



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 1990
NO. 10 OF 1991**

CAG
351723RR
NO. 1

UNION GOVERNMENT (RAILWAYS)

Price Rs- 32/-



सत्यमेव जयते

**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 1990

NO. 10 OF 1991

को राज्य सभा में प्रस्तुत
19/7/91
Railways Sect.

को लोक सभा में प्रस्तुत
19/2/91
Railways Sect.

UNION GOVERNMENT (RAILWAYS)



REPORT OF THE
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE

THE LAND OFFICE
OF THE

CA9
351.7232R
NO; 1

THE LAND OFFICE

TABLE OF CONTENTS

	Pages
GLOSSARY OF TERMS AND ABBREVIATIONS USED	v
PREFATORY REMARKS	xi
OVERVIEW	xiii
CHAPTER I - FINANCIAL MANAGEMENT	
1. Financial results	1
2. Indebtedness	2
3. Comparative position	2
4. Railway funds	2
5. Passenger earnings	5
6. Goods earnings	6
7. Revenue expenditure	7
8. Operating ratio	8
9. Plan (Capital) expenditure	9
10. Budgetary control	13
11. Other points of interest	21
CHAPTER II - REVIEWS	
12. Marshalling Yards and Transshipment Points	24
13. Suburban Services in Metropolitan Cities	38
14. Utilisation of External Assistance	49
15. Working of Railway Protection Force	61
16. Catering Management on Indian Railways	73
17. Construction of a Broad Gauge line from Telapur to Patancheru	82
18. Conversion of the track between Manmad and Aurangabad from Metre Gauge to Broad Gauge	84
CHAPTER III - EARNINGS	
19. Daily haulage of empty coaching rake	87
20. Some aspects of the working of Inward Parcel Office, New Delhi	87
21. Delay in realisation of freight charges under 'weight only' system	91
22. Loss due to detention of wagons	92
23. Non-recovery of charges for empty haulage and maintenance of LPG tank wagons	92
24. Non-realisation of freight charges from siding owners	93

	Pages
25. Shunting charges	93
26. Non-recovery of demurrage charges	94
27. Infructuous expenditure on construction of water tanks	95
28. Avoidable payment of claims due to shortages of POL consignments	95
29. Compensation for betel leaf consignments	96
30. Irregular grant of train load classification for LPG consignments	97
31. Delay in fixation of siding charges	97
32. Loss of earnings due to incorrect application of rules	97
33. Delay in revision of siding charges	98
34. Non-levy of siding charges on train loads	98
35. Non-revision of diversion fees	99

CHAPTER IV - WORKS

36. Wheel and Axle Plant , Yelahanka	100
37. Vijayawada - Balharshah Electrification Project	102
38. Premature conversion of metre gauge siding to mixed gauge	104
39. Avoidable expenditure on provision of terminal facilities at Mangalore	105
40. Construction of rake handling facilities	107
41. Provision of deck width for bridges in excess of standards	108
42. A redundant speech channel between New Delhi and Shimla	109
43. Incorrect estimation of earth work and vitiation of contract	109
44. Expenditure on an unsanctioned work	110
45. Loss due to non-verification of credentials and capacity of a contractor	110
46. Loss due to delay in finalisation of tenders	111
47. Avoidable expenditure due to incorrect assessment of earthwork	112

CHAPTER V - STORES AND PURCHASES

48. Under utilisation of flash butt welding plant	113
49. Idle machinery	114
50. Delay in installation and commissioning of machines	115
51. Delay in commissioning of an imported milling machine	116
52. Non-recovery of Excise Duty on sale of locomotives	116
53. Incorrect fixation of rate for sale of cinder	117
54. Avoidable payment of additional insurance premium	117

	Pages
55. Loss due to excessive wastage of timber in saw mills	118
56. Avoidable expenditure on transfer and handling of sleepers	119
57. Extra expenditure due to acceptance of rates on 'number basis'	119
58. Procurement of material for high capacity wagons	120
59. Injudicious import of high speed match boarding machine	120
60. Procurement of vertically cast electrolytic copper wire bars	122
61. Unnecessary procurement of a gear hobbing machine	123
62. Procurement of defective wheels from a foreign firm	124
63. Procurement of Broad Gauge cast iron sleepers (115 lbs)	126
64. Irregular and avoidable purchase of electrodes	126
65. Infructuous expenditure in procurement of fire boxes	127
66. Infructuous expenditure in procurement of wireless sets	128
67. Loss on import of defective machines	128
68. Procurement of tokenless block instruments	129
69. Avoidable payment of customs duty	131

CHAPTER VI - LAND

70. Delayed revision of licence fee	133
71. Encroachment on railway land	134
72. Loss due to encroachment	134
73. Non-realisation of licence fee	135
74. Irregular management of railway land	136
75. Non-realisation of extra occupation fee for railway land	137

CHAPTER VII - SIDINGS

76. Short recovery of maintenance charges of private sidings	138
77. Non-recovery of cost of repairs in private sidings	138
78. Non-recovery of charges for maintenance of electrified private sidings	138
79. Non-recovery of licence fee, interest, depreciation and maintenance charges	139

CHAPTER VIII - CASH, ESTABLISHMENT AND OTHER EXPENDITURE

80. Shortage of cash	141
81. Misappropriation of cash	141

	Pages
82. Continuation of bungalow peons	142
83. Non-utilisation of a hospital complex	143
84. Conservancy charges	143
85. Non-recovery of cost of staff	144
86. Slackness in recovery of diet charges	144

APPENDICES I to IV 146

CHAPTER VI - LABOUR

147	147
148	148
149	149
150	150
151	151
152	152
153	153
154	154
155	155
156	156
157	157
158	158
159	159
160	160
161	161
162	162
163	163
164	164
165	165
166	166
167	167
168	168
169	169
170	170
171	171
172	172
173	173
174	174
175	175
176	176
177	177
178	178
179	179
180	180
181	181
182	182
183	183
184	184
185	185
186	186
187	187
188	188
189	189
190	190
191	191
192	192
193	193
194	194
195	195
196	196
197	197
198	198
199	199
200	200
201	201
202	202
203	203
204	204
205	205
206	206
207	207
208	208
209	209
210	210
211	211
212	212
213	213
214	214
215	215
216	216
217	217
218	218
219	219
220	220
221	221
222	222
223	223
224	224
225	225
226	226
227	227
228	228
229	229
230	230
231	231
232	232
233	233
234	234
235	235
236	236
237	237
238	238
239	239
240	240
241	241
242	242
243	243
244	244
245	245
246	246
247	247
248	248
249	249
250	250
251	251
252	252
253	253
254	254
255	255
256	256
257	257
258	258
259	259
260	260
261	261
262	262
263	263
264	264
265	265
266	266
267	267
268	268
269	269
270	270
271	271
272	272
273	273
274	274
275	275
276	276
277	277
278	278
279	279
280	280
281	281
282	282
283	283
284	284
285	285
286	286
287	287
288	288
289	289
290	290
291	291
292	292
293	293
294	294
295	295
296	296
297	297
298	298
299	299
300	300

GLOSSARY OF TERMS AND ABBREVIATIONS USED

1. AC
Alternating Current
2. ACSPF
Accident Compensation, Safety and Passenger Amenities Fund
3. ASIAD
IX Asian Games, 1982
4. Assisted Siding
Siding constructed to serve a factory, mill or other industrial premises, other than a colliery or mining area. The incidence of the cost of the sidings between the Railway Administration and the applicant is decided in accordance with certain general principles.
5. AWS
Auxiliary Warning System
6. BG/MG/NG
Broad Gauge/Metre Gauge/Narrow Gauge
7. Capital-at-charge
Book value of the capital assets of Railways
8. CBC
Centre Buffer Coupler
9. CI
Cast Iron
10. Cif
Cost, Insurance, Freight
11. COFMOW
Central Organisation for Modernisation of Workshops
12. Crossing Stations
Stations opened by Railways on operating considerations
13. CST
Central Sales Tax
14. Cums.
Cubic metres
15. DC
Direct Current

47. POL
Petroleum, Oils and Lubricants
48. Parcel siding
Siding for working of parcel services
49. Private siding
Siding constructed to serve a factory, mill or other industrial premises entire cost of which is borne by the party concerned
50. PSU
Public Sector Undertaking
51. RDSO
Research, Designs and Standards Organisation, Lucknow.
52. Revenue-earning traffic
Traffic for the transportation of which Railway is paid by either the consignor or the consignee.
53. Route-/running-/track-kilometre
Route kilometre indicates the distance between two points on a Railway treating all lines on the section as a single line. The extra distance of multiple tracks, i.e., double, treble, etc., is taken as two or three or more, as the case may be, in running-track-kilometres. The total track-kilometres also include the track in siding, yards and crossing stations.
54. Secure Memo System
It is a system under which a consolidated statement showing reservations required from reservation controlling stations are sent daily by important specified stations through the guard/conductor of nominated trains for transmission to the reservation controlling stations/offices.
55. SSB
Single Side Bend
56. Smalls
Goods consignments whose weight and dimensions do not require the exclusive use of a wagon. Several small consignments are consequently conveyed in one wagon.
57. Station-to-station rates
A special reduced rate applicable to a specific commodity booked from one specified station to another specified station
58. Suburban traffic
Passenger traffic moving in metropolitan areas of Bombay, Calcutta and Madras where special concessional rates for season tickets are applicable.

59. Suspense
Difference between true earnings/working expenses, whether or not actually realised/disbursed, and earnings/working expenses actually realised/disbursed during an accounting period
60. Train-kilometre
Movement of a train over one kilometre
61. Train load rate
The rate chargeable for booking a full train load consignment fulfilling certain minimum weight condition
62. Trough loaded wagons
Loaded wagons which neither originate nor terminate at the station, but which are dealt with in the yard and are not bypassing trains.
63. Turn round of wagons
Interval between two successive loadings of wagons
64. Trip time
Time taken in one movement of an engine to and from a siding for placement or removal of wagons whether loaded or empty
65. Wagon load rate
The rate chargeable for exclusive use of a wagon
66. Working expenses
Expenditure on account of administration, operation, maintenance and repairs, contribution to Pension Fund and Depreciation Reserve Fund

29	20	Differences between the earnings, working expenses, whether or not actually received, and earnings, working expenses actually received, during an accounting period
30	21	Train movements
		Movement of a train over one filometer
31	22	Train load rate
		The rate chargeable for booking a full train load consignment fulfilling certain minimum weight conditions
32	23	Through loaded wagons
		Loaded wagons which neither originate nor terminate at the station, but which are loaded in the yard and are not bypassing trains
33	24	Turn round of wagons
		Interval between two successive loadings of wagons
34	25	Trip time
		Time taken in one movement of an engine to and from a siding for placement or removal of wagons whether loaded or empty
35	26	Wagon load rate
		The rate chargeable for exclusive use of a wagon
36	27	Working expenses
		Expenditure on account of administration, operation, maintenance and repair, contribution to Pension Fund and Depreciation Reserve Fund

PREFATORY REMARKS

This Report for the year ended 31 March 1990 has been prepared for submission to the President under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts of Indian Railways for 1989-90 together with other points arising from test audit of the financial transactions of the Railways.

The Report includes reviews on

- (a) Marshalling Yards and Transshipment Points.
- (b) Suburban Services in Metropolitan Cities.
- (c) Utilisation of External Assistance.
- (d) Working of Railway Protection Force.
- (e) Catering Management on Indian Railways.
- (f) Construction of a Broad Gauge line from Telapur to Patancheru.
- (g) Conversion of the track between Manmad and Aurangabad from Metre Gauge to Broad Gauge.

Included in this Report are audit comments on topics relating to Earnings, Works, Stores and Purchases, Land, Sidings and Cash, Establishment and other expenditure.

The cases mentioned in this Report are those which came to notice in the course of audit during 1989-90 as well as those which had come to notice in earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1989-90 have also been included, wherever considered necessary.

The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is equivalent to the problem of finding a function $f(x)$ which satisfies the conditions

$$f(x) = \int_0^x f(t) dt + g(x)$$

where $g(x)$ is a given function. It is shown that the function $f(x)$ is uniquely determined by the conditions

$$f(0) = g(0)$$

and

$$f'(x) = f(x) + g'(x)$$

The second part of the paper is devoted to the construction of the function $f(x)$. It is shown that the function $f(x)$ can be expressed in the form

$$f(x) = \int_0^x e^{-t} g'(t) dt + g(0)$$

where $g(x)$ is a given function. It is shown that the function $f(x)$ is uniquely determined by the conditions

$$f(0) = g(0)$$

and

$$f'(x) = f(x) + g'(x)$$

The third part of the paper is devoted to the construction of the function $f(x)$. It is shown that the function $f(x)$ can be expressed in the form

$$f(x) = \int_0^x e^{-t} g'(t) dt + g(0)$$

where $g(x)$ is a given function. It is shown that the function $f(x)$ is uniquely determined by the conditions

$$f(0) = g(0)$$

and

$$f'(x) = f(x) + g'(x)$$

OVERVIEW

The Audit Report for the year ended 31 March 1990 contains 86 paragraphs including seven reviews. The points highlighted in the Audit Report are :

I. Financial results

The working results showed a surplus of Rs.173.26 crores as against Rs.140 crores estimated in the budget notwithstanding the reduction in originating traffic (passengers and goods) and increase in working expenses. The additional earnings projected at the budget stage, based on a 11 per cent increase in tariff charges, was clearly under-estimated.

The dividend paid during 1989-90 was Rs.808.81 crores which, as a percentage on the capital-at-charge, marginally increased to 3.94 from 3.91 per cent in 1988-89. The Railways received a subsidy of Rs.232.60 crores from the General Revenues as against Rs.207.40 crores in 1988-89.

Indebtedness to General Revenues, at the end of 1989-90, was Rs.1297.36 crores which comprised loans from General Revenues (Rs.534.44 crores) and deferred dividend liability (Rs.762.92 crores) kept outside the Railway Accounts.

The overall operating ratio showed an improvement from 93.05 in 1988-89 to 91.52 in 1989-90 even though the working expenses increased by 14.5 per cent because of more earnings (16 per cent) contributed by increase in the rates for goods traffic, parcel and luggage.

Out of nine Railways, five showed profits while the rest incurred losses.

Total resources raised till the end of 1989-90 by the Indian Railway Finance Corporation (IRFC) amounted to Rs.2559 crores. The lease rental paid to IRFC during the year was Rs.418.37 crores, as against Rs.128.31 crores in 1988-89. The incidence of expenditure on this account in succeeding years will be much higher owing to IRFC floating further bonds to augment Railway's resources. As a result, there will be an appreciable increase in working expenses affecting the net surplus.

The allocation of Plan outlay to Railways over the years had shown a declining trend though the traffic handled at the end of the Seventh Plan was 27.28 per cent more than at the end of the Sixth Plan. At the end of the Seventh Plan, there was a shortfall in respect of Electric Multiple Units (EMUs) - 262, electrification works - 588 Route Kilometres (RKM), locos - 128, coaches - 514 and wagons - 244.

The inventory turnover ratio indicating the efficiency of inventory management anticipated to be brought down to 27 per cent by the end of the Seventh Plan (1989-90) was not achieved and remained at the end of March 1990 at 32 per cent, the same that was at the end of 1988-89.

The output value, reckoned by the number of tonnes hauled over the distance (NTKM), of one bonus day declined gradually from 6400 million in 1979 to 5459 million in 1990 in succes-

sive revisions of the Productivity Linked Bonus indicating lower output.

32 new lines, for which the foundation stones were laid dating to 1973-74, were still under construction. There had been no progress in three gauge conversion projects out of nine sanctioned since 1973-74.

(Paragraphs 1 to 11)

II. Marshalling yards and Transhipment Points

The utility of marshalling yards is increasingly on the decline because of the rationalisation of movement of freight traffic by train loads and formation of jumbo rakes. This is evidenced by the increased share of bulk commodities which moved by train loads and jumbo rakes. Bulk commodities have increased from 201 million tonnes (87.85 per cent) in 1982-83 to 291.85 million tonnes (94.16 per cent) in 1989-90 when in the same period the share of other commodities had decreased from 27.79 million tonnes (12.15 per cent) in 1982-83 to 18.12 million tonnes (5.84 per cent). The improved wagon turn round in the same period from 12.8 to 11.3 is a sequel to this development. A rational policy on the future of marshalling yards and to minimise detention of wagons in yards is nevertheless yet to emerge.

Average detention to wagons on various counts generally exceeded the prescribed hours resulting in loss of Rs.265.85 crores in their earning capacity

Mismarshalling resulted in loss of wagon earning capacity by Rs.2.67 crores.

Position of late start of goods trains had worsened over the years resulting in

loss of Rs.39.87 crores in earning capacity of wagons.

Due to delay in setting up the Central Organisation for Freight Operations Information System (COFOIS) anticipated savings of Rs.349.28 crores per annum from the project have not materialised.

Despite mechanisation of Jolarpettai yard reduction in humping time, as anticipated, did not materialise resulting in detention to wagons and loss of revenue of Rs.9.86 crores.

Injudicious planning and execution of works on creation of Vatva yard on Western Railway led to infructuous expenditure of Rs.4.85 crores.

(Paragraph 12)

III. Suburban Services (EMUs) in Metropolitan Cities

The overall growth per annum of suburban traffic (six per cent), as envisaged in the Corporate Plan (1985-2000), was not achieved.

Loss incurred in suburban services during 1984-85 to 1989-90 amounted to Rs.657.08 crores. One of the factors contributing to the loss was traffic carried on concessional season tickets.

Various high level committees had recommended for pricing second class monthly season ticket (MST) to a level equal to 20 times the single journey fare to be later raised in phases to 24 times and pricing the first class MST to a level four to six times the second class MST. The revisions made during 1983-84 to 1985-86 in respect of second class season tickets brought the price of MST to a level between 12 and 18 times of the

single journey fare and of the first class season tickets to a price three and a half times the monthly second class ticket.

The acceptable percentage for ineffective coaches in stock holding is 14. In actuality, the percentage of ineffective trailer coaches ranged from 7.85 to 22.1 and of motor coaches from 8.33 to 27.6.

The high percentages were mainly because of :

- old and overaged coaches in service (more than 25 years old) being 50 in Central, 24 in Eastern, 29 in South Eastern and 36 in Western Railways;
- periodicity of overhauling being more frequent than prescribed (Western and South Eastern Railways);
- premature failure of both trailer and motor coaches (South Eastern Railway); and
- poor turnround of repairs to coaches in maintenance sheds (Western Railway).

Consequently, the train unit kilometres per day per train and train unit hours per day per train in the Railways, excepting Eastern Railway, have been declining over the years.

Because of non-completion of works in Kurla, Kalwa car sheds in Central Railway the expected facilities for repairs and maintenance of EMU coaches could not be created.

The auxiliary warning system provided as a safety device on Central, Eastern and Western Railways at a cost

of Rs.331 lakhs had not been found adequate.

(Paragraph 13)

IV. Utilisation of External Assistance

A general review on utilisation of External Assistance revealed slow progress due to delayed finalisation of tenders and delayed supply and inadequate follow up action. More specifically

Against a loan of US \$ 190 million, approved in 1987 by Asian Development Bank, all activities lagged behind

Transfer of technology for cast steel bogies at a cost of Rs.14.36 crores did not yield the desired result in a production unit

Due to inadequate evaluation of tenders there was short utilisation of a loan of Rs.19.02 lakhs

Rejection of the lowest offer resulted in a loss of Rs.33 lakhs

Injudicious placement of order on an unproven firm and its cancellation at a later date resulted in a loss of Rs.1.05 crores

24 machines procured under bilateral credits remained unutilised due to delay in installation and commissioning.

(Paragraph 14)

V. Working of Railway Protection Force

The Railway Protection Force (RPF) is entrusted with the function of safeguarding railway property and goods entrusted to the Railways for carriage. The RPF is well organised and is equipped with adequate powers and has

been conferred a defined status. Since 1985, it has been declared an armed force of the Union with powers to arrest without warrant.

The strength of the (RPF) has steadily increased since it was set up in 1957. Expenditure on RPF had increased by 30 times over what it was at the end of the First Plan.

The recovery of stolen railway property had not shown any marked improvement and in 1988-89 it was 32.51 per cent of the value of stolen property as against 25.87 during 1987-88.

The number of cases where railway property was lost was generally over 70,000 per annum but the arrests made over the years had shown a marked decline.

In respect of booked consignments lost, the percentage of recovery was even less, at around seven per cent. The arrests made for loss of property in case of booked consignments had also declined year after year. One reason for the decline in arrests was the inability of the RPF to localise crimes.

There has also been a marked increase in the number of thefts and pilferages of consignments held under the custody of guards and van clerks.

Cases (1,28,481) of thefts and pilferages of booked consignments registered by the RPF during 1983-84 to 1989 were less than the number (3,97,162) of claims paid on this account thus pointing out to deficiencies in the system of registration for investigation and reporting.

There were 5549 thefts from seal-intact wagons notwithstanding the fact

that the trains were escorted and pickets provided. Compensation paid during 1987-88 and 1988-89 amounted to Rs.131.99 lakhs.

Claims amounting to Rs.314.21 lakhs were paid in respect of 1852 cases on Central Railway on account of loss of consignments from open wagons during 1983-84 to 1988-89. On seven other Railways, there were 2767 cases of loss from open wagons during 1987-88 and 1988-89 necessitating payment of compensation of Rs.156.56 lakhs.

A large number of cases were pending with the Prosecution branch. One of the main reasons for acquittal of arrested persons was the failure of the Railways to prove ownership of stolen goods.

Officers of the RPF on various Railways had not conducted inspection of subordinate offices to the extent prescribed, revealing gaps in supervision.

While, on the one hand, there were significant shortfalls in refresher training to RPF personnel, on the other, training facilities remained under utilised.

(Paragraph 15)

VI. Catering Management on Indian Railways

The Catering Department has been incurring losses from 1986-87 and the cumulative loss, till 1988-89, was Rs.1.56 crores. The Board's objective to run departmental catering units at a nominal profit of three to four per cent on the cost of sale had not been realised.

The benefit of increased sale during 1984-85 to 1988-89 had been eroded

by increasing cost of staff (25 to 36 per cent) and material (64 to 71 per cent of earnings).

The outstandings on credit sales during 1970-90 was Rs.33.80 lakhs.

Modern gadgets and other stores worth Rs.1.07 crores, purchased for modernisation/improvement of base kitchen had not been put either to use or were clearly redundant.

(Paragraph 16)

VII. Construction of a BG line from Telapur to Patancheru

The construction was taken up without an appraisal of the traffic potential and financial viability.

Failure to provide initially for the outlay on land and road over bridge while deciding to take up the work necessitated upward revision of the cost of the work by Rs.7.53 crores (219 per cent over the original cost) rendering the work unremunerative.

There was failure to get a commitment from the State Government for provision of the required land free of cost resulting in an extra expenditure of Rs.2.70 crores towards the cost of private land.

The work sanctioned in November 1981 was scheduled to be completed by October 1984 but had progressed only to the extent of 60 per cent by March 1986 and had remained frozen since then virtually tending to its abandonment, notwithstanding expenditure of Rs.5.72 crores incurred on it till December 1990.

(Paragraph 17)

VIII. Conversion of the track between Manmad and Aurangabad from Metre Gauge to Broad Gauge

Against the target for completion in three and a half years, the work which was commenced in July 1978 on an Urgency Certificate, had progressed after a lapse of over twelve years only up to 71 per cent.

The time overrun has resulted in upward revision of the cost from Rs.13.00 crores to Rs.40.87 crores.

(Paragraph 18)

EARNINGS

IX. Passenger train rakes were being hauled daily from Jalandhar City to Amritsar (79 Kms) from September 1986. Even after the uneconomic movement of empties over such a long distance was pointed out by Audit, the empty movement continued to take place after a temporary suspension between January and July 1990. The cost of haulage for nearly four years worked out to Rs.2.46 crores (up to January 1990).

(Paragraph 19)

X. Under the 'weight only system' payment of freight is required to be made within ten days of the presentation of bills by the Accounts office. Delays in the Accounts office preferring the bills led to traffic moving without realisation of freight charges from December 1985 to March 1989 amounting to Rs.9.45 crores and non-levy of surcharge for Rs.47.26 lakhs. The delay ranged up to 630 days, also resulting in grant of unintended benefits by way of financial accommodation to the clients.

