrated end-to-end running of trains, optimisation of trailing loads of trains and rationalisation of loco utilisation. Freight and passenger operation is monitored at the Board's level on a day-to-day basis and immediate remedial action initiated whenever necessary. The all-round resurgence of the Railways is reflected in the fact that the Railways surpassed the targets for lifting of revenue earning originating goods traffic in 81-82 and battered almost all efficiency and productivity indices for carrying the record quantum of freight and passenger traffic.

The observations of the Committee about stream-lining the functioning of the planning, monitoring and appraisal wings of the Railways at the Board level and the zonal railways' level have been noted. This aspect will receive continuing attention.

### **Recommendation (Serial No. 9, Paragraph 2.26)**

The Committee note that the Railways have been since the last few years publishing in the Explanatory Memorandum to the Budget a Traffic Plan showing the targets and achievements in regard to freight and passenger traffic. It would be in the fitness of things if a paragraph is included in the Explanatory Memorandum analysing the performance of the Railways in the matter of moving the freight and passenger traffic with reference to annual targets.

### **Reply of Government**

As desired by the Committee, an analysis would be included, in future.

### **Recommendation (Serial No. 10—Paragraph 2.27)**

The Committee appreciate that Road Transport has certain inherent advantages as against Rail Transport such as the ability to provide door-to-door service, freedom to pick and choose not only the commodities for transport but also the destinations, routes and the customers, the freedom to extend on-the-spot reduction in rates etc. They, however, would like the Railways to make concerted efforts to win back at least a part of the high rated revenue earning freight traffic which might have crossed over to the Road Transport under compelling circumstances such as persistent nonavailability of wagons in due time, increased incidence of delay, theft and damage en-route, rampant corrupt practices by unscrupulous elements in the Railway Organisation as also among the customers and middlemen in the matter of freight booking, weighment, delivery etc., by taking such corrective action as may be necessary.

### **Reply of Government**

The recommendation of the Committee has been accepted. Necessary instructions have been issued to the Zonal Railways in the matter, (copy enclosed for information Appendix II).

### **Recommendation (Serial No. 11, Paragraph 2.44)**

The Committee feel that the existing system adopted by the Working Group, the Planning Commission as also the Ministry of Railways of assessing the growth of passenger traffic during the five year time span in terms of a percentage over the previous years performance is unsatisfactory. This is amply borne out by the fact that whereas the Working Group assessed for the Fifth Five Year Plan period the growth rate of five and four per cent in respect of suburban and non-suburban passenger traffic respectively, the actual percentage of in-

crease in the number of suburban and non-suburban passenger traffic during 1975-76 was as large as 19.37 and 23.67 per cent respectively over the respective figures for the year 1974-75. In subsequent years (1976—79) also the increase in the number of passenger journeys has been erratic varying between 7 to 10 per cent over the figure for preceding year. The Committee agree with the Ministry of Railways that the estimates of the trend of passenger traffic for future years cannot "accurately" be made, but at the same time the estimates should not be so far removed from the actuals as to present a distorted picture. They feel that a more intelligent estimate of growth of passenger traffic should be possible so as to be of use for planning resource build-up for carrying the expected volume of traffic in future years. The Committee therefore recommend that the Ministry of Railways should make efforts to work out more realistic projections of passenger traffic, if necessary by taking the help of experts and specialised institutions. The projects/targets should be published alongwith their year-wise build up for general information. Any reduction in the targets should be adequately explained in the Explanatory Memorandum to the Budget so also any shortfalls in achievements against the targets.

#### **Reply of the Government**

The Committee's recommendations that the Ministry of Railways should make efforts to work out more realistic projections of passenger traffic and that any reduction in the targets as also any shortfalls in achievements against targets should be adequately explained in the Explanatory Memorandum to the Railway Budget have been noted for compliance.