(Paragraph 21)

XI. An amount of Rs.206.07 lakhs was to be realised from the Indian Oil Corporation (IOC) on empty haulage and maintenance of tank wagons because of failure to finalise an agreement for over 14 years.

(Paragraph 23)

XII. Compensation amounting to Rs.25.54 lakhs was paid in compliance of court decrees for failure to deliver consignments of betel leaf booked from some stations of South Eastern Railway to stations on South Eastern and North Eastern Railways.

(Paragraph 29)

WORKS

XIII. The shortfall in production of Wheel and Axle Plant at Yelahanka due to low productivity of staff led to import of 15,300 wheelsets costing Rs.39.10 crores leading to avoidable expenditure in foreign exchange. The landed cost of imported wheelsets was higher than that costed for manufacture in the plant.

The plant incurred an avoidable expenditure of Rs.1.09 crores by using dephosphex 550 for reducing the phosphorous level in molten metal without conducting chemical tests. There were also adverse effects on the hearth furnace because of the use of dephosphex which had not been foreseen, before bringing it into use.

(Paragraph 36)

XIV. The delay of over three years in the completion of the Vijayawada-Balharshah Railway Electrification project resulted in a cost overrun of Rs.30.79 crores. Besides, in the execution of the work :

- due to uneconomic spacing of electrical sub-station five sub-stations were provided in excess resulting in an extra expenditure of Rs.12.22 crores; and

- lack of advance planning and consequent delay in arranging locomotives led to running of trains with diesel engines even after electrification, entailing an avoidable operating cost between July 1987 and December 1989 of Rs.4.72 crores. (The outflow of foreign exchange on the diesel oil consumed was estimated at Rs.16.42 crores).

(Paragraph 37)

XV. Investment of Rs.1.75 crores on conversion of the siding into mixed gauge of the Milavittan-Tuticorin Harbour section on Southern Railway was premature and the facilities created had remained idle for over four years after March 1986.

(Paragraph 38)

XVI. Expenditure of Rs.63.82 lakhs on the provision of terminal facilities at Mangalore could have been avoided, by better planning, and pursuing the proposal of the by pass to Bunder mooted earlier.

(Paragraph 39)

XVII. Rake handling facilities created at a cost of Rs.55.71 lakhs in July 1987 at Pitaunjia station to ease pressure of terminating traffic at Samastipur on the North Eastern Railway was lying unutilised since their creation. This was due to poor planning and failure to ensure provision of the essential ancillary

facilities like approach roads, covered accommodation at the siding.

(Paragraph 40)

XVIII. Against the prescribed width of 4.8 metres, Southern Railway adopted deck width of five metres on some bridges incurring extra expenditure of Rs.39.39 lakhs.

(Paragraph 41)

XIX. Failure to discontinue a direct speech channel hired from the P&T Department in August 1976, between the reservation offices at New Delhi and Shimla, once its poor utilisation was known, resulted in avoidable rental of Rs.24 lakhs.

(Paragraph 42)

STORES AND PURCHASES

XX. A flash butt welding plant, costing Rs.2.48 crores commissioned at Maula Ali on South Central Railway, to meet the requirements of welded rail panels remained grossly underutilised due to non-availability of infrastructure for working the machine. Consequently, welding jobs had to be done through outside agencies. During April 1987 to October 1990 the expenditure so incurred amounted to Rs.2.87 crores.

(Paragraph 48)

XXI. The delay in installation/commissioning of a large number of 444 costly machines like wheel lathes, cranes, compressors, drilling machines valued at Rs.74 crores (approximately) resulted not only in blocking up of capital but also in delay in the completion of projects and consequent loss of production.

(Paragraph 50)

XXII. DLW failed to collect Excise Duty of Rs.5.46 crores from SAIL on 120 locomotives supplied between March 1975 and March 1986.

(Paragraph 52)

XXIII. There were delays in the transshipment of 31,819 wheelsets, after these were imported, from the port/transit depot to wagon builders resulting in additional payment of Rs.1.04 crores as insurance charges. There were no consequential delays in wagon manufacture only because indigenous wheel sets were available and the urgency of imports was on an un-realistic assessment of requirements.

(Paragraph 54)

XXIV. High tensile couplers were to be procured after floating global tenders, but only limited tenders were invited in December 1985 for procuring 12,700 couplers thereby incurring an extra expenditure of Rs.4.57 crores. The failure of suppliers in adhering to schedules had also led to stabling of wagons.

(Paragraph 58)

XXV. A high speed match boarding machine, imported at a cost of Rs.70 lakhs by Central Railway, could not be utilised since its receipt in September 1988 in view of the reduction in holding of wooden bodied coaches. Later, the machine was declared as surplus.

(Paragraph 59)

XXVI. An order was placed on a firm by Central Railway for procurement of copper wire bars, in connection with electrification works, for fabrication into catenary wires even before finalisation of the system of traction.

The advance paid with the order remained with the firm till March 1988 resulting in loss of interest of Rs.11.71 lakhs. The decision of the Railway to go in for outright purchase of fabricated wires from trade, instead of placing an order for fabrication with copper bars as free issue, (by making use of the order for which the advance was paid) resulted in an extra expenditure of Rs.37.70 lakhs.

(Paragraph 60)

XXVII. Due to inadequate evaluation and lack of proper inspection by the inspecting agency in the procurement of 426 wheels from a foreign firm, there was a set back in the programme for disc brake trials for speedy operation of trains. It had taken over four years to complete the trial and, that too, only after arranging for alternative supplies of 176 wheels from another foreign firm at an extra expenditure of Rs.16.66 lakhs. The Railways also suffered a loss of Rs.21.18 lakhs on account of rejected wheels.

(Paragraph 62)

LAND

XXVIII. The management of railway land needed strengthening. Delayed/non-revision of licence fees of railway land licenced to private parties had not only resulted in heavy outstandings of Rs.85.09 crores but also affected the financial liquidity of Railways.

(Paragraph 70)

XXIX. Irregular maintenance of land records and inadequate measures for protection of railway land were noticed in the North and North Eastern Railways. 73.66 acres of railway land valued at Rs.10.87 crores remained under encroachment for more than twenty years.. While attributing this to non-

cooperation of Civil Authorities the Board admitted that the land management needed strengthening.

(Paragraph 71 and 72)

XXX. Failure to raise bills on time towards licence fees of 109 acres of railway land leased to Defence Department by Eastern Railway resulted in non-realisation of an amount Rs.62.34 lakhs.

(Paragraph 74)

SIDINGS

XXXI. Exclusion by the Board of the element of productivity linked bonus in the formula, for recovery of maintenance charges for sidings, resulted in short recovery of Rs.1.58 crores from siding owners.

(Paragraph 76)

CASH, ESTABLISHMENT AND OTHER EXPENDITURE

XXXII. Issue of advance cheques to the cashier in excess of requirements for payments and failure to personally verify cash by the Accounts department gave scope for misappropriation by two cashiers of cash of Rs.9.60 lakhs on Eastern Railway.

(Paragraph 80-81)

XXXIII. The provision of peons for Railway officers in bungalows was considered anachronistic by the Third Pay Commission in March 1973. The Department of Personnel had stated in March 1975 that if the Railways were to continue this practice they should obtain approval of the Cabinet. The Board has not taken the matter to the Cabinet so far and continues to incur an expenditure of over Rs.2 crores annually.

(Paragraph 82)

1950-51

1950-51

1950-51

1950-51

1950-51

1950-51

1950-51

1950-51

1950-51

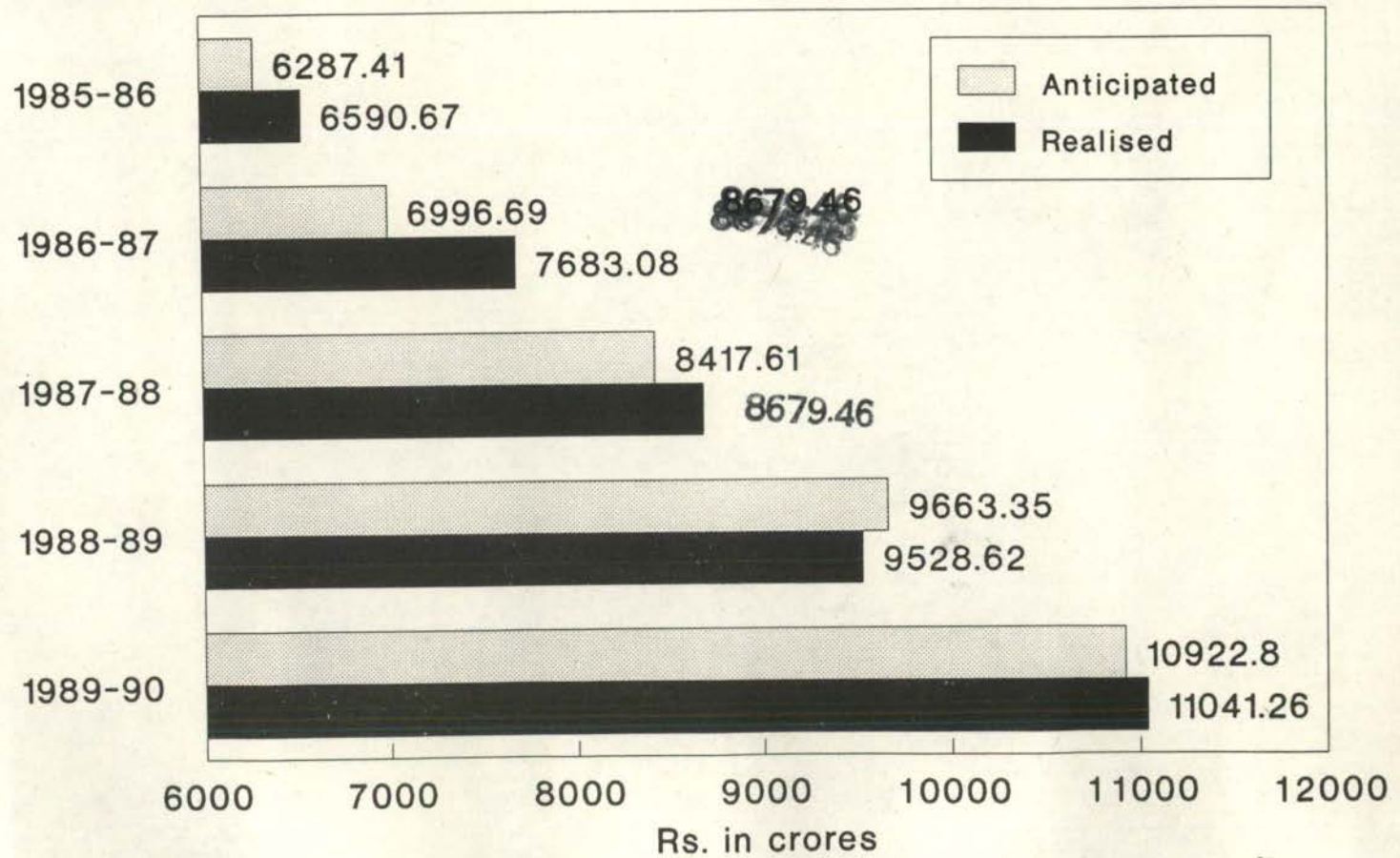
1950-51

1950-51

Chart-1
(Paragraph-1.1)

REVENUE RECEIPTS

Year



CHAPTER - I

FINANCIAL MANAGEMENT

1. Financial Results

1.1 The Financial results for 1989-90 showed a surplus of Rs.173.26 crores as against a surplus of Rs.140 crores estimated at the budget stage. The Revenue Receipts during the year were Rs.11041.26 crores against the anticipation of Rs.10922.80 crores. (Chart 1).

1.2 The rates for goods traffic, (excluding certain commodities) parcel and luggage, were increased by 11 per cent to net an additional revenue of Rs.876 crores. The surplus of Rs.140 crores was

on the assumption of originating revenue earning goods of 316 million tonnes and 3742.67 million passengers. The total working expenses for 1989-90 were estimated at Rs.9788 crores against which the actual expenditure was Rs.9887.73 crores which was Rs.99.73 crores more than the budget estimate.

1.3 The materialisation of traffic was 309.97 million tonnes of goods (against 316 MT estimated) and 3653.15 million passengers against (3742.67 passengers estimated). (Charts 2 and 3).

Chart-2
(Paragraph 1.3)
GOODS TRAFFIC

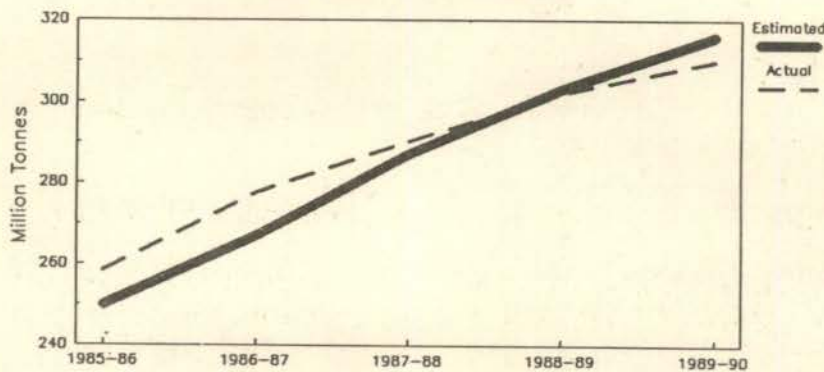
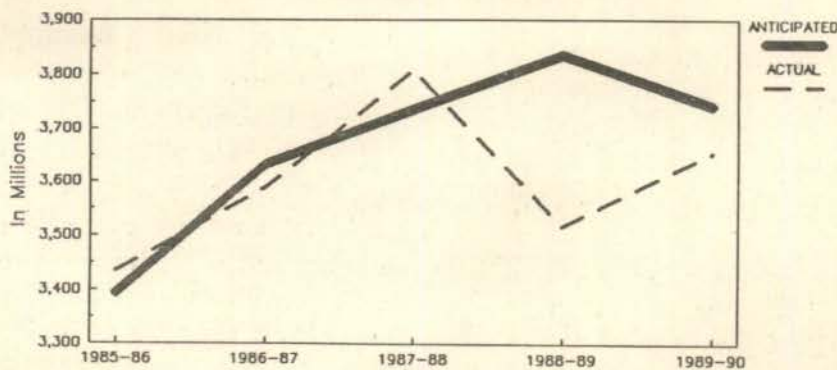


Chart-3
(Paragraph 1.3)
PASSENGER TRAFFIC

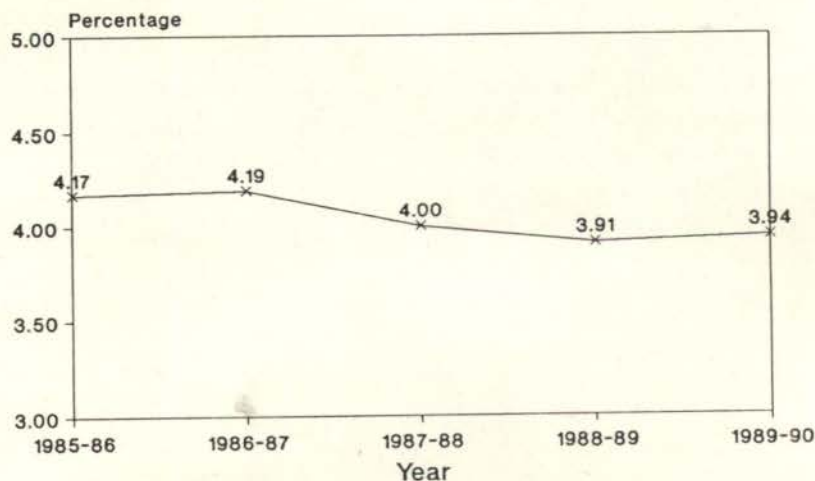


Notwithstanding the reduction in originating traffic both in respect of passenger and goods without any appreciable increase in the average lead and the increase in working expenses (Rs.99.73 crores) the working results still showed a surplus which was more than the budget estimate by Rs.33.26 crores. The additional earnings projected at the budget stage based on a 11

per cent increase in tariff charges was clearly underestimated.

1.4 Taking into account the subsidy of Rs.232.60 crores obtained from General Revenues, the percentage of dividend paid to General Revenues on Capital at charge worked out to 3.94 as against 4.19 in 1986-87. (Chart 4).

Chart-4
(Paragraph 1.4)
EFFECTIVE RATE OF DIVIDEND PAID



2. Indebtedness

The deferred dividend liability after 1978-79 which stood at Rs.428.43 crores at the end of 31 March 1989, continued to be undischarged even at the end of 1989-90, the liability for the period prior to 1978-79 was fully paid by end of 1985-86.

The accumulated liability on account of deferred dividend payable in respect of new lines which had completed moratorium period stood at Rs.334.49 crores at the end of 1989-90.

The indebtedness up to the end of March 1990 on account of shortfall in Development Fund stood at Rs.534.44 crores as against Rs.529.28 crores at the end of March 1989. (Chart 5).

3. Comparative position

Salient indicators of the Financial results for the five years up to 1989-90 are given in Appendix I.

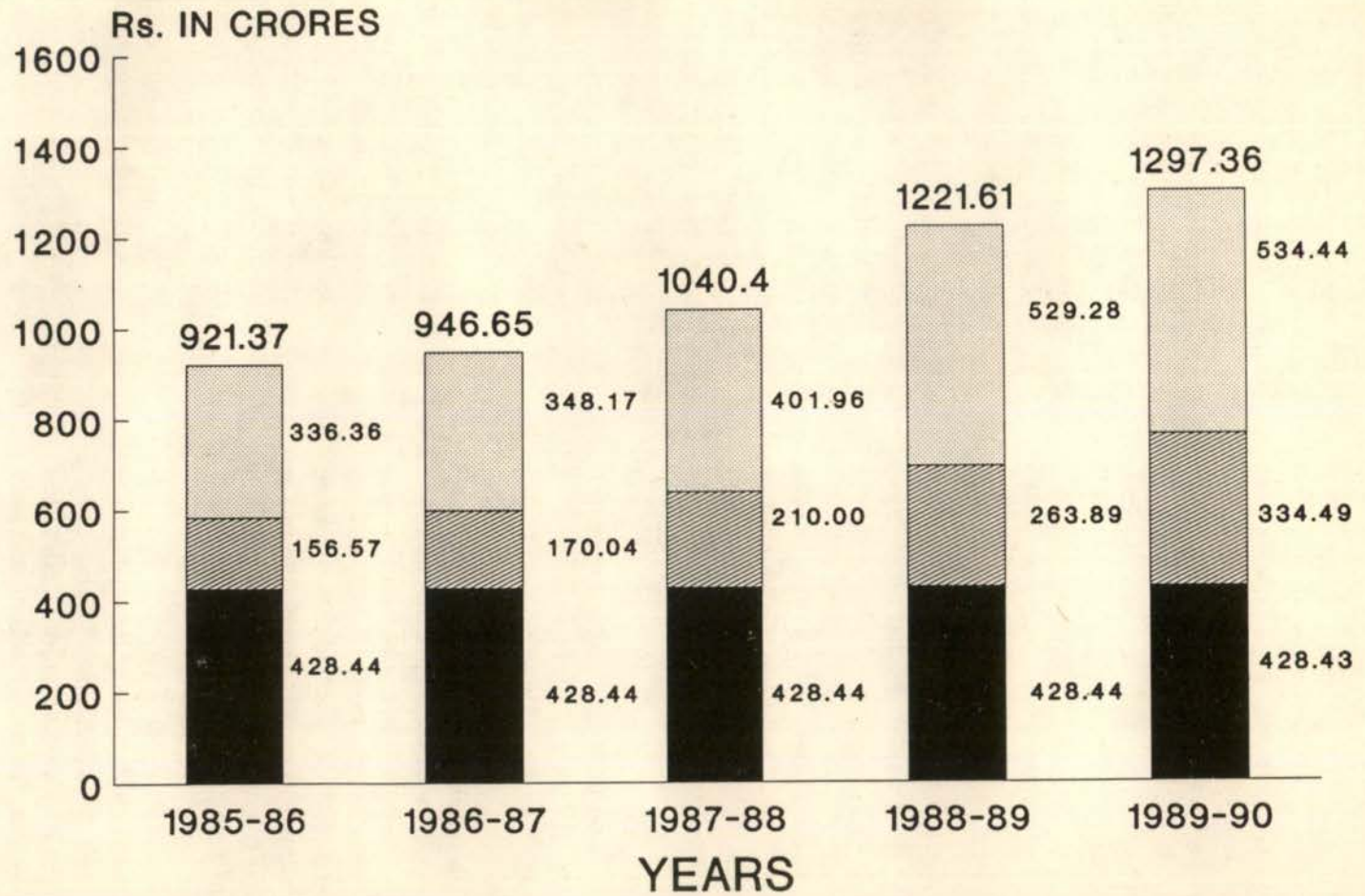
4. Railway Funds

4.1 Development Fund (DF)

This Fund is financed by appropriation from surplus and/or loans from General Revenues. The corpus is utilised to meet expenditure on works relating to amenities for users of Railway transport, labour welfare works and unremunerative operating improvement works and also for paying interest on loans taken from General Revenues. During 1989-90, out of Rs.178.42 crores appropriated to the Fund, the compo-

Chart-5
(Paragraph 2)

INDEBTEDNESS



ment for financing development works was Rs.127.37 crores and the balance of Rs.51.05 crores was used for interest payment. The balance in the Fund as on 31 March 1990 was Rs.0.01 lakh. No repayment of loans to General Revenues which had accumulated to Rs.534.44 crores had been made in the last 22 years, ever since the first loan was taken in 1967-68.

4.2 Depreciation Reserve Fund (DRF)

For replacement of assets, a Depreciation Reserve Fund is maintained which is financed by transfers from Revenues.

In paragraph 2 of Chapter I of the Report of the Comptroller and Auditor General of India - Union Government (Railways) for 1979-80, it was inter alia brought out that the quantum of contribution to the Depreciation Reserve Fund was not adequate and did not take into account the needs of replacement of over-aged assets. This had resulted in the accumulation of arrears in replacement of assets, increase in the percentage of over-aged plant and machinery in the workshops/production units and continued retention of locos and wagons on line. Railways had to incur more expenditure on repairs and maintenance and impose speed restrictions which in turn affected their financial position.

The Railway Reforms Committee, May 1981 cautioned against scaling down the contribution to DRF and advised the Railways to conduct a detailed review of the precise effects of past policies, identify the policy changes and seek the Committee's approval for the special measures required.

In response to these recommendations the allocation to DRF in the last five years was increased and Rail India

Technical and Economic Services (RITES) were appointed to carry out the recommended review. This review was completed in September 1987. The salient recommendations were :

- (a) instead of the present method of ad hoc annual appropriations to DRF to meet replacements as considered necessary, the DRF provision should be made with reference to current cost of assets, updated each year;
- (b) annual withdrawals from DRF should be related solely to the present day cost of the assets due to be replaced in a given year though it might lead to greater demands on DRF in certain years and might leave some unspent balance in other years;
- (c) the historical cost of structural assets-buildings and bridges, need not be updated to their current cost, but should be amortized over a fixed period, say, 40 years;
- (d) asset registers should be introduced with the help of computers. Until this is done, Indian Railways should use the current replacement works of all assets as worked out in the report (with reference to the physical quantum and unit prices as of March 31, 1986) in order to arrive at the depreciation contribution for each subsequent year; and
- (e) arrears in replacement of over-aged assets estimated at Rs.6,200 crores (9 per cent of Indian Railways total asset value at current costs) as on March 31, 1986 should be eliminated over a ten year period, under special financing arrangements to be agreed to by the Central Government.

These recommendations made in September 1987 have not yet been considered and the views of Government not placed before the Railway Convention Committee.

4.3 Pension Fund

The Fund, constituted in 1964, for meeting expenditure on pensionary benefits to retiring railway employees was to be financed on the basis of actuarial calculations so that the Fund has adequate balances to meet the estimated liability on this account. After 1974, there was no actuarial assessment and the contribution to the Fund continued to be with reference to the trend of actual withdrawals. Even though the pension scheme has been liberalised the appropriations to the fund had not been commensurate with the actual expenditure resulting in withdrawals exceeding accruals to the Fund. The appropriation from revenue and capital amounted to Rs.742.30 crores during 1989-90. There was a net depletion of Rs.39.68 crores in the balance during 1989-90. The balance as on 31 March 1990 was Rs.13.22 crores equivalent to 1.67 per cent of the withdrawal of Rs.791.66 crores during 1989-90.

4.4 Accident Compensation, Safety and Passenger Amenities Fund

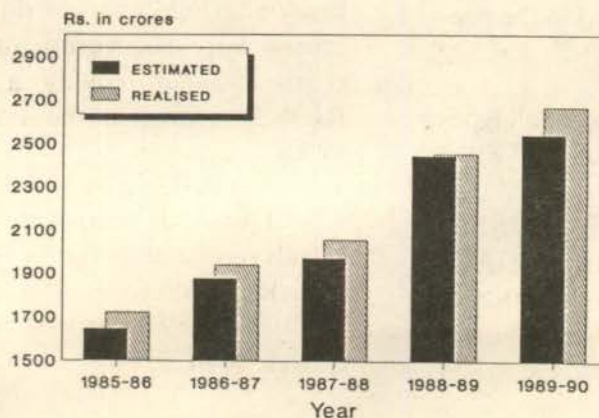
This Fund was set up on 1 April 1974 to meet payments necessitated by accident compensation and expenditure on works of passenger amenities and operational improvements connected with safety of travel. Against the appropriation from revenue of Rs.59.72 crores during 1989-90, withdrawals were Rs.56.46 crores as compared to Rs.52.16 crores during 1988-89.

5. Passenger earnings

The budget envisaged a growth of 3 per cent in passenger traffic, increase of 13 million tonnes of originating revenue earning traffic and 2 per cent in luggage, parcels and other receipts to yield an additional revenue of Rs.381 crores.

The passenger traffic increased by 4.4 per cent and earnings (Rs.2668.92 crores) exceeded the Budget Estimate by Rs.124.92 crores. Other coaching earnings of Rs.313.31 crores fell short of Budget Estimate (Rs.320 crores) by Rs.6.69 crores. Earnings per passenger-kilometre increased from 9.30 paise in 1988-89 to 9.49 paise in 1989-90 because of increase in the number of passengers carried. (Chart 6).

Chart-6
(c.f. Paragraph 5.2)
PASSENGER TRAFFIC

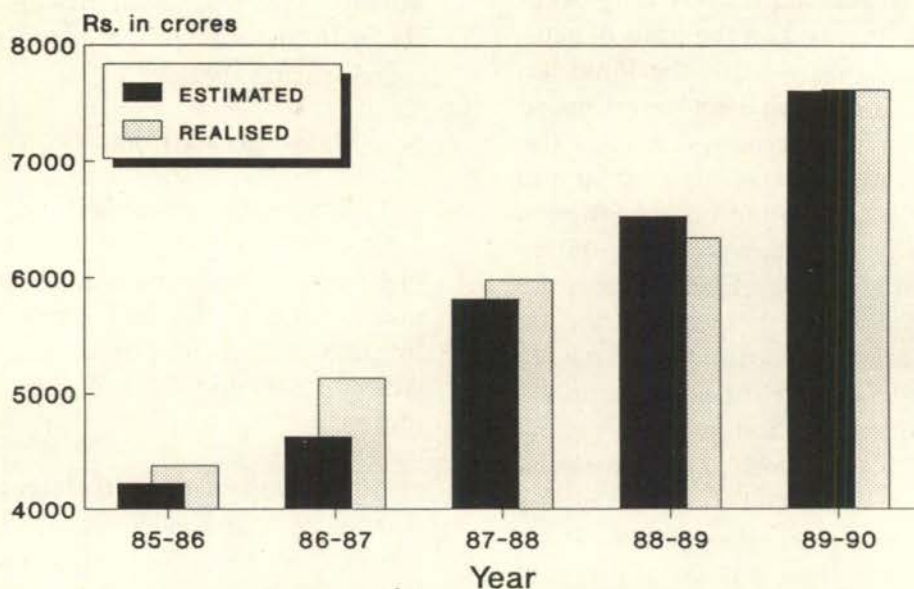


6. Goods earnings

Budget Estimate (Rs.7611 crores) took into account 11 per cent increase in the rates of goods traffic to yield an additional revenue of Rs.876 crores. Actual earnings of Rs.7624.49 crores

were more than the Budget and Revised Estimates by 13.49 crores. The earnings per tonne kilometres increased from 27.9 paise in 1988-89 to 32.5 paise in 1989-90 against the 11 per cent increase of tariff charges on certain commodities. (Chart 7).

Chart-7
(Paragraph 6.1)
GOODS TRAFFIC



The movement in low rated commodities 'coal', 'foodgrains' and 'fertilizers' increased while traffic in high rated commodities had not shown the increase necessary to compensate the deficit attributable to movement of the former. The originating loading of total traffic (Revenue earning) had improved on all the Railways except Eastern and North-Eastern Railways whose loading did not even touch the level attained in the previous year.

The unrealised earnings of all types rose from Rs.268.23 crores in 1988-89 to Rs.356.82 crores at the end of March 1990. Freight outstanding Rs.282.60 crores rose by Rs.97.08 crores over 1988-89 (Rs.185.52 crores). Major portion of the freight outstanding related to Northern (Rs.76.51 crores), Central (Rs.67.31

crores), Western (Rs.52.84 crores), Eastern (Rs.48.55 crores), Southern (Rs.15.35 crores), South Eastern (Rs.11.91 crores) and other Railways (Rs.10.13 crores). Factors such as non-payment of freight by power house, steel plants etc. contributed to the outstandings.

Out of Rs.247.55 crores of demurrage/wharfage charges due, Rs.106.45 crores were recovered and Rs.102.90 crores waived leaving a balance of Rs.38.20 crores at the end of March 1990.

Demands recoverable: The demands recoverable rose by Rs.5.03 crores, from Rs.54.65 crores at the end of March 1989 to Rs.59.68 crores at the end of March 1990.

7 Revenue expenditure

7.1 The increase in Revenue expenditure to Rs.10059.19 crores in 1989-90 from Rs.8791.29 crores in the previous year was mainly due to increase in appropriation to Depreciation Reserve Fund (Rs.215 crores), Pension Fund (Rs.178 crores), Miscellaneous Expenditure, including contribution to Accident Compensation, Safety and Passenger Amenities Fund (Rs.13.16 crores)

and more expenditure (Rs.861.74 crores) on ordinary working expenses. The increase in ordinary working expenses was due to increase in salaries and allowances, prices of fuel and other materials, repair costs and rental payable to Indian Railway Finance Corporation on the assets leased from them. Ordinary working expenses have risen by 9.66 per cent and 13.09 per cent in 1988-89 and 1989-90 over 1987-88 and 1988-89 respectively as detailed in Table 1 below :

Table 1

Grant number	Name	Amount (Rupees in crores)			Percentage increase/decrease	
		1987-88	1988-89	1989-90	1988-89	1989-90
3.	General Superintendence and Services	363.40	391.07	436.95	7.61	11.73
4.	Repairs and Maintenance of Permanent Way & Works	737.11	806.98	879.48	9.48	8.98
5.	Repairs and Maintenance of Motive Power	553.44	602.29	693.90	8.82	15.27
6.	Repairs and Maintenance of Carriage and Wagons	747.15	804.83	927.43	7.20	15.23
7.	Repairs and Maintenance of Plant and Equipment	388.69	419.21	475.45	7.85	13.42
8.	Operating Expenses-Rolling Stock and Equipment	629.46	657.84	719.01	4.50	9.30
9.	Operating Expenses-Traffic	774.81	933.48	1154.70	20.48	23.70
10.	Operating Expenses-Fuel	1238.57	1339.73	1481.43	8.16	10.58
11.	Staff Welfare and Amenities	256.19	283.39	312.15	10.63	10.15
12.	Miscellaneous Working expenses including Suspense-excluding Accident Compensation	308.53	340.55	360.33	10.38	5.81
13.	Provident Fund, Pension and other retirement benefits (Net)*	5.60	3.62	3.90	(-)35.35	7.73
	Total-Ordinary Working Expenses (Grants No.3 to 13 excluding suspense)	6002.95	6582.99	7444.73	9.66	13.09

* (represents amount under Gratuity only)

7.2 Leasing of rolling stock

Indian Railway Finance Corporation, (IRFC) a wholly owned Government Company under the Ministry of Railways, was set up for mobilising resources through floatation of bonds for the purpose of acquiring the assets (rolling stock) required by the Railways and leasing the same to Railways on payment of leasing charges.

A comment about the non-finalisation of the lease agreement, clearly defining the liabilities and obligations of both the parties and certain other

features was made vide paragraphs 3.37 and 1.7.2 of the Report of the Comptroller and Auditor General of India, Union Government (Railways) 1987-88 and 1988-89 respectively. The lease agreement was yet to be finalised (August 1990). The IRFC has so far raised total resources of Rs.2559.3954 crores during the three years 1987-88 to 1989-90.

The lease rental paid to IRFC is charged to Grant No.9 - Operating Expense-Traffic. The Operating Expenses-Traffic (Gross) for three years and the element of lease rental included therein are indicated below :-

	(Rupees in crores)		
	1987-88	1988-89	1989-90
Total expenditure	793.92	944.04	1166.10
Lease charges included above	25.26	128.31	264.80

The lease rental paid to IRFC during these years amounted to Rs.418.37 crores. The incidence of expenditure on account of lease charges had gone up and is bound to be much higher in the ensuing years owing to IRFC floating further bonds for augmenting Railways' resources thereby resulting in appreciable increase in the working expenses and reducing the net surplus available to the Railways. In 1990-91 a sum of Rs.432 crores is provided in the budget towards lease charges.

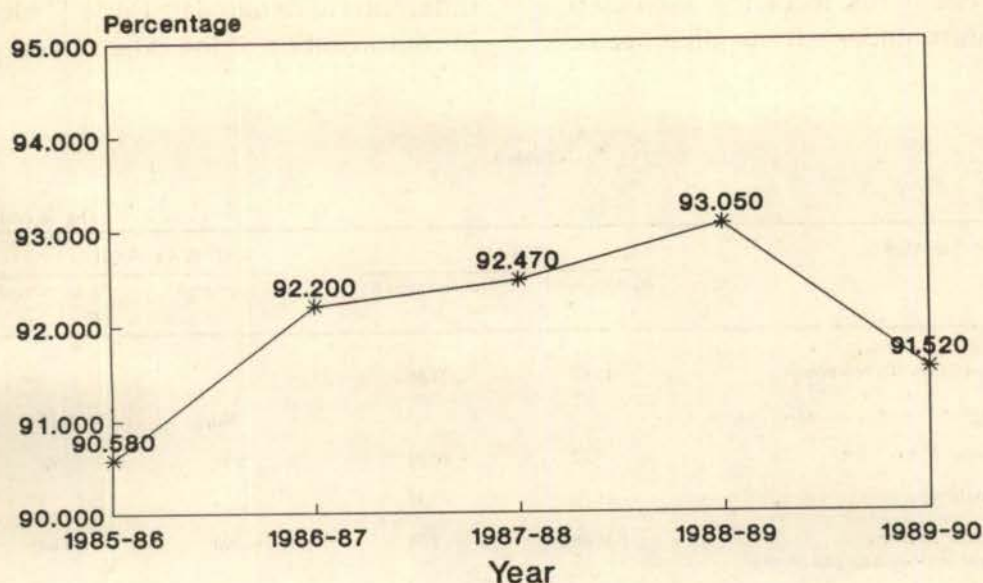
It was also commented in paragraph 1.7.2 of the Report of the Comptroller and Auditor General of India for 1988-89 that the operating expenses of Railways, would not be bearing a uniform charge over the life span of the rolling stock and the value of rolling

stock is not reflected in the Block Account and the Balance Sheet of Railways as ownership thereof vests with IRFC.

8 Operating Ratio

The percentage of working expenses to earnings is the Operating Ratio worked out for each Railway. It is an index of profitability of railway operations and a ratio above one hundred indicates losses. Out of nine Railways, five showed profits while others continuously incurred losses. The overall ratio improved from 93.05 in 1988-89 to 91.52 because of more earnings (16 per cent) primarily on account of increase in the rates for goods traffic, parcel and luggage compared to the increase in working expenses (14.5 per cent). (Chart 8)

Chart-8
(Paragraph 8)
OPERATING RATIO



9. Plan (Capital) expenditure

9.1 The year under review - 1989-90 was the fifth and concluding year of the Seventh Five Year Plan (1985-90) at the end of which it was anticipated to develop requisite capacity to meet projected traffic of 340 million tonnes of originating goods traffic. Only 309.97 million tonnes were handled by 1989-90.

9.2 Plan (Capital) expenditure had more than doubled from Rs.1664.30

crores in the year 1984-85 to Rs.3562.24 crores in 1989-90.

The Plan (Capital) Expenditure for 1989-90 was Rs.3562.24 crores, as against the approved outlay of Rs.3450.00 crores. An analysis of the expenditure showed that acquisition of new assets was out of borrowed capital both from General Revenues, and from Indian Railway Finance Corporation. More was spent on renewals and replacement charges from the Depreciation Reserve Fund. These details are given in Table 2.

Table 2

(Rupees in crores)		
Sources of finance	Budget Estimate 1989-90	Actual Expenditure 1989-90
1. Borrowed capital from General Revenues	1706.00	1773.36
2. Internal Resources		
i) Depreciation Reserve Fund	1489.00	1564.30
ii) Development Fund	140.00	127.37
iii) Accident Compensation, Safety and Passenger Amenities Fund	65.00	55.89
iv) Open Line Works Revenue	50.00	41.32
Total (Internal Resources)	1744.00	1788.88
Grand Total	3450.00	3562.24

A supplementary grant of Rs.168.59 crores under 'Capital' and Rs.31.72 crores under 'Railway Funds' was obtained in March, 1990 for incurring increased expenditure under various plan heads.

The Ministry, however, accounted for the supplementary grants as voted by Parliament under various plan heads differently as detailed in Table 3 below, in contravention of the extant rules :-

Table 3

PLAN HEADS	(Rs. in crores)			
	CAPITAL		RAILWAY FUNDS	
	As approved	As accounted for	As approved	As accounted for
1 (a) New Lines (Construction)	16.07	21.86	-	-
2 (c) Restoration of Dismantled Lines	-	-	Nil	0.15
3 (d) Gauge Conversion	5.22	10.02	1.15	Nil
4 (e) Doubling	(-)18.50	7.37	-	-
5 (f) Traffic facilities - Yard remodelling and others	(-)1.46	2.04	Nil	4.44
6 (g) Computerisation	0.61	0.61	Nil	(-) 1.12
7 (i) Rolling Stock	(-)6.88	14.49	21.50	19.70
8 (j) Track Renewals	-	-	23.30	15.56
9 (k) Bridge Works	-	-	(-)14.65	(-)6.24
10 (l) Signalling and Telecommunication Works	Nil	(-)0.02	(-) 2.47	(-)1.43
11 (n) Electrification Projects	14.75	Nil	-	-
12 (o) Other Electrical Works	-	1.00	Nil	(-)0.96
13 (p) Machinery and Plant	Nil	0.87	2.89	0.64
14 (q) Workshops - including Production Units	(-)21.09	(-)0.64	Nil	0.32
15 (r) Staff quarters	Nil	0.30	Nil	0.54
16 (s) Amenities for Staff	Nil	0.58	Nil	0.18
17 (t) Passenger amenities	Nil	0.14	Nil	(-)0.35
18 (v) Other specified works	1.00	(-)0.77	Nil	0.29
19 (w),(x),(y) Inventories	178.87	110.74	-	-
TOTAL	168.59	168.59	31.72	31.72

Taking into account the supplementary grant as accounted for by the Ministry of Railways the difference be-

tween the final grant and the actual expenditure under various plan heads was as under :-

Table 4

(Rs. in crores)				
Sl.No.		Final Grant	Actual Expenditure	Variation
1.	Workshop including Production Units	329.69	265.38	(-) 64.31
2.	Doubling	310.65	261.36	(-) 49.29
3.	Bridge Works	84.65	64.29	(-) 20.36
4.	Signal and Telecommunication Works	119.33	107.97	(-) 11.36
5.	Traffic Facilities	204.76	195.69	(-) 9.07
6.	Computerisation	51.50	45.07	(-) 6.43
7.	Other Electrical Works	55.35	49.53	(-) 5.82
8.	Railway Research	15.00	12.01	(-) 2.99
9.	Staff Quarters	36.84	34.13	(-) 2.71
10.	New Lines (Construction)	271.87	269.55	(-) 2.32
11.	Passenger Amenities	24.62	23.54	(-) 1.08
12.	Amenities for Staff	29.77	29.50	(-) 0.27
13.	Other Railway users Amenities	0.17	0.04	(-) 0.13
14.	Other Specified Works	29.53	29.52	(-) 0.01
15.	Stores Suspense	1532.75	1648.53	(+) 115.78
16.	Track Renewals	976.40	1055.76	(+) 79.36
17.	Miscellaneous Advances (Capital) including Metropolitan Transport Projects	344.11	383.90	(+) 39.79
18.	Electrification Projects	210.30	236.22	(+) 25.92
19.	Rolling Stock	576.46	582.78	(+) 10.32
20.	Machinery and Plant	96.52	104.11	(+) 7.59
21.	Workshop Manufacture Suspense	1723.67	1725.24	(+) 1.57
22.	Gauge Conversion	94.02	94.95	(+) 0.93
23.	Restoration of Dismantled Lines	0.15	0.53	(+) 0.38
24.	Taking over of P&T Lines	-	0.07	(+) 0.07

Provision of Rs.250.01 crores for new lines in the budget was augmented by Rs.21.86 crores (Rs.16.07 crores as voted by Parliament). The actual expenditure, however, was less by Rs.2.32 crores. The physical target achieved was 237 route kilometres as against the target of 290 route kilometres for the year.

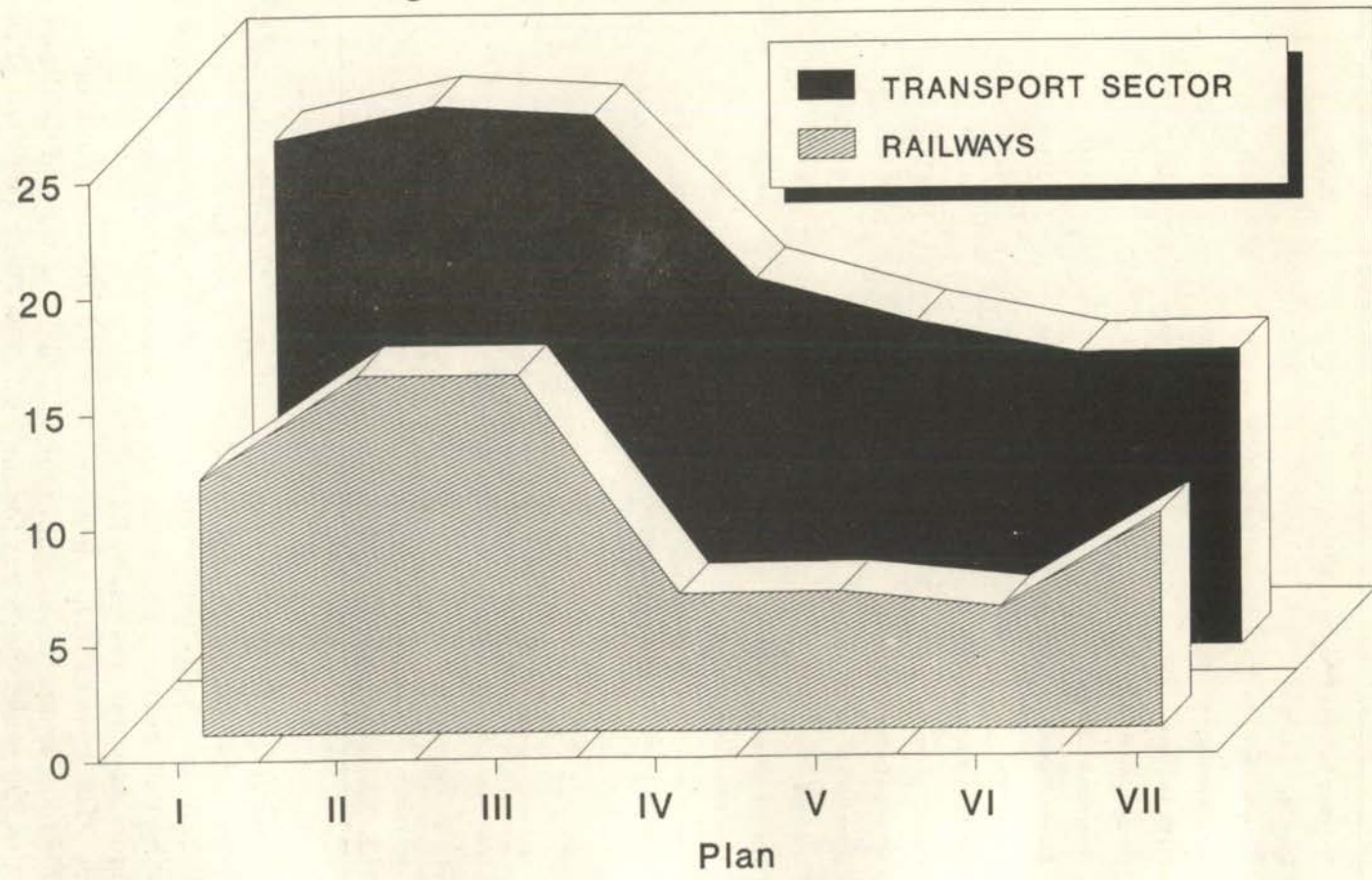
Under the plan head 'Taking over of P & T Line Wires', an expenditure of Rs.6.5 lakhs was incurred without any budget provision.

9.3 Details of total outlay for the transport sector and the Railways share in successive Five Year Plans are given below (Chart 9):

Chart-9
(Paragaph 9.3)

PLAN OUTLAY

Percentage of total plan outlay



	(Plan period)						
	First Plan 1951-56	Second Plan 1956-61	Third Plan 1961-66	Fourth Plan 1969-74	Fifth Plan 1974-78	Sixth Plan 1980-85	Seventh Plan 1985-90
1. Railways	217	723	1326	934	1523	6585	16,715
2. Transport sector as a whole	434	1100	1983	2522	4078	12,412	22,971
3. Total Plan Outlay	1960	4672	8577	15,779	28,991	97,500	1,80,000
4. Expenditure on Railways as a percentage of total plan expenditure	11.05	15.43	15.45	5.92	5.97	5.23	9.29
5. Expenditure on transport sector as a whole	22.1	23.5	23.1	16.0	14.1	12.7	12.8

It will be observed that, over the years, the allocation of plan outlay to Railways as compared to total plan outlay was shrinking.

Railways had planned under the Seventh Plan for replacement/renewals of overaged assets, electrification and modernisation/technological upgra-

dation of the network. The plan envisaged acquisition of wagons (90000) (in terms of four wheelers), locomotives (1350), coaches (6970) and EMUs (950) electrification (3400 RKms.) and track renewals (19000 Kms.). Except track renewals there was shortfall in respect of EMUs, electrification, locomotives, coaches and wagons as under:

	Target	Achievement	Shortfall	
			Actuals	Percentage
1. EMUs including Metro (Nos.)	950	688	262	27.57
2. Electrification (RKms.)	3400	2812	588	17.29
3. Locos (Nos.)	1350	1222	128	9.48
4. Coaches (Nos.)	6970	6456	514	7.37
5. Wagons (Nos.)	90000 (original 92860)	89756	244	0.27

10 Budgetary control

10.1 The number of demands voted was sixteen and the number of charged appropriations was twelve. The number of supplementary demands voted was thirteen and supplementary charged appropriations five.

10.2 Gross expenditure was more than the amount approved by the Parliament. Particulars of grants and charged appropriations of 1989-90 together with supplementary grants/appropriations and expenditure incurred are given in table 5 below:

Table 5

	(Rupees in crores)			
	1988-89		1989-90	
	Voted	Charged	Voted	Charged
Original Grants/Appropriations	16818.85	18.27	18891.17	13.67
Supplementary Grants/Appropriations	176.66	1.75	412.12	0.33
Total Grants/Appropriations	16995.51	20.02	19303.29	14.00
Total Disbursement	16862.28	11.64	19413.26	4.79
Saving(-)/Excess(+)	(-)133.23	(-)8.38	(+)109.97	(-)9.21
Percentage of Saving/Excess	(-)0.78	(-)41.86	(+)0.57	(-)65.79

10.3 Excess over grants

The aggregate excess of Rs.109.97 crores in the grants was the net result of excess of Rs.197.72 crores under seven grants and saving of Rs.87.75 crores, under 10 grants. The excess requiring regularisation under Article 115 of the Constitution is Rs.197.72 crores. Grant-wise analysis of excess is given in the succeeding paragraphs.