#### **Recommendation (Serial No. 12, Paragraph 2.45)**

The Committee observe that in the "Traffic Plan-Passenger" being published in the Explanatory Memorandum to the Budget, Estimates and Actuals are indicated in respect of "No. of passengers" and "Earnings" only. They would like the Ministry of Railways to consider the feasibility of including in this Plan similar information in respect of "Passenger Kilometres" also.

#### **Reply of the Government**

**NOTED** for compliance.

#### **Recommendation (Serial No. 13, Paragraph 2.46)**

The Committee find that during the year 1974-75, instead of increasing at the projected rate of five per cent and four per cent respectively, the suburban and non-suburban passenger traffic actually

declined by 4.45 per cent and 13.22 per cent, respectively. The reason for this decline is indicated to be Railwaymen's strike in May, 1974 and cancellation of some trains due to shortage of coal. During 1979-80 also, the suburban traffic declined by 9.93 per cent over the figure for the preceding year. This is stated to have been due to a change in the fare structure for season tickets during that year. Nevertheless, the Committee feel gratified to observe that the number of passengers moved by the Railways increased from 2654 million in 1973-74 to 3505 million in 1979-80. The passenger kilometres also increased from 135664 million in 1973-74 to 198642 million in 1979-80. This by itself is no mean achievement. The Committee hope that the Railways would not only maintain this progress but make an attempt to better it in future years.

**Reply of the Government**

Noted.

NEW DELHI;

*April 20, 1983*

*Chaitra 30, 1905 (S)*

D. L. BAITHA

*Chairman,*

*Railway Convention Committee.*

## **PART—II**

**Minutes of the sitting of the Railway Convention Committee (1980)  
held on 14 April, 1983**

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## **APPENDICES**

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APR 1974

**MINUTES**

**PART II**

**RAILWAY CONVENTION COMMITTEE (1980)**

**44TH SITTING**

**(14-4-1983)**

The Railway Convention Committee (1980) sat on the 14th April 1983 from 15.00 hours to 15.45 hours in Committee Room No. 50, First Floor, Parliament House, New Delhi. The following were present :—

**Prof. Narain Chand Parashar—in the Chair**

**MEMBERS**

2. **Dr. Vasant Kumar Pandit.**
3. **Shri Tayyab Hussain.**
4. **Shri Ram Lakhan Prasad Gupta.**
5. **Shri (Molana) Asrarul Haq.**
6. **Shri Ghan Shyam Singh.**

**SECRETARIAT**

**Shri K. C. Rastogi—Chief Financial Committee Officer.**

**Shri Ram Kishore—Senior Financial Committee Officer.**

2. In the absence of the Chairman, Prof. Narain Chand Parashar was chosen to act as Chairman under Rule 258(3) of the Rule of procedure.

3. The Committee considered and adopted the draft Eight Report on Action taken by Government on the recommendations contained in the Fifth Report of the Railway Convention Committee on Review of Working and Financial Results of Railways during the Fifth Plan period (1974-78) and during 1978-80 and Targets and Achievements with regard to Freight and Passenger Traffic during the Fifth Plan Period (1974-78) and during 1978-80, with the following amendments:—

(i) On page 6, line 2, for the words 'it is a moot point' the words 'it is not established' be substituted.

(ii) On page 10, line 3, from the bottom, the words 'Should be' be inserted after the word 'achieved'

*The Committee then adjourned.*

# APPENDIX I]

Statements showing break-up of Vth Plan Outlay 1974-75 to 1978-79) vis.à.vis Budget allotments and Actuals.

(In crores of Rupees)