(i) Grant No.3 General Superintendence and Services

Original grant	Rs. 431,93,78,000
Supplementary grant	Rs. 6,20,20,000
Final grant	Rs. 438,13,98,000
Actual expenditure	Rs. 439,13,20,878
Excess	Rs. 99,22,878
Percentage	0.23

A supplementary grant for Rs.6.20 crores was obtained in March 1990 for payment of other allowances including House Rent and City Compensatory Allowance (Rs.3.27 crores), other staff cost (Rs.2.64 crores), contingent expense (Rs.5.65 crores), other miscellaneous factors (Rs.1.20 crores), offset by less payment of Salary and Wages (Rs.6.55 crores). The supplementary grant proved inadequate by Rs.0.99 crore.

The excess of Rs.0.99 crore occurred under the sub-head "Material Management" (Rs.1.71 crores) followed by subhead "Personnel Management" (Rs.0.99 crores) and under other sub-heads (aggregating Rs.0.82 crore) offset by savings under sub-heads "Financial Management" (Rs.1.95 crores) and "General Management" (Rs.0.26 crore) and other sub heads (Rs.0.32 crore).

The excess mainly occurred on South-Central (Rs.0.51 crore), Northeast Frontier (Rs.0.41 crore), South Eastern (Rs.0.34 crore) and Southern (Rs.0.31 crore) Railways offset by aggregate of savings/excesses on other Railways (Rs.0.58 crore).

(ii) Grant No.5 - Repairs and Maintenance of Motive Power

Original grant	Rs. 702,15,47,000
Supplementary grant	
Final grant	Rs. 702,15,47,000
Actual expenditure	Rs. 719,71,12,706
Excess	Rs. 17,55,65,706
Percentage	2.5

The excess of Rs.17.56 crores occurred under the sub-heads "Electric Locomotives" (Rs.13.57 crores), "Diesel Locomotives" (Rs.9.40 crores) and

“Steam Locomotives” (Rs.0.77 crore), offset by savings under sub-heads “Establishment in offices” (Rs.1.16 crores) and “Rail cars and Ferry Steamers” (Rs.3.89 crores). An amount of Rs.1.13 crores was surrendered only in March 1990.

The excess mainly occurred in Northern (Rs.5.20 crores), Southern (Rs.4.79 crores), Western (Rs.3.50 crores), Central (Rs.3.20 crores), South Eastern (Rs.2.50 crores) Railways and aggregate of savings/excesses on other Railways (Rs.1.63 crores).

(iii) Grant No.6 - Repairs and Maintenance of Carriages and Wagons

Original grant	Rs. 940,83,94,000
Supplementary grant	Rs. 2,83,42,000
Final grant	Rs. 943,67,36,000
Actual expenditure	Rs. 968,00,06,037
Excess	Rs. 24,32,70,037
Percentage	2.58

A supplementary grant for Rs.2.83 crores was obtained in March 1990 for meeting the increased expenditure on account of more payment of wages and materials on periodical overhaul (Rs.11.43 crores), other allowances (Rs.2.49 crores), Night duty allowance (Rs.1.91 crores) and material purchased directly (Rs.1.05 crores), partly offset by less payment of Salary and wages (Rs.4.68 crores), Dearness allowance (Rs.3.04 crores), Contractual payments (Rs.1.03 crores) and under other functions (Rs.5.29 crores). The supplementary grant proved inadequate by Rs.24.33 crores.

The excess of Rs.24.33 crores occurred under the sub-head “Carriages” (Rs.10.99 crores), “Wagons” (Rs.16.03 crores), “Electrical General services, light, fans, air conditions” (Rs.2.94 crores)

and “Electrical Multiple Unit Coaches” (Rs.2.26 crores) offset by savings under sub-heads “Miscellaneous Repairs and Maintenance” (Rs.6.80 crores) and “Establishment in offices” (Rs.1.09 crores).

The excess mainly occurred on Western (Rs.8.41 crores), Northern (Rs.5.28 crores), Eastern (Rs.3.45 crores), Southern (Rs.2.85 crores), South Eastern (Rs.2.55 crores), Northeast Frontier (Rs.1.42 crores) Railways and aggregate of savings/excesses on other Railways (Rs.0.37 crore).

(iv) Grant No.9 - Operating Expenses - Fuel Traffic

Original grant	Rs.1147,17,71,000
Supplementary grant	Rs. 15,31,77,000
Final grant	Rs.1162,49,48,000
Actual expenditure	Rs.1166,02,37,157
Excess	Rs. 3,52,89,157
Percentage	0.30

A supplementary grant for Rs.15.32 crores was obtained in March 1990 to provide for payment of Night duty allowance (Rs.8.56 crores), Other allowances (Rs.8.00 crores), Overtime allowance (Rs.4.06 crores), provision required under ‘Transfer of Debits/Credits’ (Rs.24.32 crores), other expenses (Rs.4.21 crores) and other miscellaneous factors (Rs.3.14 crores), partly offset by less payment of ‘Salaries and Wages’ (Rs.21.68 crores), ‘Dearness allowance’ (Rs.9.29 crores) and ‘Lease charges to Indian Railways Finance Corporation’ (Rs.6.00 crores). The Supplementary Grant proved inadequate by Rs.3.53 crores.

The excess of Rs.3.53 crores occurred mainly under sub-head ‘Other Miscellaneous Expenses’ (Rs.7.77 crores) and other sub-heads (Rs.0.42 crore) offset

by savings under sub-head "Station operations" (Rs.4.37 crores) and under other sub heads (Rs.0.29 crore).

The excess mainly occurred in Central (Rs.7.26 crores), South Central (Rs.3.27 crores), Eastern (Rs.1.90 crores), Northeast Frontier (Rs.1.13 crores) Railways offset by aggregate of savings/excesses on other Railways (Rs.10.03 crores).

(v) Grant No.13 - Provident Fund, Pension and other Retirement Benefits

Original grant	Rs. 706,35,32,000
Supplementary grant	Rs. 88,87,57,000
Final grant	Rs. 795,22,89,000
Actual expenditure	Rs. 797,70,09,647
Excess	Rs. 2,47,20,647
Percentage	0.31

A supplementary grant of Rs.88.88 crores was obtained in March 1990 to provide for payment of "Superannuation and Retiring Pension" (Rs.33.46 crores), "Commutated Pension" (Rs.15.14 crores), "Family Pension" (Rs.21.95 crores), 'Death-cum-Retirement gratuity' (Rs.7.09 crores), 'Other Allowances', 'Other Pensions and Other Expenses' (Rs.12.28 crores), 'Ex-gratia Pension' (Rs.0.09 crore) due to more people retiring than anticipated and also because of the post-budgetary increase on account of additional dearness relief sanctioned to pensioners during the course of the years partly offset by less provision required under Gratuity and special Contribution to provident fund (Rs.1.01 crores) and Contribution to provident fund (Rs.0.12 crore).

The excess of Rs.2.47 crores was under the sub-heads "Family Pension" (Rs.6.43 crores), "Superannuation and Retiring Pension" (Rs.12.07 crores), and

"Ex-gratia Pension" (Rs.0.21 crore) offset by saving under sub-heads "D.C.R.G." (Rs.8.76 crores), "Commutated Pension" (Rs.4.74 crores), "Other allowances, Other Pensions and Other Expenses" (Rs.1.94 crore), "Gratuity and Special Contribution to PF" (Rs.0.44 crore) and "Contribution to PF" (Rs.0.36 crore).

(vi) Grant No.14 - Appropriation to Funds

Original grant	Rs. 2621,00,00,000
Supplementary grant	Rs. 28,00,00,000
Final grant	Rs. 2649,00,00,000
Actual expenditure	Rs. 2680,97,57,087
Excess	Rs. 31,97,57,087
Percentage	1.21

A supplementary grant of Rs.28.00 crores was obtained in March 1990 to provide for appropriation from Revenue to the various Railway funds viz. DRF, Pension Fund, Development Fund, and A.C.S.P.F. The supplementary grant proved inadequate by Rs.31.98 crores.

The excess of Rs.31.98 crores was due chiefly to more materialisation of surplus than anticipated.

(vii) Grant No. 16 - Assets - Acquisitions, Construction and Replacement - Capital

Original grant	Rs.5058,65,55,000
Supplementary grant	Rs. 168,58,77,000
Final grant	Rs.5227,24,32,000
Actual expenditure	Rs.5273,97,57,649
Excess	Rs. 46,73,25,649
Percentage	0.89

A supplementary grant of Rs.168.59 crores was obtained in March 1990. The excess of Rs.46.73 crores has been discussed in paragraph 1.9.2 - Plan (Capital) Expenditure.

(viii) Grant No.16 - Assets - Acquisitions, Construction and Replacement - Railway Funds

Original grant	Rs. 1886,07,33,000
Supplementary grant	Rs. 31,71,70,000
Final grant	Rs. 1917,79,03,000
Actual expenditure	Rs. 1987,92,20,524
Excess	Rs 70,13,18,524
Percentage	3.66

A supplementary grant of Rs.31.72 crores was obtained in March 1990. The excess of Rs.70.13 crores has been discussed in paragraph 9.2 - Plan (Capital) Expenditure.

10.4 Persistent excesses

A comment on the persistent excesses in Grant No. 13 during the years

Table 6

		(Rupees in crores)			
Grant	Final grant	Actual expenditure	Excess	Percentage	
13 - FF, Pension and other Retirement Benefits					
(a) Superannuation Pension and Retiring Pension	372.48	384.55	12.07	3.24	
(b) Family Pension	97.52	103.95	6.43	6.59	

Zonal Railways were instructed in June 1990 for preparation of budget estimates on realistic basis.

10.5 Excess Over Appropriation

An excess of Rs.4.48 lakhs attributable to more decretal payments requires regularisation under Article 115 of the Constitution as detailed below :-

		(Amount in Rs.)			
No. and name of the Appropriation	Final appropriation	Actual expenditure	Excess	Percentage	
4. Repairs and Maintenance of Permanent Way and Works	17,57,000	21,90,662	4,33,662	24.68	
16. Assets-Acquisition, Construction and Replacement - Railway Funds					
(ii) Development Fund	1,00,000	1,14,057	14,057	14.06	

10.6 Savings

In 10 grants the actual expenditure amounted to Rs.5379.81 crores

against the provision of Rs. ^{5467.55} ~~5468.26~~ crores leading to the saving of Rs. ^{88.74} ~~88.45~~ crores or 1.60 per cent of the final provision as shown in Table 7 below :-

Table 7

Statement showing savings in Grants - 1989-90

No. and Name of the grant	Original grant	Supplementary grant	Final grant	Actual expenditure	(Rs. in crores)	
					Savings	Percentage
1. Railway Board	9.20	0.32	9.52	9.34	0.18	1.89
2. Misc. Expenditure (General)	65.32	-	65.32	56.55	8.77	13.43
4. Repairs and Maintenance of Permanent Way and works	902.21	2.64	904.85	894.12	10.73	1.19
7. Repairs and Maintenance of Plant and Equipment	482.14	5.30	487.44	482.68	4.76	0.18
8. Operating Expenses - Rolling Stock and Equipment	766.38	-	766.38	745.97	20.41	2.66
10. Operating Expenses - Fuel	1483.29	32.83	1516.12	1504.71	11.41	0.75
11. Staff Welfare and Amenities	309.06	5.84	314.90	313.09	1.81	0.57
12. Misc. Working Expenses	472.96	13.19	486.15	472.09	14.06	2.89
15. Dividend to General revenues, Repayment of loan taken from General Revenues and Amortization of Overcapitalisation	856.40	10.45	866.85	859.86	6.99	0.81
16. Assets - Acquisition, Construction and Replacement-Revenue	50.02		50.02	41.40	8.62	17.23
TOTAL	5396.98	70.57	5467.55	5379.81	87.74	1.60

10.7 Major savings occurred in the following grants :

(i) Grant No.2 - Miscellaneous Expenditure (General)

Against the budget provision of Rs.65.32 crores, the actual expenditure incurred amounted to Rs.56.55 crores. The original grant proved excessive to

the extent of Rs.8.77 crores (13.43 per cent). The Ministry had surrendered funds to the extent of Rs.4.03 crores only in March 1990.

The savings were mainly under the sub-heads "Miscellaneous Establishment" (Rs.1.46 crores), "Research Design and Standards Organisation" (Rs.1.13 crores), "Miscellaneous

Charges" (Rs.1.10 crores), "Survey" (Rs.0.59 crore) and other minor variations (Rs.0.46 crore). The maximum saving was on Northern Railway (Rs.2.79 crores).

(ii) Grant No.8 - Operating Expenses - Rolling Stock and Equipments

Against the Budget provision of Rs.766.38 crores, the actual expenditure incurred amounted to Rs.745.97 crores. The original grant proved excessive to the extent of Rs.20.41 crores (2.66 per cent). Even after meeting the excess expenditure of Rs.7.10 crores under the sub-heads "Traction other than Rolling stock and General Electric Services" (Rs.6.68 crores) and "Electric Multiple Unit Coaches" (Rs.0.22 crore), the Ministry had surrendered Rs.16.81 crores only in March 1990.

Northern Railway accounted for the maximum saving (Rs.2.93 crores) followed by Central Railway (Rs.1.85 crores).

(iii) Grant No.12 - Miscellaneous Working Expenses

Against the Budget provision of Rs.486.15 crores, the actual expenditure incurred amounted to Rs.472.09 crores. The final grant proved excessive to the extent of Rs.14.06 crores (2.89 per cent). The Ministry had surrendered funds to the extent of Rs.2.48 crores only in March 1990.

The savings were mainly under "Suspense" (Rs.5.85 crores), "Security" (Rs.4.68 crores), "Other Expenses" (Rs.0.82 crores) and "Cost of Training of Staff" (Rs.1.94 crores).

South Eastern Railway accounted for the maximum savings (Rs.10.45 crores) followed by Northern Railway (Rs.5.41 crores), North Eastern Railway (Rs.3.77 crores), Central Railway (Rs.3.47 crores), Eastern Railway (Rs.3.40 crores) and Northeast Frontier Railway (Rs.1.81 crores).

(iv) Grant No. 16 - Assets - Acquisition, construction and Replacement-Revenue

Against the budget provision of Rs.50.02 crores, the actual expenditure incurred amounted to Rs.41.40 crores. The original grant proved excessive to the extent of Rs.8.62 crores (17.23 per cent).

The savings were mainly under the sub-heads "Machinery and Plant" (Rs.1.97 crores), "Other electrical works" (Rs.1.75 crores), "Workshops including production Units" (Rs.1.42 crores), and "Signal and Telecommunication" (Rs.1.27 crores).

Northern Railway accounted for the maximum saving (Rs.2.34 crores) followed by South Eastern Railway (Rs.1.77 crores) and Central Railway (Rs.1.31 crores).

10.8 Control over expenditure

The following are some instances where budgetary control was defective:-

(i) Reappropriation

Some of the instances where reappropriations made were wholly or partially un-necessary are furnished in Table 8 below :-

Table 8

(Rupees in crores)

Grant No. and sub-head	Sanctioned Grant	Amount Re-appropriated	Final Grant	Actual Expenditure	Excess (+) Saving (-)
6. Repairs and Maintenance of Carriages and Wagons					
(c) Wagons	378.91	(-)5.99	372.92	388.93	(+) 16.01
10. Operating Expenses - Fuel					
(b) Diesel Traction	621.35	16.37	637.72	634.45	(-) 3.27
(c) Electric Traction	532.21	1.72	533.93	527.01	(-) 6.92
13. Provident Fund, Pension and Retirement Benefits					
(a) Superannation and Retiring Pension	379.33	(-)6.85	372.48	384.55	(+) 12.07
(b) Commuted Pension	142.04	1.71	143.75	139.01	(-) 4.74
(e) Death-cum-Retirement Gratuity	147.23	0.27	147.50	138.73	(-) 8.77
16. Asset - Acquisition, Construction and Replacement -					
(a) Railway Funds					
(i) Rolling stock	479.98	(-)36.28	443.70	499.80	(+) 56.10
(p) Machinery and Plant	63.38	20.15	83.53	78.76	(-) 4.77
(b) Capital*					
(x) Manufacture Suspense	1723.63	(-)32.36	1691.27	1725.23	(+) 33.96

(ii) Supplementary grants

Supplementary grants (Voted) aggregating Rs.412.12 crores were obtained in March 1990 as indicated below :-

No. and Name of the Grant	(in crores of Rs.)				
	Original	Supplementary	Total	Actual expenditure	Excess (+) Saving (-)
1	2	3	4	5	6
1. Railway Board	9.20	0.32	9.52	9.34	(-)0.18
3. General Superintendence and services	431.94	6.20	438.14	439.13	(+) 0.99
4. Repairs and Maintenance of Permanent Way and Works	902.21	2.65	904.85	894.12	(-)10.73
6. Repairs and Maintenance of carriages and Wagons	940.84	2.83	943.67	968.00	(+)24.33
7. Repairs and Maintenance of Plant and Equipment	482.14	5.30	487.44	482.68	(-)4.76
9. Operating Expenses - Traffic	1147.17	15.32	1162.49	1166.02	(+)3.53
10. Operating Expenses - Fuel	1483.29	32.83	1516.12	1504.71	(-)11.41
11. Staff Welfare and Amenities	309.06	5.85	314.90	313.09	(-)1.81
12. Miscellaneous Working Expenses	472.96	13.19	486.15	472.09	(-)14.06
13. Provident Fund, Pension and Other Retirement Benefits	706.35	88.88	795.23	797.70	(+)2.47

	1	2	3	4	5	6
14. Appropriation to funds		2621.00	28.00	2649.00	2680.98	(+)31.98
15. Dividend to General Revenues		856.40	10.45	866.85	859.86	(-)6.99
16. Assets - Acquisition, Construction and Replacement-other Expenditure						
(i) Capital		5058.65	168.59	5227.24	5273.97	(+)46.73
(ii) Railway Funds		1886.07	31.72	1917.79	1987.92	(+)70.13

The supplementary grants obtained in respect of grants 3,6,9,13,14 and 16 (Capital and Railway Funds) proved inadequate (Rs.180.16 crores) to the actual requirement while the supplementary grants obtained in respect of grants 1,4,7,10,11,12 and 15 remained unutilised (Rs.49.94 crores).

(iii) Surrender of funds

At the final modification stage, there were surrenders amounting to Rs.21.99 crores in four Grants (5, 8, 10 and 12) out of a total provision (Original plus supplementary) of Rs.1583.88 crores. Out of the four grants the actual expenditure in respect of Grant No.5 exceeded the final grant as under :-

Grant No.5 - Repairs and Maintenance of Motive Power

Total provision (Original + Re-appropriation)	Rs. 703,28,76,000
Surrender	Rs. 1,13,29,000
Final grant	Rs. 702,15,47,000
Actual expenditure	Rs. 719,71,13,000
Excess	Rs. 17,55,66,000

The requirement of funds under this grant was not assessed on a realistic basis and the surrender of funds was injudicious.

11. Other points of interest

11.1 Outstanding Audit Objections

Financial irregularities and defects noticed during central and local audit

are included in the Test Audit Notes/ Inspection Reports/Special Letters issued to the departmental officers for necessary action. The Financial Adviser and Chief Accounts Officers to whom copies of such communications are endorsed watch the expeditious settlement of these audit objections. Settlement of 3705 audit objections issued up to 31 March 1990 was pending on 31 August 1990. The money value of objections was Rs.962.30 crores. The details are given in Appendix II. Objections pending settlement for over three years as on 31 August 1990 were 679 with a money value of Rs.171.80 crores. Some of the objections were outstanding since 1970-71.

11.2 Adverse balances

The adverse balance against minor head 8117/102 - Railway Development Fund - Strategic Lines increased year to year from Rs.31.57 lakhs (Dr.) as on 1 April 1988 to Rs. 39.35 lakhs (Dr.) as on 31 March 1989 and to Rs.59.32 lakhs (Dr.) as on 31 March 1990. There was also an adverse balance of Rs.0.31 lakh (Dr.) as on 31 March 1990 against minor head 8121/108 - Railway Staff Benefit Fund - Strategic Lines. These adverse balances were yet (January 1991) to be set right.

11.3 Cheques and bills

The system of Railway accounts provides for credit to a suspense head 'Cheques and Bills' as soon as cheques

for payment are issued. Later when banks make payment against the cheques, the head is debited. The balance under this head should, therefore, represent mainly the total value of uncashed cheques. The system also envisages that the balance under 'Cheques and Bills' should be reviewed and reconciled half-yearly and the amounts relating to cheques remaining uncashed for more than six months after the dates of issue should be cleared from this suspense head treating them as Railway earnings. The suspense head continued to show substantial balances which stood at Rs.244.48 crores as on 31 March 1990.

11.4 Recoveries at the instance of Audit

During 1989-90, Rs.14.11 crores were recovered or agreed to be recovered at the instance of Audit. Further, an amount of Rs.0.24 crore was also recovered as a result of review on the basis of audit objections.

11.5 Inventory turn-over ratio

The main criterion for judging the efficiency of inventory management is the turn-over ratio i.e., the percentage of store balances at the end of the year

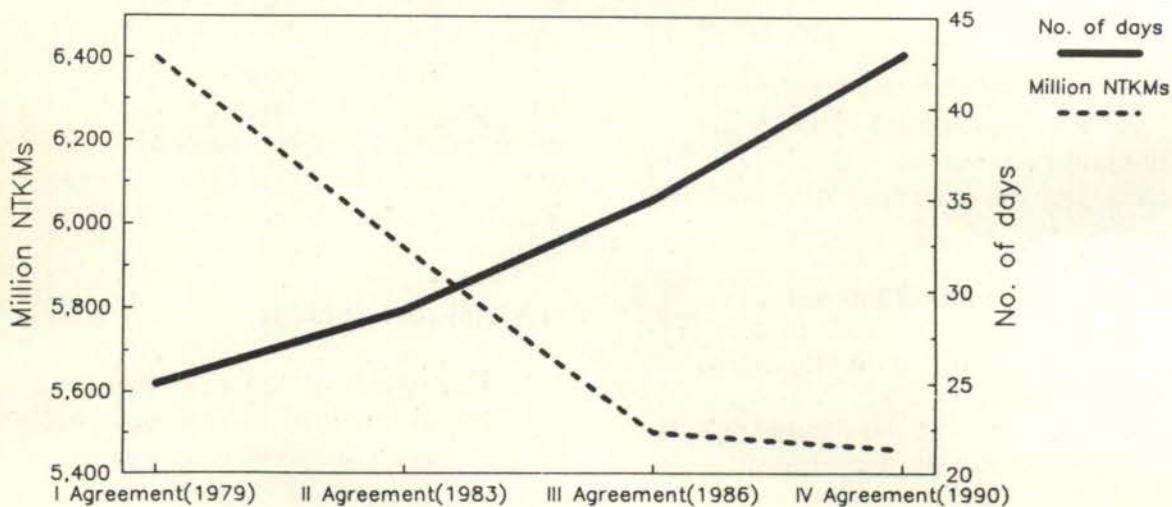
to the total issues during the year. The Railway Board in December, 1985 desired that the Railways should improve the inventory turn over ratio and achieve an all Railways figure of 27 per cent by the end of Seventh Plan i.e., by end of 1989-90. The turnover ratio achieved by the Railways in 1989-90 was 32 per cent, the same as in 1988-89.

11.6 Productivity Linked Bonus (PLB)

Mention was made in paragraph 2.3.15 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989 - Union Government (Railways) that the formula for Productivity Linked Bonus (PLB) ignored the contribution to output on account of capital appreciation and that in successive revisions the output value of one bonus day had been declining.

The capital appreciation is still being ignored while computing the PLB. The output value of one bonus day in terms of million NTKMs, declined from 6400 in 1979 to 5459 in 1990 in successive revisions of the formula indicating lower outputs. (Chart 10).

Chart-10
(paragraph 11.6)
PLB-OUTPUT PER BONUS DAY



11.7 On-going Railway line projects

The Public Accounts committee (1981-82) (Seventh Lok Sabha) in their 73rd Report had observed that inordinate delays in completion of major projects undertaken by Railways and the consequent heavy escalation in costs called for a policy decision for starting only such projects as could be completed within the available funds so that the benefits of the projects could reach the public at the earliest. Again, in their 137th Report (Seventh Lok Sabha), the committee recommended that the Railways should take a policy decision to start only such projects which could be completed within the available funds and the target date of projects should be strictly adhered to.

Instances of delays in the execution of projects resulting in time and cost overrun and non-achievement of benefits envisaged in the project reports were mentioned in paragraph 2 of the Advance Report of the Comptroller and Auditor general of India for the year

1983-84 - Union Government (Railways) and in paragraphs 5 and 1.11.5 of the Reports for the years 1984-85 and 1988-89 respectively.

32 new lines, for which foundation stones were laid since 1973-74 are still under construction. Their progress varied between 3 and 99 per cent. In respect of 3 lines sanctioned in 1974-75, the progress varied between 9 and 31 per cent. The original cost of these projects (32) was revised (from time to time) from Rs.1345.69 crores to Rs.2188.25 crores (as on 31 March 1990).

Similarly, nine gauge conversion projects sanctioned since 1973-74 are still under execution. The progress in respect of three projects sanctioned long ago (two in 1974-75 and one in 1984-85) was nil. The progress in respect of other projects varied between 3 and 97 per cent. The cost of these projects had increased from Rs.284.35 crores to Rs.597.24 crores (as on 31 March 1990).

CHAPTER - II

REVIEWS

12. Marshalling Yards and Transshipment Points

12.1 Introduction

In a marshalling yard goods trains and other loads originating from the adjoining sections and railway stations are received, sorted out and new trains formed and despatched onwards. On the basis of the method of shunting adopted, yards are classified as hump, flat or gravity. A yard with a flat shunting neck is known as a flat yard, while a gravity yard has a continuous falling gradient where shunting of wagons is done using gravitational force without a shunting engine.. Hump yard has a shunting neck having the shape of a camel hump.

Transshipment points are the break-of-gauge points, where transshipment of inter-gauge goods traffic is carried out.

A yard generally dealing with 20,000 BG or 10,000 MG wagons (4-wheelers) per month is treated as a major marshalling yard. As in September 1989, there were 47 major marshalling yards. All major yards are hump yards. Mechanical retarders are provided in certain hump yards.

The more important functions of a marshalling yard are:

- sorting out loads carried by goods trains terminating at the marshalling yard;
- formation and despatch of originating trains;

- placement and withdrawal of wagons from various points in the local area for repairs, re-adjustment of loads, repacking (loading and unloading) of wagons;
- dealing with through goods trains; and
- formation of shunting and work trains or road vans for delivery/ collection of 'smalls' and of 'wagon load' consignments to and from adjoining sections.

12.2 Organisation

Depending on the quantum of work involved, marshalling yards are placed under the charge of Chief/Head Yard Masters or Yard Supervisors. Some major yards are placed under the charge of Assistant or Divisional Operating Superintendents. The yards-in-charge function under the guidance of the Chief Operating Superintendents at the Zonal Headquarters of Railways. In the Board the Executive Director (Traffic Transportation) under Adviser (Traffic) monitors the performance of marshalling yards.

12.3 Scope of Review

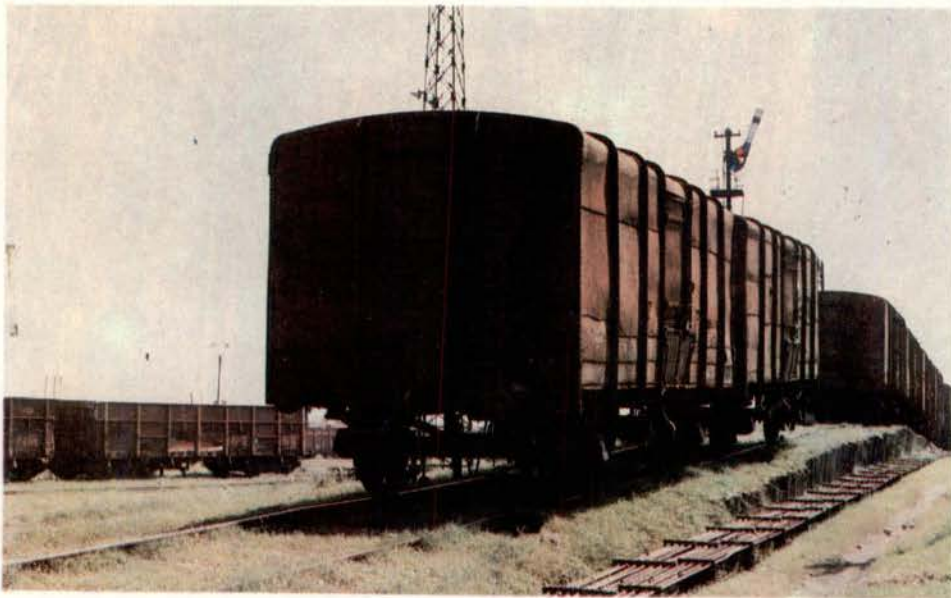
A review of the performance of selected major marshalling yards and transshipment points on Zonal Railways was carried out to assess the efficiency of their operation.

12.4 Highlights

- **The utility of marshalling yards is increasingly on the decline because**



Marshalling Yard (Paragraph-12)



Hump Yard (Paragraph-12)

of the rationalisation of movement of freight traffic by train loads and formation of jumbo rakes. This is evidenced by the increased share of bulk commodities which moved by train loads and jumbo rakes. Bulk commodities have increased from 201 million tonnes (87.85 per cent) in 1982-83 to 291.85 million tonnes (94.16 per cent) in 1989-90 when in the same period the share of other commodities had decreased from 27.79 million tonnes (12.15 per cent) in 1982-83 to 18.12 million tonnes (5.84 per cent). The improved wagon turn round in the same period from 12.8 to 11.3 is a sequel to this development. A rational policy on the future of the marshalling yards and to minimise detention of wagons in yards is, however, yet to emerge.

- Average detention to wagons on various accounts generally exceeded the prescribed hours resulting in loss of earning capacity of the detained wagons for Rs.265.85 crores.
- Mismatching of wagons resulted in loss of their earning capacity for Rs.2.67 crores.
- Position of late start of goods trains had worsened over the years resulting in loss of earning capacity of wagons for Rs.39.87 crores.
- Delay in setting up of Central Organisation for Freight Operations Information System (COFOIS) involved non-realisation of anticipated savings of Rs.129.68 crores per annum from expected reduction in fleet of wagons and of Rs.219.6 crores per annum from the project.

- Despite mechanisation of Jolarpettai yard, reduction in humping time as anticipated did not materialise resulting in detention to wagons and loss of revenue of Rs.9.86 crores.
- Injudicious planning and execution of works on creation of Vatva yard on Western Railway led to infructuous expenditure of Rs.4.85 crores.
- Detention to wagons at the transshipment points on Southern, South Central and South Eastern Railways resulted in loss of their earning capacity for Rs.5.37 crores.

12.5 Performance of Marshalling Yards

The efficiency of performance of marshalling yards is essential for quick turn round of wagons.

12.5.1 Utilisation of yard capacity

Due to rationalisation of movement of freight traffic by train load and formation of jumbo rakes, the utility of marshalling yards is considerably on the wane. The rationalisation of movement of traffic has enabled the Railways to have a quantum jump in quantity of freight traffic moved. This is evidenced by the increased share of bulk commodities which moved by train loads and jumbo rakes. Bulk commodities have increased from 201 million tonnes (87.85 per cent) in 1982-83 to 291.85 million tonnes (94.16 per cent) in 1989-90 when in the same period the share of other commodities had decreased from 27.79 million tonnes (12.15 per cent) in 1982-83 to 18.12 million tonnes (5.84 per cent). The increased wagon turn round in the same period from 12.8 to 11.3 is a sequel to this development. A rational policy on the future of the mar-

shalling yards and to minimise detention of wagons in yards is, however, yet to emerge.

A review in Audit revealed that the working capacity of yards, which itself is fixed low at about 50 to 60 per cent of the holding capacity, was not reached and, on an average, the number

of wagons handled per day represented only 46.74 per cent of the working capacity of yards on the Central, South Eastern and South Central Railways during 1986-87 to 1989-90 (up to December 1989) as detailed below:

Central:

Yard	Holding capacity	Working capacity	Daily average number of wagons dealt with			
			1986-87	1987-88	1988-89	1989-90 (up to December 1989)
Ajni	3080	1848	376	344	408	372
Bhusawal	6300	3780	3012	2583	1465	1395
Itarsi	5466	3280	1166	898	849	768
Jhansi	2742	1645	563	555	561	687
New Katni Junction	6500	3900	1497	1799	1925	2104

The steep reduction in the number of wagons dealt with was attributed to less receipt of mixed loads due to block rake loading and movement. As a result of a review of the working of these yards, the Railway replaced two steam shunting engines at Jhansi yard by 2 WAG AC locos in April 1988, reduced three steam shunting engines including

two industrial pilots from Bhusawal yard in April 1988 and withdrew one steam pilot engine and one steam engine with water tank from Itarsi yard in August and November 1988 respectively, but a corresponding reduction in the number of traffic staff was not effected.

South Eastern :

Yard	Holding capacity	Working capacity	Daily average no. of wagons dealt with	
			1986-87	1989-90 (up to December 1989)
Bhilai	4400	2200	1146	946
Bhojudih	1900	1254	520	356
Bondamunda	3500	2500	939	512
Nimpura	4500	1500	1014	941
Tatanagar	3300	2200	928	829
Waltair	5237	1745	1004	1237

The workload at Bhojudih was studied by the Accounts Department of the Railway in October 1988 when it was observed that output of services of the yard went down by 31.80 per cent in 1987-88 compared to the services in 1983-84 but the number of Operating and

Mechanical staff had increased by 8.33 per cent and 8.16 per cent respectively. No action was taken to reduce the existing strength of staff commensurate with the reduced work load.

South Central :

Yards	Holding capacity	Working capacity	Daily average number of wagons dealt with			
			1986-87	1987-88	1988-89	1989-90
Guntakal	1750	1250	558	465	412	423
Hubli	1050	750	562	555	508	486
Maula Ali	825	550	313	284	262	240
Vijayawada	4200	2800	804	748	747	695

12.5.2 Detention to wagons

In order to monitor the working of yards, target detention hours are fixed by the Board from time to time having regard to the past performance of each yard and also materialisation of different streams of traffic. It was seen in Audit that despite a steady decline in the number of wagons handled in the marshalling yards, the average detention to wagons generally exceeded the targets in almost all the yards.

The Board had stated (March 1985) in the Action Taken Note on 103rd Report of the Public Accounts Committee (Seventh Lok Sabha, 1983-84) that out of 28 yards studied by the Railways, 19 had shown improvement in wagon detentions in 1982-83 over 1979-80. It was noticed that detentions of wagons in respect of six of these marshalling yards on Central, North Eastern and South Eastern Railways had deteriorated during 1986-87 to 1989-90 and was actually worse than even in 1979-80 in some yards as indicated below:

Railway Yards	Average detention				Target		Actual average detentions during 1986-87 to 1989-90 (upto December 1989)			
	(1979-80)		(1982-83)		Through Wgs	All Wgs	Through Min.	wagons Max	All Min.	Wagons Max
	Through wgs	All wgs	Through wgs	All wgs						
Central										
Ajni	45.9	45.7	44.1	39.5	38.0	34.0	44.68	55.9	41.23	50.95
New Katni Junction.	30.7	36.5	55.3	42.5	54.0	30.0	63.60	68.9	23.00	29.80
North Eastern										
Garhara	46.9	44.1	49.0	42.5	33.0	22.0	41.10	45.85	40.50	43.7
South Eastern										
Bondamunda	58.1	54.7	32.6	29.9	30.0	26.0	38.5	100.85	34.20	77.2
Nimpura	42.3	42.8	30.6	30.8	31.0	31.0	32.5	33.30	31.30	31.9
Tatanagar	28.2	37.0	33.3	46.6	34.0	27.0	34.4	60.21	30.7	46.7

Detention to wagons in a few other selected marshalling yards of different Railways was as under :

(figures in hours)

Railway	Yards	Target detention		Actual average detention			
				1986-87		1989-90 (upto Dec 1989)	
		Through wgs.	All wgs.	Through wgs.	All wgs.	Through wgs.	All wgs.
Central	Ajni	38.0	34.0	57.9	50.95	48.16	44.7
	Bhusawal	17.5	16.5	17.1	26.00	15.9	21.7
	Jhansi	28.0	26.0	29.3	30.25	25.6	26.3
	New Katni Junction	54.0	30.0	63.6	29.8	68.7	23.0
Northern	Moradabad	20.0	24.0	16.6	49.6	16.7	38.7
	Tughlakabad	28.0	27.0	25.1	49.4	24.2	48.5
South Central	Guntakal	26.0	14.0	30.5	21.0	33.9	22.6
	Hubli	15.0	10.0	20.0	13.5	21.6	13.3
	Maula Ali	6.0	6.0	7.7	8.2	8.9	8.9
	Vijayawada	23.0	25.0	55.6	50.6	60.9	55.2
South Eastern	Bhilai	32.0	30.0	49.7	38.3	59.0	43.3
	Bhjudih	33.0	17.0	33.9	23.0	66.1	32.6
	Waltair	25.0	22.0	44.3	37.0	48.5	32.5

Wgs - Wagons.
Max. - Maximum.
Min. - Minimum.

The excess detention of wagons has serious consequences by way of loss of earnings on account of loss of wagon days. The approximate loss was Rs.251.58 crores during 1986-87 to 1989-90 (up to December 1989).

Some of the major contributory causes for excess detention to wagons are :

- (i) delays in identification and restoration of sick wagons;
- (ii) mismarshalling; and
- (iii) late start for different reasons.

Adequate measures had not been taken to arrest the excess detentions by appropriate remedial steps as would be seen from the succeeding paragraphs.

12.5.3 Detention to sick wagons

Sick wagons, sent to the sick line are required to be repaired and put back

within a prescribed time. There were considerable delays in the restoration of sick wagons for movement in Tughlakabad marshalling yard of Northern Railway during April 1986 to December 1989 when the wagons could not be placed in the sick line workshop and removed therefrom after being declared fit within the fixed target of 27 hours. The excess detention worked out to 1,58,897 wagon days involving loss of earning of Rs.7.43 crores. The delay in placement was attributed to congestion in the sick line and rejection of wagons after being declared fit. Even the staggering loss of earnings had not alerted the Railway to take remedial action to reverse the trend.

At the Jolarpettai, Tondiarpet and Tiruchchirappalli marshalling yards of Southern Railway 15,318 sick wagons were detained on an average for 198.20 hours per wagon on traffic account and for 158.60 hours per wagon on mechani-

cal account during 1986-87 to 1989-90 (up to December 1989). The loss of revenue for detentions on traffic account alone in Tondiarpet (BG) and Tiruchchirappalli (MG) yards during 1986-87 to 1989-90 (up to December 1989) and in Jolarpettai yard (BG) during 1987-88 to 1989-90 (December 1989) amounted to Rs.31.50 lakhs.

12.5.4 Detention to wagons requiring content transshipment

The contents of sick wagons are required to be transhipped into other fit wagons in the yard in cases where the wagons are involved in accidents in marshalling yards or are marked sick in the yard with the utmost expediency to avoid detentions and loss of earning capacity. At Tughlakabad marshalling yard it was noticed that during April 1986 to December 1989, detention to wagons from arrival to placement for transshipment and from removal to despatch after transshipment was in excess of the detention target of 27 hours. The loss in earning capacity due to excessive detention worked out to Rs.96.71 lakhs.

The excess detention was attributed to :

- (a) delay in marking of wagons for transshipment by the train examining staff on their arrival or at the time of their despatch from yard; and
- (b) delay in materialisation of matching load to form block loads after transshipment.

No action was taken by the Railway either to fix staff responsibility for the delays or to reduce detentions.

12.5.5 Detention to oil tank wagons

At Tughlakabad marshalling yard on Northern Railway the detentions to loaded oil tank wagons were in excess of the target of 27 hours in the process of unloading involving loss of 12687 wagon days and earning capacity of wagons for Rs.58.18 lakhs during April 1986 to December 1989.

In Moradabad marshalling yard loaded oil tank wagons suffered detention for 79,404 wagon days in excess of the target of 24 hours in the process of unloading during April 1986 to December 1989 involving loss in earning capacity of Rs.3.72 crores.

The excessive detentions were attributed to (i) inadequate capacity of the sidings where tank wagons were placed for unloading and (ii) placement/withdrawal of wagons in/from the sidings in piecemeal. No effective steps were taken by the Railway for minimising detentions.

12.5.6 Detention to wagons outside the yard

During April 1986 to December 1989, Tughlakabad marshalling yard on Northern Railway received 86521 trains, out of which 16794 trains (19.4 per cent) suffered detention of 9238 hours outside the yard due to want of accommodation in the marshalling yard and arrival of trains in bunch.

Taking average number of 70 wagons per train, the total loss in earning capacity of wagons worked out to Rs.1.25 crores.

No steps were taken by the Railway to investigate the reasons for such

detentions outside the yard and to regulate the working of goods trains so as to avoid bunching of their receipt at the marshalling yards.

12.5.7 Mismatching of wagons

Incoming and outgoing loads are required to be sorted out and formed in a rake directionwise and destinationwise so as to avoid further marshalling and shunting en route. There were instances where proper sorting and directionwise rake forming were not done in the yards leading to loss of earning capacity of wagons. This requires immediate attention of the Railways.

Northeast Frontier :

Most of the wagons booked to stations on this Railway beyond Siliguri Junction from and via North Eastern Railway in June 1988 were carried without destinationwise formation of trains at Garhara, necessitating further marshalling and formation at Katihar. Likewise, consignments booked from and via Siliguri Junction for stations on North Eastern Railway and beyond were received at Katihar requiring marshalling and formation of new trains. These movements accounted for 69.2 per cent of the traffic dealt with at Katihar. The mismatching of traffic in the yard on either end of Katihar had rendered the Katihar marshalling yard into a mere transit yard.

North Eastern :

The number of wagons meant for other yards sent erroneously to Garhara during 1986-87 to 1989-90 (up to December 1989) ranged between 11.6 and 20.9 per cent of the total despatched from this yard. Wagons meant for road side stations were not detached from

the Jugglar goods trains at their destinations and were carried to Garhara where they had to be remarshalled destinationwise involving avoidable haulage with a financial implication of Rs.31.85 lakhs.

Southern :

Wagons were mismatched from Jolarpettai to the adjacent Erode yard resulting in avoidable detention to wagons at Erode. In respect of 3554 wagons so mismatched during 1989, the loss of earnings worked out Rs.17.73 lakhs.

Western :

During 1988-89, Phulera (MG) yard received 12114 trains from Ajmer-Sojat, Jaipur-Bandikui, Merta Road and Rewari sides. 129550 wagons attached to 2591 of these trains (21.4 per cent), though meant for other yards, were received at Phulera mismatched. Apart from avoidable average detention of 43 hours per wagon at Phulera Yard, additional marshalling cost incurred on remarshalling of these wagons worked out to Rs.2.11 crores based on the cost of marshalling per wagon (MG) per yard.

12.5.8 Late start of goods trains

(i) In their 11th Report (Fifth Lok Sabha) the Public Accounts Committee (1971-72) which went into the causes of late start of trains felt that, with the improvements in traffic facilities and introduction of diesel and electric traction, it should have been possible for the Railways to improve upon their past performance. A review by Audit revealed that the overall position of late start hours on the Railways as a whole had worsened over the years as discussed below :

Central :

The average late start hours per goods train ranging between 1 hour 1 minute and 1 hour 31 minutes in 1968-69 and 1969-70 had gone up to 2-3 hours for avoidable reasons, viz., delay in arrival of crew, delay in train examination, delayed fuelling, late ordering, maintenance of power in the yard, non-availability of shunting engines, etc. The wagon days lost due to the late start of trains in Ajni, Jhansi and New Katni Junction marshalling yards in a period of two months during 1986-87 to 1989-90 were 1199, 5594 and 11620 respectively involving loss of earning capacity of the wagons for Rs.21.89 lakhs.

In Itarsi marshalling yard, during February, May, June and July of 1986-87 to 1989-90 (December 1989), 164 trains were detained for over 24 hours after formation and made ready for despatch in the departure yard involving loss of 19,888 wagon days. In Jhansi yard also, 107 trains were detained in September 1989 for an average of 23.47 hours per train on departure line involving loss of 7324 wagon days. The total loss of net earning capacity of wagons works out to Rs.32.36 lakhs. While these detentions were attributed to non-availability of power, the reasons were not, so recorded.

Eastern:

Train loads ready for despatch were detained for periods up to 48 hours due mainly to non-availability of power. The loss of earning capacity for late start of goods trains after formation during three selected months in 1986-87 to 1989-90 was assessed in audit at Rs.44.07 lakhs.

Northern :

The late start of goods trains in Tughlakabad and Moradabad marshalling yards during April 1986 to December 1989 caused loss of 6,23,637 hours and 1,14,50,839 hours respectively involving loss of earning capacity for Rs.24.17 crores.

North Eastern :

From Garhara marshalling yard, 508 goods trains started late by an average of 2.05 to 5.51 hours during 1986-87 to 1989-90 (up to December 1989). Of these, 161 trains started late on loco account, 35 for carriage and wagon deficiencies, 33 due to non-availability of guards and 279 for other causes. The loss of earning capacity of the detained wagons worked out to Rs.21.21 lakhs.

Northeast Frontier :

The late start of trains from yard during the selected months of March and October 1989 ranged between 3 hours 40 minutes and 168 hours. In Tinsukia yard, 4232 trains out of 7693 despatched during April 1987 to December 1989, were started late due to late formation (318), delayed examination by train examining staff (225), non-availability of loco (2185), want of path (201) and vacuum problems (30) causing loss of earning capacity of Rs.2.07 crores approximately.

Southern :

The late start hours in the Jolarpetti, Tondiarpet, Tiruchchirappali and Villupuram yards of Southern Railway ranged between 0.92 and 2.01 during 1986-87 to 1989-90 involving loss of

earning capacity of wagons for Rs.3.73 crores.

This was attributed to delayed examination of train by mechanical staff, non-availability of path and want of power which were avoidable with proper planning.

South Eastern

Late start of trains in three major marshalling yards of the Railway during 1986-87 to 1989-90 (up to December 1989) was as under:

Yard	No. of trains detained	Average detention per train (hours)
Bondamunda	4,797	1.3
Tatanagar	2,355	1.7
Waltair	21,518	2.7

The loss of earning capacity of wagons worked out to Rs.8.30 crores. The reasons for late start were attributed to want of power, detaching of sick wagons, delayed carriage and wagon examination, late ordering of trains, etc.

Western :

Proper statistics of late start of all goods trains were available only in Ujjain marshalling yard. These were not being maintained in the Kota, Phulera, Vadodara and Vatva yards.

A review of the position in Ujjain yard of goods trains despatched during 1986-87 to 1989-90 revealed that the late start of goods trains was very high ranging between 70.68 and 84.68 per cent.

(ii) While on the one hand, 'want of power' was one of the major factors for late start of goods trains from the mar-

shalling yards, there were several instances of engines, though ready, being detained in the yards on account of late formation of trains, delay in vacuum testing, etc. as under:

Southern :

An average of 68 to 622 locomotives per month suffered detentions of 1.16 to 3.12 hours in the Jolarpettai, Tondiarpet, Tiruchchirappalli and Villupuram yards during 1986-87 to 1989-90 for which the cost of extra fuel consumed worked out to Rs.65.05 lakhs per annum.

South Eastern :

In Waltair yard there was excess consumption of 3,98,550 litres of diesel for total detention of 19927 hours to 6925 locos resulting in loss of Rs.13.15 lakhs during 1986-87 to 1989-90 (December 1989).

12.6 Routing of traffic

Goods are required to be booked by the shortest route and charged by the cheapest route unless an alternative longer route is prescribed to overcome any operational constraints on the shortest route.