Sl. No.	Plan Head	Plan Outlay	Budget Allotments		Actual Expenditure
			Budget Estimates	Revised Estimates	
1.	Rolling Stock . . . . .	1056.8	905.79	1027.03	1010.39
2.	Workshops . . . . .	77.9	81.88	79.94	60.29
3.	Machinery and Plant . . . . .	41.7	37.48	39.63	40.44
4.	Track Renewals . . . . .	209.1	215.57	201.49	198.64
5.	Bridge Works . . . . .	47.3	48.50	48.50	41.63
6.	Traffic Facilities . . . . .	315.9	315.96	316.37	289.97
7.	Stg. & Telecom. Works . . . . .	71.2	75.70	74.75	74.63
8.	Electrification Projects . . . . .	101.1	103.72	100.75	99.90
9.	Other Electrical Works . . . . .	23.0	23.04	24.83	21.39
10.	New Lines . . . . .	97.2	100.98	113.25	114.19
11.	Staff Quarters . . . . .	..	34.17	33.43	33.21
12.	Staff Amenities . . . . .	..	20.51	29.50	29.16
13.	Users' Amenities . . . . .	67.2	16.15	16.59	17.85
14.	Other Specified Works . . . . .	..	10.92	9.75	12.53
15.	(a) Road Services . . . . .	48.7	42.72	58.82	59.76
	(b) Public Undertakings . . . . .	..	1.01	1.40	0.40
16.	Inventories . . . . .	-5.3	40.69	-39.68	-90.42
TOTAL . . . . .		2151.8	2074.19	2136.50	2013.98
17.	M.T.Ps . . . . .	50.2	63.00	49.86	48.78
GRAND TOTAL . . . . .		2202.0	2137.19	2186.36	2062.76

N.B. The figures of expenditure given above very slightly from those given earlier primarily due to adjustments in credits. The total expenditure remain unchanged.

**APPENDIX II**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. 82 --TC(M&S)/8/10/RCC.

New Delhi, dated 14-9-1982

The General Managers,  
All Indian Railways,

Sub :—Fifth Report of the Railway Convention Committee,  
1980—Action taken by the Government.

The Recommendation of the Railway Convention Committee  
1980 (Seventh Lok Sabha) — S. No. 10 — Para 2.27 in their Fifth  
Report is reproduced below :—

“The Committee appreciate that Road Transport has certain inherent advantages as against Rail Transport such as the ability to provide door-to-door service, freedom to pick and choose not only the commodities for transport but also the destinations, routes and the customers, the freedom to extend on-the-spot reduction in rates etc. They, however, would like the Railways to make concerted efforts to win back at least a part of the high rated revenue earning freight traffic which might have crossed over to Road Transport under compelling circumstances such as persistent non-availability of wagons in due time increased incidents of delay, theft and damage en-route, rampant corrupt practices by unscrupulous elements in the Railway Organisation as also among the customers and middlemen in the matter of freight booking, weighment, delivery etc., by taking such corrective action as may be necessary”.

2. The Ministry of Railways have accepted the above recommendation made by the Railway Convention Committee, 1980 and desire that necessary remedial action should be taken by the Zonal Railways to implement the same forthwith. In this connection, attention of the zonal Railways is also invited to Board (C.R.B.)'s D. O. letter of even number dated 3-9-1982 wherein the need for activating the Marketing & Sales Organisation fully and evolving effective market-

ing strategies to achieve the desired results has been emphasised. Accordingly, the Railway are requested to please make all-out efforts to improve their performance in the services rendered under the aegis of Marketing & Sales Organisation.

3. The receipt of this letter may please be acknowledged.

(S. P. Kohli)

Dy. Director, Traffic Commercial (MAS)  
Railway Board.

Corrigenda to the Eighth Report of the  
Railway Convention Committee (1980)

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
Contents page		under Part-II	page 20	Page 21
Against Appendix-I			page 21	Page 22
(v)	3	Last line	'setting'	'sitting'
(vi)	4	1	'faciltty'	'facility'
1	-	3(from bottom)	'expendi'	'expenditure'
"	-	2(from bottom)	'ments of Rs. 12.80 crores, for financing export orders) At the Re-'	'of Rs. 138 crores. The Committee desired to have a full'
2	-	15	'has'	'have'
"	-	9(from bottom)	'pecified'	'specified'
"	-	5(from bottom)	'Comulatively'	'Cumulatively'
6.	-	16(from bottom)	'Commenced'	'Commented'
8	-	Last line	'Concerned'	'concerted'
9	10	1	'Saings'	'Savings'
10	-	8	'backing'	'backlog'