A review in the marshalling yards revealed that goods had been moved by longer routes on Southern and Eastern Railways involving extra haulage of Rs.1.05 crores as under:

Southern :

Wagons that should have been moved via Guntakal were moved via Tondiarpet-Jolarpettai and dealt with at Jolarpettai involving longer haulage.

The cost of such extra haulage worked out to Rs.9.43 lakhs during January 1988 to April 1988.

Goods traffic (1649 wagons) bound for stations via Vridhachalam were brought to Villupuram during 1988-89 resulting in avoidable haulage for 43 Kms. costing Rs.3.11 lakhs.

The traffic in 2229 wagons emanating from Central, Eastern, Northern, South Central and South Eastern Railways not required to be dealt with at Baiyappanahalli were hauled via this yard involving excess haulage for 530 to 758 kms during 1989 resulting in extra cost of haulage amounting to Rs.32.33 lakhs.

Eastern :

Out of 55,808 wagons received in Andal marshalling yard, 13,828 wagons were misrouted to this yard from Malda during April 1987 to December 1989. Besides, 335 misrouted empty tank wagons meant purely for New Jalpaiguri were received in Andal yard during 28 January 1988 to 31 October 1988. These involved loss of 22,188 wagon days and consequent loss of earning capacity of Rs.60.07 lakhs.

12.7 Computerisation of yards

In paragraph 2.1.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1988 - Union Government (Railways) mention was made, inter-alia, about setting up of Freight Operation Information System (FOIS). The proposal for setting up a centre for Railway Information System (CRIS) was approved by the Cabinet in May 1986 and the Centre was registered as a Society in July 1986 and became functional from 1 July 1987.

The benefits expected from the system on the Railways, as envisaged in the Detailed Project Document (DPD) comprise, inter-alia, (i) savings of 15 per cent of the total wagons fleet due to reduced detentions in marshalling yards and on the run, (ii) savings in handling costs of wagons in marshalling yards due to better marshalling strategies and reduced handling of wagons in yards.

In August 1987 CRIS revised the cost of the project to Rs.1297 crores (from Rs.1775.5 crores earlier estimated by the Board) with a return of 20 per cent per annum on the investment by way of reducing wagon detention, empty haulage and improved utilisation. The computer hardware integrated with IBM operating system were planned to be obtained, installed and commissioned by the vendors by July 1988. These were received only in January 1989 and installed in April 1989. For the zonal system of FOIS, a tender for procurement of hardware required for Development and Simulation (D&S) centre was floated in November 1988 against the target for completion of the system by April 1988. The hardware was received in August 1990 and installed in September 1990. The zonal system started functioning from December 1990. CRIS had made no headway in regard to research and development activities. The cost of the project was further revised to Rs.1098 crores in 1988-89. The revised estimate had not been sanctioned by the Board so far (December 1990). The expenditure incurred during 1986-87 to 1988-89 was Rs.1962.07 lakhs. The project was yet to be cleared by the Planning Commission.

The Centre received an advance of Rs.1867 lakhs and a grant of Rs.10

lakhs during 1988-89. An amount of Rs.1428 lakhs was available with it on 31 March 1988 as unspent balance. Out of the total fund of Rs.3305 lakhs thus available with the Centre during 1988-89 it could utilise only Rs.1852 lakhs during the year leaving an unspent balance of Rs.1453 lakhs which resulted in unnecessary blocking of funds.

The target for completion of the project by end of December 1991 was revised by the Board to December 1993 in the discussions for the Annual Plan for 1987-88 with the Planning Commission. The delay in completion of the project involves non-realisation of the anticipated savings of Rs.219.6 crores per annum till its completion. The non-realisation of savings from reduction in total wagon fleet as a result of reduced detention to wagons in marshalling yards and on the run would be Rs.129.68 crores per annum on a total fleet of 3,45,821 wagons in 1988-89. This is in addition to the savings not realised from handling of wagons in yards and other savings due to reduced empty haulage and improved loco utilisation by reduction in light engine running and reduced ineffectives.

12.8 Mechanisation of yards

Mechanisation of marshalling yard on Railways was introduced some time in the early seventies and the existing marshalling yards were mechanised from time to time based on the available operating conditions and on considerations of reducing damages to wagons and increasing the humping capacity of yards.

A test check of working of some of the mechanised marshalling yard on Railways revealed the following :

Southern :

In paragraph 28 of the Advance Report of the Comptroller and Auditor General of India - Union Government (Railways) for the year 1983-84, comment was made on non-realisation of the benefits anticipated from mechanisation of Jolarpettai yard.

Further review of the performance of this yard revealed that the benefits were still to be realised as discussed below :

- (a) The average number of wagons dealt with per day in the yard after remodelling ranged between 687 and 948 during 1986-87 to 1989-90 (up to December 1989) against 2,000 wagons per day originally anticipated. This was far below 1,500 to 1,800 per day required to be humped in a mechanised yard according to the norms laid down by the Board in May 1978;
- (b) The humping time per train went up and ranged between 35 and 47 minutes during April 1986 to December 1989 against the anticipated reduction from 25 to 12 minutes per train. The target of detention to wagons in the yard was revised from 35 hours to 33 hours in 1988-89. The actual average detention to wagons in the yard, however, ranged between 40.3 and 47.3 hours during 1986-87 to 1989-90 involving loss of revenue of Rs.9.86 crore.;
- (c) The hump worked for 5 to 6 hours only per day during 1986-87 to 1989-90 (December 1989) against the anticipation of 18 hours per

day as per norms prescribed by the Board;

- (d) The anticipated reduction in the number of wagons damaged after provision of retarders in the yard was also not achieved as the number of wagons damaged remained at 190 during 1986-87 and went up to 203 in 1987-88 against 190 in 1980-81 prior to provision of retarders (August 1981).

South Eastern :

Bondamunda marshalling yard was mechanised in 1969 by provision of mechanical retarders to reduce manual operation of the yard by skid porters. As against the holding capacity of 3500 wagons (4-wheelers) and working capacity of 2500 wagons, the number of wagons dealt with per day declined from 939 in 1986-87 to 512 in 1989-90. The average detention to wagons ranged between 34.2 and 77.2 hours during 1986-87 to 1989-90 (December 1989) against the target of 26 hours. Although the marshalling yard is operated by mechanical retarders, 62 posts of skid porters were still employed at an annual cost of Rs.7.44 lakhs.

In Bhilai marshalling yard, mechanical retarders were installed to avoid operation by skid porters. The number of skid porters were, however, only reduced from 123 to 93. Reasons why skid porters could not be eliminated were not available.

12.9 Electronic-in-motion weighbridges

The installation of electronic-in-motion weighbridges at important marshalling yards for ensuring faster weighing of wagons while in slow motion without detaching them from the rake was taken up in August 1973. The pro-

curement, installation and non-commissioning of electronic-in-motion weighbridges on Railways pursuant to the same were commented upon in paragraphs 5.7, 13 and 3.22 of the Reports of the Comptroller and Auditor General of India - Union Government (Railways) for 1980-81, 1984-85 and year ended 31 March 1989. The electronic-in-motion weighbridge proposed for installation at Andal yard, as decided by the Board in March 1989 (paragraph 3.22 of the Report for the year ended 31 March 1989) had not been installed so far. In the Report of the Committee on Weighbridges circulated by Central Railway in May 1984 it was suggested that electronic-in-motion weighbridges of suitable capacity be installed in the marshalling yards at Ajni, Bhusawal, Jhansi, Itarsi and New Katni Junction in replacement of the existing mechanical weighbridges. These were yet to be installed.

12.10 Avoidable creation and remodelling of yards

While a comprehensive review of the existing marshalling yards by the Railways was in progress and due to changes in traction and increase in block rake movements, the existing marshalling yards were continually becoming redundant, there was injudicious creation of a new yard on Western Railway:

Pursuant to a directive from the Board in March 1968, a Works Study Report was submitted by the Railway to the Board in December 1968 recommending construction of a "Down Yard" at Vatva where all the marshalling and sorting work of the complex could be centralised to cope with anticipated increase in traffic. It was, however, decided to have both UP and Down yards (with single hump in Up yard) as it

was expected that with the increased traffic, need for Up yard would also arise.

The work was commenced in April 1970 and was scheduled to be completed in October 1974. The abstract estimate of the work for Rs.380.17 lakhs was sent to the Board later in May 1971, which was approved in July 1971. It was anticipated that the commissioning of the proposed yard at Vatva would result in reduction of average detention to wagons in various yards (Kankaria, Vadodara and Ratlam) and to trains short of Ahmedabad area.

A revised estimate for Rs.5.73 crores sent to the Board in October 1977 was sanctioned in December 1979. The work was completed in November 1982. Total expenditure booked was Rs.4.85 crores (January 1990). The completion report of the work was still (March 1990) to be drawn.

The setting up of the marshalling yard at Vatva did not provide relief to the Vadodara yard as anticipated. The average detention at this yard actually increased after opening of the Vatva yard and ranged between 17.4 and 39.7 hours during April 1983 to September 1988 against the prescribed target of 20 hours. The statistics of detention to wagons at Kankaria and Ratlam yards were not available.

Humping/marshalling operations at Vatva yard were gradually stopped from May 1988 onwards. The working of the Up-yard was closed from 27 June 1989. The shunting engine working in Up yard was also withdrawn in October 1989. With non-receipt of terminating trains in Vatva yard, the humping and formation of trains in Up and Down

yards almost ceased from October 1989. No directive of the Board for the closure of this yard was, however, available.

Thus, the purpose for which Vatva yard was constructed at a cost of Rs.4.85 crores was not achieved.

12.11 Detention to wagons in sidings

Wagons booked to Tata Siding, Tughlakabad and Mineral Siding, Tughlakabad are placed/removed in/from the sidings by Tughlakabad marshalling yard on Northern Railway.

It was noticed that the wagons booked to these sidings during April 1986 to December 1989 could not be placed in and removed therefrom within the target of 27 hours due to short capacity of the sidings to handle block loads and placement and withdrawal of wagons in piecemeal.

The total loss of earning capacity for 35430 wagon days due to excessive detention worked out to Rs.1.64 crores.

No action had been taken by the Railway either to get the capacity of the siding increased or to restrict booking of block loads.

12.12 Transshipment points

12.12.1 There are 14 major transshipment points on Railways in addition to several other smaller transshipment points where comparatively lower volume of traffic is handled. Of the total goods traffic on the Railway 6.4 per cent undergo transshipment.

12.12.2 The working of some of the transshipment points on Railways has been covered in the Review.

12.12.3 Detention to wagons

Southern :

A random check in audit revealed that against the target of 32 hours (revised to 40 hours in 1988-89) the average detention to wagons Baiyappanahalli transshipment point ranged between 60.74 and 82.70 hours during the selected months of review in 1986-87 to 1989-90 (December 1989).

The loss of earning capacity of the wagons due to detention in excess of the target amounted to Rs.4.40 crores. Besides BG wagons suffered average detention of 87.7 to 235.7 hours in re-loading after transshipment at this yard during April 1986 to March 1989.

Wagons intended for neighbouring destinations such as Krishnarajapuram, Vimanapura, Bangalore cantonment, etc., known as area loads suffered heavy detention regularly for want of power, especially during 1986-87 and 1988-89, even though pilot trains from the destinations were regularly run to the transshipment point. These caused avoidable congestion in the yard and also immobilised the wagons when they had almost reached their destinations. The loss of earning capacity on this account worked out to Rs.39.03 lakhs.

South Central :

Detention to wagons exceeded the target in all the transshipment points during 1986-87 to 1989-90 attributable mainly to non-availability of empty wagons and shortage of labour. About 20 per cent of the empty BG wagons were actually sent out of the transshipment yards at Guntakal and Miraj without utilisation.

Out of a total detention of 166 and 313 on BG and 212 and 494 wagon days on MG during September and December 1989, 77 and 75 per cent on BG and 66 to 77 per cent of the detentions on MG at Maula Ali were caused on account of delays in commencement of unloading/re-loading and despatch of wagons. Similarly, at Miraj, 15 per cent of the BG wagons were placed for transshipment after delays ranging from 2 to 106 days resulting in a loss of earning capacity of Rs.33.90 lakhs.

12.12.4 Irregular payment in coal handling contract

In paragraph 43(2) of the Advance Report of Comptroller and Auditor General of India for the year 1983-84 Union Government (Railways) it was mentioned, inter-alia, that for transshipment of coal at the Sabarmati transshipment point on Western Railway payment for two separate operations, i.e., unloading from BG wagons into the dump and then loading from dump into MG wagons, was made, though no coal dump was operated resulting in an avoidable payment of Rs.23.06 lakhs during August 1980 to March 1983 and a recurring extra-payment of Rs.12 lakhs per annum. The irregularity was still continuing. Further extra payment made on this account during April 1983 to September 1990 amounted to Rs.81.09 lakhs.

12.12.5 Excess utilisation of wagons due to defective agreement

Coal contained in a BOX wagon is normally required to be transhipped into 3 MG four wheeler wagons. In the agreements for coal handling, a separate lower rate had been provided in the rate schedule for transshipment of con-

tents of a BOX wagon into four MG wagons instead of three. A review conducted in February 1990 of records at Sabarmati, Agra East Bank, Sawai-Madhohpur and Ratlam transshipment points on Western Railway revealed that transshipment of coal from a BOX wagon into four MG wagons was resorted to frequently, resulting in loss of earnings due to excessive utilisation of MG wagons. The total loss of earnings per annum on this account at the four transshipment points was estimated at Rs.261.49 lakhs.

No specific reasons were available on record for utilisation of four wagons against three.

12.12.6 Irregular transshipment of goods

(a) The Route Rationalisation Scheme - General Order No.1 of 1987, effective from 1st March 1987, inter-alia, stipulated that traffic in firewood, bamboos and timber booked from MG stations of Northeast Frontier Railway to BG stations of other Railways must be transhipped at transshipment points on Northeast Frontier Railway.

It was observed that 3634 MG wagons containing timber, firewood, etc., booked from MG stations of Northeast Frontier Railway to BG stations of other Railways via Farakka, New Bongaigaon, New Jalpaiguri and Chamagram from April 1987 to March 1990 were diverted and transhipped at Garahara on North Eastern Railway, instead of being transhipped at the transshipment points on Northeast Frontier Railway. The irregular diversion of wagons resulted in avoidable extra haulage of 129 Km per wagon involving an expenditure of Rs.16.52 lakhs.

(b) On Western Railway, transshipment due at Sabarmati, Agra East Bank and Sawai Madhopur transshipment points were done at Ratlam, Sawai Madhopur/Ratlam and Ratlam respectively leading to extra haulage involving expenditure of Rs.149.85 lakhs.

13. Suburban Services (EMUs) in Metropolitan Cities

13.1 Introduction

Passenger traffic moving in metropolitan areas, where a special concessional rate for season tickets is applicable, is termed as suburban traffic. A major portion of the suburban traffic is mainly carried by Electric Multiple Units (EMUs), and the rest by steam and diesel traction.

13.2 Scope of Review

A review of the efficiency of suburban services (EMUs) together with the utilisation, maintenance and upkeep of rolling stock was conducted in Audit. The achievements against projections made in the Corporate Plan for growth of suburban services with the reasons for short fall have also been examined.

13.3 Highlights

The overall growth per annum of suburban traffic (six per cent), as envisaged in the Corporate Plan (1985-2000), was not achieved.

Loss incurred in suburban services during 1984-85 to 1989-90 amounted to Rs.657.08 crores. One of the factors contributing to the loss was traffic carried on concessional season tickets.

Various high level committees had recommended for pricing second



EMU Train (Paragraph-13)



EMU Train at Bombay V.T. Station (Paragraph-13)

class monthly season ticket (MST) to a level equal to twenty times the single journey fare to be later raised in phases to twenty four times and pricing the first class MST to a level four to six times the second class MST. The revisions made during 1983-84 to 1985-86 in respect of second class season tickets were to a level between 12 and 18 times and in respect of the first class season tickets three and a half times.

Against a share of 19.51 per cent in passenger kilometres, suburban passenger services contributed only 11.39 per cent of the earnings of Railways.

The acceptable percentage for ineffective coaches in stock holding is 14. In actuality the percentage of ineffective trailer coaches ranged from 7.85 to 22.1 and of motor coaches from 8.33 to 27.6. The reasons for the high percentage were mainly because of:

old and overaged coaches in service (more than 25 years old) being 50 in Central, 24 in Eastern, 29 in South Eastern and 36 in Western Railways; periodicity of overhauling being more frequent than prescribed (as seen in Western and South Eastern Railways);

premature failure of both trailer and motor coaches (South Eastern); and poor turnround of repairs to coaches in maintenance sheds (Western Railway).

Consequently, the train unit kilometres per day per train and train unit hours per day per train in the Railways, excepting Eastern Rail-

way, have been declining over the years.

- Because of non-completion of works in Kurla, Kalwa car cheds in Central Railway the expected facilities for repairs and maintenance of EMU coaches could not be created.
- The auxiliary warning system provided as a safety device on Central, Eastern and Western Railways at a cost of Rs.331 lakhs had not been found adequate.

13.4 EMU Services

Bombay :

EMU services are run by Central and Western Railways. The suburban traffic in Central Railway operates from/ to Bombay VT to Karjat, Kasara, Mankhurd and Bandra/Andheri with a total route kilometrage of 190, and with 53 stations en route.

In Western Railway, the services operate from Churchgate to Virar with a route kilometrage of 60.15, and with 28 stations en route.

Calcutta:

The EMU services are spread over South Eastern and Eastern Railways. While the South Eastern Railway runs the services between Howrah-Panskura, Howrah-Kharagpur, Panskura-Haldia, Kharagpur-Midnapur and Santaragachi-Bargachia section, covering 225 route kilometres with 53 stations en route, Eastern Railway runs suburban services in two divisions, 2 viz., Howrah and Sealdah. On Howrah division, EMU services are run in four sections over a length of 237 kms and on Sealdah divi-

sion it covers 364 kms, involving nine sections and 235 stations.

Madras :

Southern Railway provides suburban train services, both on the metre gauge (MG) and broad gauge (BG) sections with 33 stations en route on BG and 25 on MG. The busiest on the MG system is the Madras Beach - Tambaram section. On the BG system, suburban services are run between Madras - Gummidipundi, Madras - Tiruvallur - Arakkonam and Madras - Royapuram - Madras Beach sections.

Delhi :

Ten EMU services were started in August 1982 between Hazrat Nizamuddin-Patel Nagar-Tilak Bridge-Hazrat Nizamuddin. From October 1982 two more services were added.

13.5 Suburban passenger traffic-corporate objectives

The Indian Railway's Corporate Plan (1985-2000), inter alia, envisaged building up of capacity of the suburban railway system to carry 105-110 billion passengers by 2000 A.D. The Corporate Plan envisaged an overall growth rate of six per cent per annum for suburban traffic in the Metropolitan cities of Bombay, Calcutta, Madras and Delhi.

A review of the suburban passenger traffic carried by the Central, Western, Eastern, South Eastern and Northern Railways during 1984-85 to 1988-89 indicated that the anticipated growth of six per cent, as envisaged in the Corporate Plan, was not achieved by any of the Railways :

(Passengers in millions)

Railway	1984-85	1985-86	1986-87	1987-88	1988-89
Central	754	774	800	874	817
Western	782	776	820	848	834
Eastern	307	314	324	352	330
S.Eastern	56.28	54.31	55.6	60.04	52.16
Northern	1.14	1.08	1.27	1.41	1.30

The number of passengers carried had decreased in 1988-89 as compared to 1987-88 in all the Railways.

13.6. Earnings

The loss on account of suburban passenger services in and around Bombay, Calcutta and Madras consisting both EMU and non- EMU services during the last six years was as under:

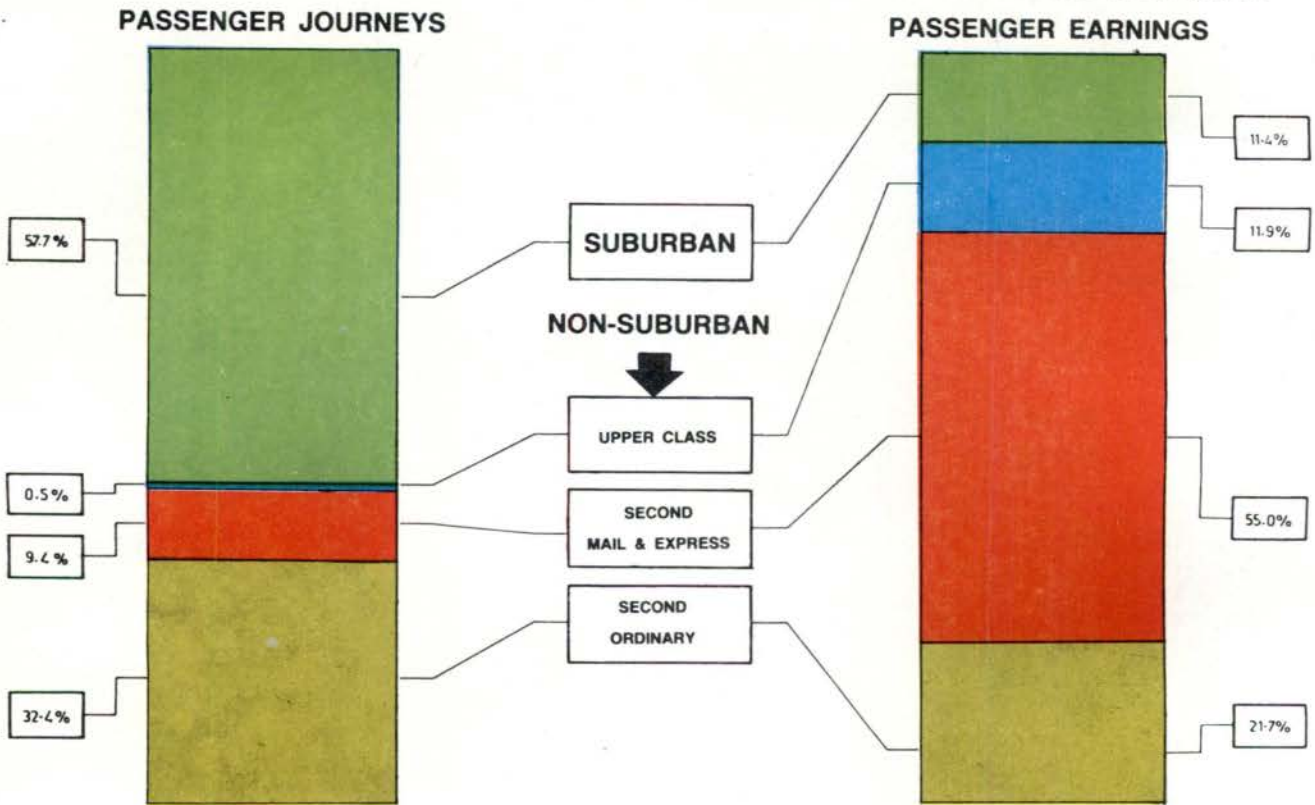
Year	(Rs. in crores)
1984-85	76.22
1985-86	82.15
1986-87	107.89
1987-88	147.03
1988-89	122.01
1989-90	197.62

The Railway Convention Committee(RCC) (1973), the Commit-

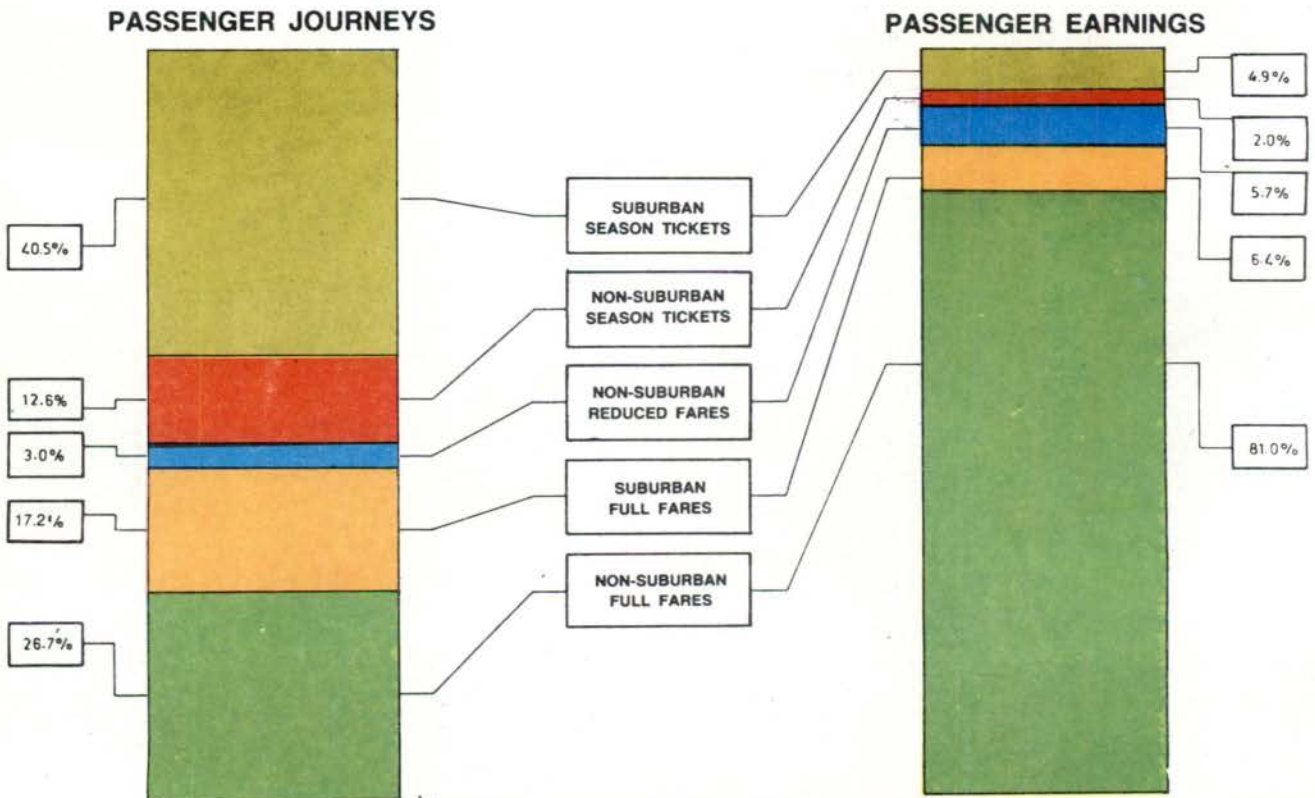
PASSENGER TRAFFIC 1989-90

CHART-1

ANALYSIS BY TYPE OF SERVICE/CLASS OF ACCOMMODATION



ANALYSIS BY NATURE OF FARE PAID



tee on Social Burdens (1979), the Rail Tariff Enquiry Committee (RTEC) (1980), the National Transport Policy Committee (1980) and the Railway Reforms Committee (RRC) (1983) had recommended increase in the suburban ticket fares more or less to the level of bus fares or, alternatively, for pricing the second class monthly season tickets (MST) initially to a level equal to 20 times the single journey fare to be later raised in phases to 24 times. Pricing of first class MST was to be raised four to six times the second class MST.

After some increase in suburban season ticket fares in 1979-80 and 1980-81 no revisions in the fares were made in 1981-82 and 1982-83 on the ground that an increase might not be in the interest of the common man. The fares underwent revision in 1983-84, 1984-85 and 1985-86 to raise the second class monthly season tickets to a level between 12 and

18 times of the single journey fare for a distance from one to fifty kilometres. The Railway Reforms committee, 1983 had recommended an increase of the order of 24 to 25 times the single fare rates. During the said period the first class monthly season tickets were brought to a level of three and a half times the second class monthly season tickets, as against four to six times recommended by the RRC.

Earnings and expenses on suburban services during 1984-85 to 1988-89 are indicated in Appendix III. The losses incurred in running the services during these years amounted to Rs.459.46 crores. In 1989-90, the loss amounted to Rs.197.62 crores.

One of the factors contributing to the losses was the quantum of suburban traffic carried on concessional monthly and quarterly season tickets as under :

Railway	Percentage of MST/QST* earning to total earnings	Losses (Rs. in lakhs)
Eastern	25.37 to 32.05	3910 to 6367
Northern	19.29 to 22.61	67 to 196
Southern (BG)	37.22 to 47.95	1013 to 1884
(MG)	41.86 to 48.76	611 to 882
South Eastern	27.73 to 32.02	1902 to 2648
Western	49.79 to 53.20	598 (Loss incurred only in 1987-88)
Central	48.06 to 53.48	307 to 1177

QST = Quarterly Season Tickets

Against an overall share of 19.51 per cent in passenger kilometres, in terms of traffic revenue suburban passenger services contributed only 11.39 per cent of the earnings of Railways. The season ticket holders, who constituted 40.5 per cent of suburban traffic contributed only 4.9 per cent towards passenger earnings. (Chart 11).

13.7 EMU stock

Central :

The holding of EMU stock (i.e. motor coaches trailer coaches) at the end of March 1989 was 824, of which the average number of coaches (motor and trailer) in use was 723. Against the

potential for forming 90 rakes only 85 were formed. Even among the coaches in use there were 50 which were over-aged but, nevertheless, were continued to be used. Because of the presence of a large number of stock being not utilised and part of the stock being over-aged, the train kilometre per day per unit in use decreased from 484 in 1980-81 to 452 in 1988-89. Correspondingly, train unit hours per day per unit also decreased from 15.1 to 14.7 hours in 1988-89.

Eastern :

In June 1986, the Railway intimated the Board of its requirements during 1987 and 1990 as 170 new motor coaches (MC) and 400 trailer coaches (TC) against which 78 MCs and 70 TCs were received. The holding of MCs and TCs during 1988-89 was 283 and 684 respectively, out of which 417 (MCs-50 and TCs-367, i.e., 40 per cent) were in the age group of 20 to 25 years. Holding of EMUs thus was below what was envisaged in the plan (viz. motor coaches 491 and trailer coaches 982), but 40 per cent of the holding was overaged awaiting replacement/condemnation. The EMU stock had got reduced further by 66 from 1033 to 967 during 1984-85 to 1988-89.

Western :

There were 66 EMU rakes, including four overaged ones (36 coaches) as on 31 March 1989. Overaged rakes had to be continued in service on account of non-receipt of fresh stock on replacement account during 1984-85. One rake of 1951 stock and three of 1958-59 were run with five and four motor coaches respectively. During 1985-86 and 1986-87, two rakes of 1958-59 stock were run with four motor coaches. Use of more

motor coaches in a rake resulted in the availability of less seating capacity.

The Railway was allotted 67 coaches to be supplied during November 1980 to July 1982. Against this 66 coaches were received during December 1983 to April 1986 after a delay of about 3 to 4 years. The delay in supply of coaches led to continued use of over-aged stock involving more expenditure on periodical overhaul as these rakes had to be overhauled after 18 months as against the normal periodicity of 24 months.

In Mahalaxmi Workshop of Western Railway many vital stock items (22 to 31 per cent) remained out of stock during 1989-90, adversely affecting the outturn. Against a capacity for maintenance of 82 four wheeled units, only 74 and 76 were turned out in April and May 1989 respectively. A number of rakes could not be sent out of the workshop for periods up to four months due to non-receipt of springs and other items though they were ready otherwise.

South Eastern :

The requirements of motor and trailer coaches, as envisaged in the Railway's Seventh Five Year Plan (1984-85 to 1989-90) were between 60 and 84 motor coaches and 174 and 222 trailer coaches. Against these requirements, holding of EMU coaches as on 31 March 1984 was 54 (MC) and 155 (TC). During 1984-85 to 1989-90, only five motor coaches were procured in 1987 and added to the fleet. The Railway had 29 coaches more than 25 years old and 100 coaches more than 20 years old as on 31 March 1989. Retention of overaged coaches not only resulted in increased repairs and maintenance cost but also motor failures during run.

In spite of accelerated POH, at an interval of 18 months as against 24 months, there were as many as nine cases of premature failures of motor coaches and four cases of trailer coaches, overhauled at Kharagpur Workshop. The EMUs had to be sent to the workshop for fresh overhaul resulting in escalation in cost of repairs from Rs.2.26 lakhs to Rs.7.43 lakhs per coach on an average. The premature failures reduced coach availability.

Southern :

The number of special repairs to motor coaches (BG and MG) carried out increased from 38 to 100 on the broad gauge during 1983-84 to 1987-88. On the MG system the number, however, decreased from 603 in 1983-84 to 280 in 1984-85 but again increased to 361 in 1987-88. Increase in the number of special repairs led to rise in the cost of repairs and maintenance per EMU stock. While on the BG, the cost of repairs per EMU stock increased from Rs.0.70 lakh to Rs.1.59 lakhs during 1983-84 to 1987-88 the cost fell on the MG system from Rs.1.27 lakhs in 1983-84 to Rs.1.05 lakhs in 1984-85 but again increased to Rs.2.19 lakhs in 1987-88. All the 44 motor coaches (MG) in operation were 20 to 25 years old.

Railway	Year	Motor coaches	Trailer coaches
Central	1984-85 and 1988-89	8.33 to 24.6	7.85 to 18.6
Eastern	1984-85 and 1988-89	27.6 to 13.2	22.1 to 13.4
Southern	1983-84 and 1987-88	15.55 and 13.63	16.19 and 12.42
South Eastern	1984-85 and 1987-88	10.33 to 20.49	12.36 to 14.64

The reasons for high percentage of ineffectives were retention of old and overaged coaches in service, rehabilitation/defective corrosion repair work not being done in time and delayed procurement/short receipt of coaches.

Train unit kilometres per day per train and train unit hours per day per train in respect of metre gauge had decreased from 431 to 372 and 13.7 to 10.7 hours respectively during the period 1983-84 to 1987-88.

Northern :

A review of the POH work done during 1984-85 to 1988-89 disclosed that, though out of the holding of the number of coaches overdue for POH ranged between 29 and 37, the POH work done during five years time was between one to three. The time taken for POH ranged between four to 18 months.

Ineffective EMU stock

The permissible ineffective percentage for EMU trailer coaches was fixed as 14 per cent of holdings in November 1984, the same percentage as for conventional passenger coaches. In regard to motor coaches, the Railways were directed to keep it as low as possible, preferably at the level of 14 per cent as that of trailer coaches. Comparative position of the ineffective EMUs (percentage) on the Central, Eastern, Southern and South Eastern Railways indicated the following :

13.8 Utilisation of funds

A review of the budget allotment for Grant Nos.6 and 8 and actual expenditure for 1984-85 to 1988-89 on Central, South Eastern and Western Rail-

ways showed that while there was short-fall in replacement of overaged coaches, funds were not utilised fully and were allowed to lapse for various reasons. On the South Eastern Railway savings under Grant No.6 (Repairs and Maintenance of carriage and wagons) during 1984-85 to 1988-89 ranged between 1.53 and 15.56 per cent and under Grant No.8 (Operating Expenses - Rolling stock and Equipment) to the extent of 3 and 10.54 per cent. Savings were attributed mainly to less consumption of stock materials, less running repairs of EMU coaches, less payment to contractors, less repairs to transformers, compressors, less POH to EMU coaches, less pay and allowances for non-filling up of vacancies, etc. There was a saving of Rs.77.76 lakhs during 1986-87 under Grant No.6. The savings under Grant No.6 ranged between 4.58 and 14.96 per cent during 1984-85 and 1986-87 to 1988-89 on Central Railway.

There were heavy savings and excesses on Western Railway in respect of bulk order items of rolling stock under

Capital and DRF. There was maximum saving of Rs.920 lakhs in 1986-87 (58 per cent) and maximum excess of Rs.396 lakhs (22 per cent) in 1988-89. The reasons for savings/excesses were stated to be the limited discretion vested with Zonal Railways to utilise the funds independently, the supply of rolling stock items being the responsibility of the Board.

13.9 Augmentation of capacity

Central :

In 1971 a study was undertaken for increasing the frequency of suburban services. The survey team recommended optimisation of suburban services in three phases, viz., phase I - to increase frequency to 5 minutes, in phase II (to be completed by the end of VI Plan) to 4 minutes and in phase III (to be completed by the end of VII Plan) to 3 minutes. As per Railway's Corporate Plan, the investment required for this purpose (at 1978 prices) and the capacity that was to be generated were as under :

	Cost of works (Rs. in crores)	Cost of rolling stock (Rs. in crores)	No. of suburban services
Phase -I	10.22	17.34	940
Phase -II	32.50	17.34	1018
Phase -III	43.00	32.80	1154

But even by March 1989, various works as programmed had not been completed.

Southern :

In paragraph 4.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1987 - Union Government (Railways) a comment was made on belated placement of orders for motors and delay in

their supply leading to an idle outlay of Rs.1.26 crores on 19 trailer coaches to afford relief to commuters in the Madras Beach - Tambaram MG suburban section. In the Action Taken Note, Ministry had stated that six out of 25 motor coaches, based on the equipment imported by Bharat Heavy Electricals Limited (BHEL), were manufactured and supplied to Southern Railway during March to May 1989.

Though trial runs were conducted for 10 coach formation and BHEL cleared the motor coaches for commercial operation, the increased formation was not put to operation (April 1990) pending clearance from RDSO. Meanwhile, 19 trailer coaches already received in 1985 were deployed for running shuttle services in another section (4 coaches) and for releasing coaches for corrosion repairs/recabing (15 coaches). Thus, the objective of providing relief to commuters of Madras Beach - Tambaram section despite availability of coaches since 1985 could not be fulfilled.

In May 1984, to augment capacity, conversion of the Madras Beach - Tambaram section to Broad Gauge was proposed. The Board in January 1985, however, decided against conversion and directed elimination of level crossings on the Madras Beach - Tambaram section for increasing traffic. A review of the position in April 1990 indicated that the road underbridges at stations St. Thomas Mount and Palavanthangal sanctioned in 1985-86 had not material-

ised. The road underbridge at Mambalam completed in May 1988 at a cost of Rs.38.46 lakhs (up to end of July 1990) also did not serve the purpose as the State Government had failed to complete the construction of approach road (April 1990).

13.10 Repair and maintenance facilities

Central :

Keeping in view the increase in holding of coaches to over 500 and the need to give relief to the Kurla car shed, which was the only shed for attending to day-to-day running repairs it was decided in 1972 to set up another car shed at Kalwa to cater to day-to-day repairs and maintenance facilities for ultimate holding of 600 coaches in two phases - Phase I 365 coaches and Phase II 600 coaches. For this purpose, the following works were approved :

(i) Kalwa car shed - Provision of repair facilities for EMUs:

		Estimated cost Rs.	Actual expenditure Rs.
(a)	Phase I - A (approved in 1974-75)	367.64 lakhs	520.55 lakhs
(b)	Phase I - B (approved in 1976-77)	431.61 lakhs	582.55 lakhs
(c)	Phase I - C (approved in 1980-81)	250.91 lakhs (revised to Rs.308.48 lakhs in June 1988)	345.97 lakhs (up to March 1990)

While the works in Phase I A and B were completed in 1985, the progress of phase I - C work as on 31 March 1989, even after nine years of approval was 71 per cent. The utilisation of funds during 1988-89 for phase I - C showed that against the allotment of Rs.58.76 lakhs only Rs.39.73 lakhs were utilised surrendering the balance of Rs.19.03 lakhs (32 per cent). Thus, the expected facili-

ties at Kalwa Car Shed for running repairs and maintenance could not be created due to delay in execution of works under Phase I C.

The capacity of Kurla and Kalwa car sheds, on completion of Phase I C works, was expected to be for maintenance of 90 rakes only. The Administration considered increasing the capacity

1007. While there had been 16.55 per cent increase in the number of trains during the period of ten years, the increase in the staff strength was 39.51 per cent which was disproportionate. The extra expenditure in operating the excess posts (58 Motormen and 63 Guards) worked out to Rs.35.68 lakhs per annum.

13.13 Punctuality of suburban trains

The normal punctuality expected of suburban trains is 98 per cent of the trains run. The punctuality percentage during 1984-85 to 1988-89 was 93.3 to 95.3 on Central Railway, 84.42 to 96 on Northern Railway and 92.6 to 94.3 on Western Railway. Punctuality in South Eastern Railway ranged from 93.7 to 98.7 per cent. The reasons affecting punctuality were power supply failures due to overhead equipment, shortage of material, defective design, traction motor fault, equipment failures, brake binding, Central circuit failures and defective maintenance at workshops and at sheds.

13.14 Other points of interest

(i) Damages due to storm

A heavy storm in June 1987 had caused severe damages to the boundary wall, flood light tower, heavy repairs shed and inspection shed of the car shed at Ghaziabad of Northern Railway. The cost of the damages estimated was Rs.30.50 lakhs. An enquiry committee appointed had assessed in August 1987 the damages as Rs.9 lakhs. The committee had concluded, inter alia, that the quality of construction had also contributed to the damages as the execution of

work of car shed at Ghaziabad was done in a hurry in order to adhere to the tight targets for running of EMUs in connection with ASIAD and that the quality of work was sacrificed in order to increase the quantitative output of the work. No action had been taken by the Railway Administration to get the loss regularised so far (August 1990).

(ii) Purchase of cable

24 motor coaches and 23 trailer coaches, all imported, were commissioned on Central Railway in 1957-58. Due to ageing, the electrical insulation of the various cables had deteriorated. It was, therefore, decided to carry out rewiring of the coaches to avoid fire. Accordingly, a detailed estimate for Rs.234 lakhs was sanctioned in February 1982 and a requisition for procurement of 7200 metres of elastomeric rubber sheeted and rubber flexible copper cable single core (70 square metre) was placed on the Controller of Stores/Central Railway in December 1983 by the workshop for rewiring of 24 motor coaches. An order was placed in April 1985 and the cable was received in September 1985 (5965 metres) and February 1986 (1202 metres) at a cost of Rs.16.97 lakhs. It later came to notice that the work of rewiring of 33 coaches (18 MCs plus 15 TCs) had already been undertaken in 1981 with the available material and work in the remaining 14 were suspended without rewiring. Of the 7167 metres 3166 metres of cables (cost Rs.7.49 lakhs) were utilised in rewiring and the remaining stock of 4001 metres (cost Rs.9.47 lakhs) was awaiting disposal (July 1990). The unnecessary purchase of cables led to an avoidable expenditure of Rs.9.47 lakhs..

13.15 Accidents on EMU suburban sections

Central :

In Central Railway during 1984-85 to 1988-89, 13 accidents occurred of which two were attributed to failure of Railway material, eight to human failure and the balance to miscellaneous causes, derailment, etc. The accident which took place on 22 November 1984 at Byculla station due to failure of an axle (breakage) had led to the death of 25 persons, grievous injuries to 28, simple injuries to 26 and trivial injuries to 10 passengers. An ad-hoc Claims Commissioner was appointed by the Board in January 1985 to decide and deal with the cases. Out of a total 96 applications received, the Claims Commissioner in December 1985 decreed 78, out of which 25 were death cases and 53 injuries. The amount of compensation paid for death cases was Rs.25 lakhs and Rs.8.34 lakhs was paid to the 53 injured. The damage caused to EMU stock and other Railway material was assessed at Rs.7.4 lakhs bringing the total loss to Rs.40.74 lakhs.

South Eastern :

Four accidents took place in the suburban section during 1984-85 to 1988-89 causing loss of permanent way material, rolling stock and signal and telecommunication equipments valued at Rs.2.44 lakhs. As per accident reports and findings of the Enquiry Committee the accidents occurred mainly due to mechanical, signal, engineering and electrical failures.

Northern :

The accident on 17 October 1988 caused extensive damage (Rs.2.12 lakhs) to the motor coach.

13.16 Ticketless travel

Central :

Ticket checking performance on Central Railway (Suburban Service) revealed that there was an increase in the number of cases on account of ticketless travelling and unbooked luggage from year to year since 1986-87 (3.49 lakhs in 1986-87, 4.23 lakhs in 1987-88, 5.00 lakhs in 1988-89 and 6.39 lakhs in 1989-90).

Northern :

As a result of checks conducted during 1987-88, 1988-89 and 1989-90 in all 32,133, passengers were found travelling on expired/altered date of MSTs. The number of cases of ticketless travel was on the increase from year to year (746 in 1987-88 to 21,395 in 1989-90).

14. Utilisation of External Assistance

14.1 Introduction

Indian Railways receive external assistance mainly from agencies of World Bank i.e., the International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD). Through sixteen operations approved between 1949 and 1984, World Bank assistance totalled US\$ 1.8 billion. The first thirteen operations were based on one to three year slices of the Railways' investment programme and covered foreign exchange for acquisition of :

- (a) material, parts and components for manufacture of motive power and rolling stock;
- (b) machinery and plant for Railway Production Units; and

- (c) materials and equipment for line improvement works and telecommunications.

Since 1978, there had been four specific investment projects focussing on particular components in respect of motive power, rolling stock, workshop and track electrification viz. (a) Railway Modernisation and Maintenance Project (credit No.844-IN) (b) Railway Modernisation and Maintenance Project (Phase-II Credit No:1299-IN/Loan No:2210-IN) (c) Railway Electrification and Modernisation Project (Loan 2417-IN) and (d) Railway Modernisation Project III (Loan 2935-IN). Besides assistance from the World Bank, bilateral loans/credits are received. These were from the United Kingdom, Japan, Saudi Arabia and West Germany for specific projects.

14.2 Organisation

Projects financed by external assistance are monitored by the Planning Directorate of the Railway Board and progress of the projects are reviewed. Accounts in respect of drawal and disbursements are rendered to the Controller of Aid Accounts, Department of Economic Affairs and progress reports on the aided projects are submitted to the Ministry of Finance by the Board.

14.3 Scope of Review

The review covers a few projects which have either been completed in the recent past or which are at an advanced stage of completion and the extent of utilisation of external assistance.

14.4 Highlights

- **Progress of utilisation of external assistance was slow due to delayed finalisation of tender and delayed**

supply by the firms. As a result full amount of assistance could not be utilised, the loans not utilised being US\$ 13.227 million;

- **24 machines procured against the World Bank loan and bilateral credits remained unutilised due to delay in their installation and commissioning;**
- **Transfer of technology at a cost of Rs.14.36 crores did not yield fruitful result in a production unit;**
- **Unintended benefit of Rs.63.00 lakhs was extended to a public sector undertaking outside the provisions of the contract;**
- **Due to inadequate evaluation of tender there had been short utilisation of loan of Rs.19.02 lakhs;**
- **Injudicious rejection of the lowest offer resulted in a loss of Rs.33 lakhs;**
- **All activities against a loan of US\$ 190 million approved in 1987 lagged far behind in June 1990;**
- **Injudicious placement and cancellation of an order against UK credit on a firm which was not a proven supplier resulted in a loss of Rs.1.05 crores.**

14.5 Completed projects

14.5.1 **Railway Modernisation and Maintenance II Project (Credit 1299-IN/Loan 2210-IN-US \$ 444 million)**

The loan, which was approved in November 1982, was meant for

- (a) further improvements in the maintenance system through establish-

ment of a facility for reclamation of diesel locomotive components and assembly workshop and provision of unit exchange spares; and

- (b) components and materials for new design high capacity wagons as under:

	Loan amount (million US \$)
Diesel component works at Patiala	30
Loco components for Unit Exchange Scheme in the Railway Production Units	75
Electric locos (CLW, Chittaranjan) Diesel locos (DLW, Varanasi)	100.5
Wheel Tyres and Axles	85
Materials for high capacity wagons (Wheelsets, cartridge bearings, bogies, couplers etc.)	73
AC prototype of electric locos	64
Technical assistance for acquisition/installation of Plant and Machinery for DCW etc.	13.5
Fees	2.956

The closing date viz. March 1988 was extended by two years and the project was closed by March 1990. The works were behind schedule due to disturbance in Punjab and delays in initiating procurement action for electric locomotive components and bogies and couplers for wagons.

Credit/Loan amount had been committed fully and the loan was closed by March 1990. All the prototype of locomotives had been received by October 1988 and were under service trials. Procurement of materials for high capacity wagons was reviewed in Audit and mention was made on avoidable import of wheelsets and cartridge bearings in paragraphs 4.3 and 3.3 of the

Reports of the Comptroller and Auditor General of India, Union Government (Railways) for the year ended 31 March 1987 and 1988.

A review of the other elements of the loan has been conducted in Audit and the findings are indicated in the subsequent paragraphs.

(i) **Diesel Loco Component Works Patiala : (Credit No.1299/Loan No.2210-IN)**

A loan of US\$ 444 million was sanctioned by the World Bank in December 1982 for the Railway Modernisation Project II which included US \$ 55 million earmarked for DCW/Patiala. The allocation to DCW/Patiala was later reduced to US \$ 30 million by the Board. The closing date of the loan was 30 September 1989 and the grace period was up to 31 March 1990.

As against the allocation of US \$ 30 million, DCW Patiala entered into commitment for US \$ 36.034 million up to September 1989. However, applications for US \$ 29.821 million were sent to the Board for getting reimbursement from the World Bank out of which the Bank had reimbursed US \$ 27.481 million up to December 1989.

Performance of machines

19 machines, procured by DCW/Patiala out of the loan, were installed/commissioned after a period varying from 11 to 48 months after their receipt in the workshop. A large amount of capital, therefore, remained blocked. The delay in installation and commissioning of the machines were attributed to the following reasons :

- (a) firm's engineer could not remove defects noticed during commission-

In July 1989, CLW loaned out to BHEL 13 items of components of 70 traction motors valued at Rs.10.22 crores at a nominal interest charge of 6.75 per cent to assist it to complete the delivery of motors in time. These components had been imported from a Japanese firm to upgrade the technology of traction motors in pursuance of a collaboration agreement with the Japanese firm. Despite this unusual assistance, delivery of 97 motors, 74 gear cases and 68 gear wheels was not completed by BHEL within the validity of IDA credit (February 1990) and the credit of US Dollar 3.235 million could not be utilised. Besides, CLW had to postpone its programme of upgradation of technology of traction motors during 1989-90 for want of those components which were loaned to BHEL in July 1989.

BHEL did not also pay interest of Rs.38 lakhs, calculated at 6.75 per cent on the value of components, taken on loan from CLW. By charging a mere one third of the rate of commercial bank rate CLW extended an unintended benefit of Rs.63 lakhs to BHEL.

The Board stated (March 1991) that the loaning of component to BHEL did not affect the programme of technology upgradation and that the interest amounting to Rs.38 lakhs had, been recovered in March 1991. The fact remained that 70 motor sets were over due for the second phase of upgradation programme.

Non-utilisation of loan

A contract (F1/88-89/36849) was placed on an Australian firm in April 1988 for supply of 68 sets of pantograph for electric locomotives. The firm completed the delivery of 24 sets in the

first lot in June 1989 and the balance was to be supplied on satisfactory service trial report of the first lot. There was delay in the issue of service trial report to the firm and consequently the firm could not complete the delivery of pantograph within the validity of the loan (February 1990). This led to short utilisation of loan to the extent of A \$ 37476.47 (Rs.5.04 lakhs) representing ten per cent payment which was made from free foreign exchange.

Non-realisation of claim from insurance company :

An order was placed on a foreign firm for supply of 50 loco sets of Rheostatic Dynamic Breaking Resistors with blower motors in January 1989. Procurement was financed under IDA credit. One equipment valued at Rs.7.63 lakhs was received in a damaged condition in January 1990. The Board stated that CLW, was pursuing with the insurance company to compensate the loss.

Non-utilisation of IDA credit due to inadequate evaluation of offers

A global tender floated for procurement of 105 and 24 loco sets of Field Divertor Resistance for WAG-5 and WAP-1 electric locomotives respectively was opened on 7 April 1987. The ex-works price of Rs.70.95 lakhs of an indigenous firm which included customs duty element of Rs.14,200 per WAG-5 locomotive and Rs.17,125 per WAP-locomotive was recommended for acceptance ignoring the fact that the firm was entitled to get exemption of customs duty against IDA tender. The order was thus placed on the firm at an inflated price on 15 January 1988. Consequently, commitment for payment had to be made against IDA credit at a

higher rate. The contract was, however, amended by issue of amendment on 7 June 1989 and ex-works price of the contract was reduced from Rs.70,95,300 to Rs.51,93,300. Due to inadequate evaluation of the ex-works price by the Tender Committee, an amount of Rs.19.02 lakhs could not be utilised during the currency of IDA credit.

Injudicious rejection of tenders

CLW used to procure tap changer and its spares from a firm A on single tender basis. It was only in 1986 a global tender was floated when a cheaper price was quoted by another firm B and an order for 100 tap changers and initial spares was placed on the firm on 17 March 1987. Procurement was financed from free foreign exchange. Another global tender for procurement of 33 items of spares was invited for utilisation of IDA credit and tender was opened on 16 February 1987. Though 15 out of 33 items of spares the rates quoted by firm B were substantially lower than those of firm A, B's offer was not considered on the ground that the offer was given for only 15 items and the offer was submitted in Swiss Francs instead of US Dollars or the currency of the manufacturer's country. The agent of the firm B submitted the offer in US Dollar in May 1987, but the offer of firm B was treated as 'unresponsive' and order was placed on firm A at an extra cost of Rs.33 lakhs.

Decision to overlook the cheaper offer was injudicious especially in view of the fact that the splitting up of tender quantity was permitted as in the case of tender for procurement of wheelsets in June 1986 and also for procurement of the spares of tap changers invited in February 1988 under IDA credit.

Delay in supply of stores

A global tender for procurement of 125 loco sets of fully assembled and tested silicon rectifier for WAG-5 loco was opened on 21 August 1987 but the Tender Committee took more than four months to evaluate the offer. On 16 February 1988 Tender Committee recommended placement of an order on a foreign firm at Rs.3,08,980 per loco set with the date of completion by August 1989. The contract was placed on 3 May 1988. The firm failed to adhere to the delivery schedule and CLW had to resort to import from another firm on a single tender basis, 25 loco sets of equipment at Rs.3,52,713.40 per loco set by awarding a separate contract on 9 August 1988. This had resulted in extra expenditure of Rs.10.93 lakhs being the differential between the price against the contract financed by IDA and that committed to be paid against the contract placed on the new firm. CLW could not utilise IDA credit of US \$ 5,13,702 due to failure of the firm to complete the delivery by February 1990.

(iii) Diesel Locomotive Works (DLW), Varanasi (Credit No.1299-IN/ Loan No.2210-IN US \$ 110 million.

During the Seventh Five Year Plan an amount of US \$ 110 million was allocated to DLW for purchase of components for diesel locomotives under Unit Exchange System. The loan was effective from 23 December 1982 with a closing date as 30 September 1989. The loan was closed on 31 March 1990 with the approval of the World Bank.

Extent of utilisation

The progress of procurement of components was by and large according

to schedule. The procurement started from 1985-86 and continued till 1989-90. The utilisation of loan up to 31 March 1990 was US \$ 100.015 million for imported items (US \$ 70.561 million) and indigenous items (US \$ 29.454 million). The short utilisation of loan (US \$ 10 million) was mainly attributed to non-receipt of supplies from foreign firms. Due to delay in submission of claims by DLW, an amount of Rs.9.16 lakhs could not be utilised.

Non-utilisation of loan

Spares under the Unit Exchange Scheme were procured from BHEL and supplied to Zonal Railways. 90 per cent payment was made on proof of despatch and the remaining 10 per cent was to be released on completion of supply and proof of receipt by Railways. BHEL, did not produce receipt notes from the consignee Railways in time resulting in non-utilisation of Rs.4.83 lakhs which had to be paid by DLW from free foreign exchange.

In regard to items procured under Unit Exchange Spare - electric and diesel locos, the Board stated (February 1991) that commitments, as a general strategy against the loan, were kept in excess of the loan amount keeping in view exchange rate fluctuations, non-materialisation of deliveries, spill over of transfer of technology payments beyond the closing date of the loan etc. The Board confirmed that the credit/loan had been fully utilised barring a few items which had been mentioned in the paragraph which had to be subsequently covered under free foreign exchange. It was further explained that in some cases as for example traction motors from BHEL, vacuum exhausters, payments were made in rupees only.

14.6 On going projects

14.6.1 Electrification and Workshop Modernisation Project (Loan 2417-IN: US \$ 280.7 million)

A loan of US \$ 280.7 million was sanctioned by the World Bank in April 1984 for electrification of 3044 route kilometres and modernisation of six workshops viz. Parel (Central Railway) Lilluah (Eastern Railway), Ajmer (Western Railway), Jagadhri (Northern Railway) Golden Rock (Southern Railway), Kharagpur (South Eastern Railway), Integral Coach Factory. The closing date of the loan was 30 September 1990 with grace period up to 31 January 1991. With the approval of the World Bank, however, the closing date of the loan was extended to 30 September 1991 with grace period up to 31 January 1992. Out of 280.7 million US dollars, an amount of US \$ 132.5 million was sanctioned for modernisation of workshops which was later reduced by US \$ 1.5 million for misprocurement against one contract. The utilisation of the loan was US \$ 205.04 million as on 30 June 1990.

Electrification

The project which commenced in April 1984 was behind schedule. Only 13 per cent of the loan amount was disbursed at the end of May 1988. The electrification component was delayed because funding shortfalls towards the end of Sixth Plan delayed the progress on Government financed parts of the electrification programme (out side the project) which preceeded the Bank assisted projects.

The physical progress on different sections as on 30 June 1990 was as under:

Section	Route Kms	Percentage of Progress	Route energised on
Jhansi-Itarsi	381	100	29.3.89
Itarsi-Nagpur	298	74	
Vijayawada-Balharshah	454	100	10.7.89
Nagpur-Balharshah	298	100	30.9.89
Bhuswal-Wardha	314	74	
Durg-Nagpur	265	61	-
Itarsi-Bhuswal	301	21	-
Bhopal-Nagda	239	42	-
Bilaspur-Katni	317	10	-
Bina-Katni	263	-	-
	3044		

14.6.2 Workshop Modernisation Project Phase-II (Loan No.2417-IN US \$ 132.5 million)

The main objectives of the Workshop Modernisation Project Phase-II were :

- to achieve reduction in periodical overhaul cycle time of rolling stock and to enlarge periodical overhaul and manufacturing capacity of Workshops to match the rationalised workload requirements;
- to improve performance and availability of rolling stock; and
- to effect economies in the cost of rolling stock maintenance.

Target date of completion

According to the Project Report, Phase II of Workshop Modernisation was scheduled to be completed during the period 1981-84. Subsequently, it was decided to spread Phase-II over

1984-87. It was being actually executed from June to September 1990. Later on, with the agreement of visiting missions of the World Bank the target date of completion of work for different workshops was revised as under:

	Revised target date of completion
Liluah (Eastern Railway)	March 1991
Parel (Central Railway)	March 1990
Golden Rock (Southern Railway)	June 1991
Integral Coach Factory Kharagpur (South Eastern Railway)	March 1990
Ajmer (Western Railway)	June 1990
Jagadhri (Northern Railway)	December 1991

Physical progress

According to the schedule of disbursement originally agreed upon with the Bank the full amount of the loan should have been disbursed by March 1990. The actual progress of utilisation of loan was, however, not according to the plan as may be seen from the table below :

	Commitment		Disbursement		Authorisation
	planned in US \$ million	actual (Rs. in lakhs)	planned (Rs. in lakhs)	actual (Rs. in lakhs)	(Rs. in lakhs)
1985-86	5	134	-	-	-
1986-87	20	1856	341.27	312.30	165.18
1987-88	45	5921	1651.35	1925.30	1882.10
1988-89	52	8581	6076.74	6066.89	6083.69
1989-90	10.5	3710	7266.60	7051.60	6715.58

As on 31 May 1990, the status of utilisation of funds was as under :

i) Loan amount	\$ 131.000 million
ii) Commitment entered	\$ 149.442 million
iii) Reimbursement claimed	\$ 104.568 million

The main reason for not achieving the targets was stated to be non-adherence to the delivery period by the suppliers.

14.6.3 Railway Modernisation Project III (2935-IN) (Loan US \$ 390 million)

The Project estimated to cost US \$ 390 million became operative from 14 June 1988 with closing date as 31 December 1993. The project covered relaying of about 4000 Kms of track on high density routes including procurement of 4,80,000 tonnes of rails and 143 track machines. The track renewal was scheduled to be completed by June 1993.

Physical progress of the project as on 31 March 1990 was under :-

(i) Procurement of rails and track machines

Against the total requirement of a quantity of 4,80,000 tonnes of rail, 83,500 tonnes of rails were procured. Tender for balance quantity was in progress. Out of 138 track machines planned to be

acquired, orders were placed for 58 against which 17 were received. Procurement action for 23 machines was initiated and another 57 were proposed to be procured during 1990-91.

(ii) Track renewals

Against 3951 Km of track planned for renewal under the loan agreement, renewal of 1002 Km length of track was completed up to March 1990. Utilisation of US \$ 56.95 million dollars was against US \$ 390 million up to March 1990.

14.6.4 Asian Development Loan (No:857-IND)

A loan of US \$ 190 millions was sanctioned on 16 December 1987 with closing date as 31 January 1993. The main components of the loan were :

	Loan amount (million US)
(i) Freight locomotives 30 nos with 6000 HP	114.5
(ii) Ground-to-train communication equipment	5.50
(iii) Electric locomotive workshop/ signalling equipment	17.25
(iv) Overhead electric traction sub-station facilities	5.50
(v) Interest and other miscellaneous charges	56.25
Total	190.00

All the activities under this loan are behind schedule.

**14.7(a) Saudi Fund for Development
(Loan 3/188)**

A loan of Saudi Riyal 103.2 million (US \$ 30 million- Rs.450 million) was effective from August 1983 for construction of BG line between Koraput-Rayagada (216Kms) including procurement of rails, sleepers and track machines etc. The project was partly financed from Saudi Fund and partly Railway's own resources. The proposed line was expected to promote the development of backward areas of Orissa and also to cater to the needs of aluminium plant at Damanjodi and Vishakhapatnam port.

The final location survey for the Koraput-Rayagada line was completed on 31 March 1984. The first phase of construction of the line from Koraput to Machiliguda (19.65 Kms) was opened on 18 December 1986 to serve the aluminium plant at Damanjodi. The construction of the phase II is in progress. The target for completion of the phase II of the project was March 1987.

The implementation of the phase II of the project was very slow due to the fact that low priority was accorded by the Planning Commission to this project and insufficient funds were made available to it.

The Saudi Fund for development extended the validity of the utilisation of loan up to 30 September 1990 on request. But due to lack of funds till March 1990 and delay in the production of concrete sleepers and procurement of survey equipment, the Railway expected completion of the project by March 1992. The Board approached

the Ministry of Finance in March 1990 for taking up with the Saudi Fund Authority for granting extension of the loan agreement up to 30 September 1991. The estimated cost of the project meanwhile rose from Rs.2650 million to Rs.3220 million. Saudi loan of Rs.83.18 million only was utilised against the total loan of Rs.450 million approved in March 1983.

(b) UK - India credit

A grant of 31.264 million pounds was negotiated in February 1983 for procurement of goods and services of UK origin with no specific closing date. Grant had been utilised except to the extent of 2.5 million pounds which is proposed to be utilised in 1990-91 for the Train Description System for Delhi.

In order to effect replacement of traction motors damaged on Eastern Railway during the flood in September 1978 and also to provide requisite unit exchange spare for AC EMU services, the Board decided in January 1980 to procure 98 traction motors. The requirement of Eastern Railway was urgent as 56 motors coaches were damaged in the flood in 1978 and more than 50 per cent EMU trains had been cancelled as a result of damages to BHEL make traction motors used in the EMU stock.

Against a global tender invited in April 1981 thirteen offers were received including indigenous offer from BHEL. After technical scrutiny by the RDSO and detailed evaluation of offers the Tender Committee ignored the indigenous offer of BHEL for meeting the performance requirements of specifications of new motors and recommended placement of development order on a Japanese firm and bulk order on a Brit-

ish firm though the British firm was not a proven supplier of motors to EMU application either of AC and DC system.

Accordingly the contract for supply of 26 motors (with 30 per cent option) was placed on a Japanese firm on 14 October 1982. The purchase was financed from "free resources". The firm supplied four prototypes in August 1984 and completed shipment by December 1987. These motors received in 1988 were fitted to EMUs on Eastern Railway and no adverse reports has been received.

The contract for 72 motors was placed on a British firm on 11 November 1982 with the provision that prototype motors would be delivered within eight months from date of order and bulk supply would commence after service trials. The rate of bulk supply was stipulated as 20 motors per month to be completed within 4 months. Purchase of 72 motors was financed from UK - India loan - 1982-83 and advance payment of 475436.07 pounds, representing 50 per cent of the value of the contract was also made to the firm on the date of placement of the contract even though it was known to the Board that the firm was not a proven supplier of EMU motors.

The British firm supplied 4 prototype motors for inspection in February - March 1985 two and half years after the placement of the order but the motors could not meet the required specification. There was excessive temperature rise. According to the contract, in case of excessive temperature rise, the firm was required to redesign the motor. Instead the British firm offered a price reduction of 100000 pounds for relaxa-

tion in design. The offer was not accepted by the Board who insisted supply according to specification incorporated in the contract. The contract was finally cancelled on 11 February 1988 at the risk and cost of the British firm and the firm was asked to refund 50 per cent of the advance made in November 1982 with interest and other losses suffered by Railways. The British firm, however, refused to entertain the claim and the Board had to recover the advance payment made to the firm by encashing the bank guarantee. The loss sustained by the Railway on cancellation of the contract was Rs. 1.05 crores representing interest and commission charges paid to the bank to keep the letter of credit valid from 16 February 1983 to 15 January 1988. Besides, UK-India loan of 950872 pounds could not be utilised by the Railway. The Board, however, decided to utilise this loan for Train Description system for Delhi in 1990-91.

The Board stated (March 1991) that Tender committee while recommending procurement stated that the motors offered could be considered to be of proven design in view of the design of motors and its reliable service on British Railways and other countries and added that payment of 50 per cent advance to the firm under UK Grant did not involve any outgo of foreign exchange. The contention of the Board is, however, not acceptable as the Adviser, Electrical had observed in May 1982 that the motors had not been proven on EMU application of either AC or DC system though these were in use in United Kingdom and other countries on diesel locomotives. The Railways had to pay \$ 409667 towards interest charges for keeping the letter of credit valid up to March 1988.

(c) West German loan

A loan for DM 30 million was obtained from Federal Republic of Germany in April 1989 for financing import of machinery for the Rail Coach Factory, (RCF) Kapurthala. The closing date of the loan was December 1991.

As against the loan allocation of DM 30 million RCF Administration entered into a commitment for DM 7.57 million up to March 1990 and authorisation was received for only Rs.4.95 crores. The percentage of utilisation of the loan and the progress of the project till March 1990 was 25 per cent and 22 per cent respectively as indicated below :

	Percentage of Utilisation of loan.	Percentage of Physical progress
1987-88	3.86	4
1988-89	19.25	16
1989-90	2.12	2
Total	25.23	22

The main reason for the slow progress was stated to be that while global tenders were floated for procurement of machinery and contracts were finalised on the merits of the case, the loan was available only when the supplier was West German. The collaboration agreement was yet to be finalised which delayed the procurement of machinery and progress of the project.

Contract for the supply of 22 machines had been finalised till March 1990 out of which 15 machines were actually received, installed and commissioned. The balance 7 machines were still awaited. It was found that out of the 15 machines commissioned, 5 machines were either not working to full capacity or not working satisfactorily due to damage in transit.

15. Working of Railway Protection Force

15.1 Introduction

Responsibility for providing security on Railways has been assigned to two agencies viz., the Government Railway Police (GRP), which works under the respective State Governments, and the Railway Protection Force (RPF), which works under the Ministry of Railways. Since 'Policing' is a State subject, the maintenance of law and order and control of crime on Railways, including the security of passengers and their belongings on Railway premises and running trains, is the responsibility of State Governments.

Prior to 1957, the functions of safeguarding the Railway property and goods entrusted to the Railways for carriage were carried out by an in-house organisation called Watch and Ward. This Organisation was, however, considered to be handicapped by lack of adequate powers and well-defined status and, therefore, was converted into a Railway Protection Force (RPF) by an Act of Parliament passed in 1957. The Act brought the personnel of the RPF under a special set of disciplinary rules conferred on them, under certain conditions, powers of arrest and search without warrant. For imparting to the set-up a uniformity of working, the RPF Rules were enacted in 1959 and, thereafter, the RPF Regulations were also published in 1966. In the same year, limited powers to apprehend and prosecute offenders involved in Railway property were conferred on the RPF by enacting the Railway Property (Unlawful Possession) Act 1966 (RP(UP)Act 1966). This Act was also considered inadequate to meet the requirements of the RPF and

was amended through the RPF(Amendment) Act, 1985, under which :

- the RPF was declared an armed force of the Union;
- additional powers were conferred on the members of the RPF to arrest without warrant;
- restrictions were imposed on the members of RPF on their right to form association; and
- additional powers were conferred on the superior officers of the RPF for enforcement of discipline and imposition of penalties for various offences committed by the RPF personnel.

A comprehensive set of new RPF Rules 1987 was also notified by the Central Government in December 1987.

15.2 Scope of Review

A review of the working of the RPF Organisation has been conducted with a view to assessing the effectiveness of its functioning vis-a-vis the duties and responsibilities assigned to it.

15.3 Organisation

The RPF is working under the control of the Director General, Security, Ministry of Railways (Railway Board), and is assisted by an Inspector General who also heads a special force called the Railway Protection Special Force (RPSF). At the Zonal Railway level, the head of the Security is the Chief Security Commissioner, assisted by the Additional/Deputy Chief Security Commissioner, Senior Security Commissioner, and other staff at headquarters of the Zonal Railway and Divi-

sional Security Commissioners and other Inspectorial staff etc. at the Divisional/unit levels.

The RPF deployed on each Railway consists of three branches, viz., (i) Executive, (ii) Prosecution, and (iii) Fire Service.

Besides, dog squads are also maintained on each Railway for assistance in guarding the property and tracking down criminals.

15.4 Highlights

- **There has been a steady increase in the strength of the Railway Protection Force (RPF) since it was set up in 1957. Expenditure on RPF had increased by 30 times over what it was at the end of the First Plan.**
- **The number of thefts and pilferages of railway materials and booked consignments had not shown any significant decline over the years.**
- **The recovery of stolen railway property had not shown any marked improvement and in 1988-89 it was 32.51 per cent of the stolen property as against 25.87 in 1987-88.**
- **Though the number of cases where railway property was lost was generally over 70,000 per annum, the arrests made had shown a marked decline over the years.**
- **In respect of booked consignments lost, the percentage of recovery was even less, at around 7. The arrests made for loss of property in case of booked consignments also declined year after year. One**

reason for the decline in arrests was the inability of the Railways to localise crimes.

- There has also been a marked increase in the number of thefts and pilferages of consignments held under the custody of guards and van clerks.
- Cases of thefts and pilferages of booked consignments registered by the RPF were less than the number of claims paid on this account thus pointing out to deficiencies in the system of registration for investigation.
- There were 5549 cases of thefts from seal-intact wagons notwithstanding the fact that the trains were escorted and pickets had been posted. Consequently, payment of compensation amounting to Rs.131.99 lakhs during 1987-88 and 1988-89 was made.
- Claims amounting to Rs.314.21 lakhs were paid in respect of 1852 cases on Central Railway on account of loss of consignments from open wagons during 1983-84 to 1988-89. On seven other Railways, there were 2767 cases of loss from open wagons involving payment of compensation of Rs.156.56 lakhs during 1987-88 and 1988-89.
- A large number of cases were pending with the Prosecution branch. One of the main reasons for acquittal of arrested persons was the failure of the Railway to prove ownership.
- Periodical inspections by superior officers of their jurisdiction is an essential requirement to review the

adequacy of security arrangements and compliance of instructions. The required number of inspections had not been conducted by the RPF officers.

- While on the one hand there were significant gaps in refresher training to RPF personnel, on the other, training facilities created in some Railways remained under utilised.

15.5 Cost of RPF staff

The strength and expenditure of RPF staff at the end of each Plan period and also during the first four years of the Seventh Plan were:

	Strength*	Expenditure (Rs. in crores)
1955-56 (end of I Plan)	39,664	4.14
1960-61 (end of II Plan)	49,468	5.78
1965-66 (end of III Plan)	60,000	7.98
1973-74 (end of IV Plan)	63,186	15.80
1977-78 (end of V Plan)	65,234	26.96
1984-85 (end of VI Plan)	66,061	79.99
1985-86 (VII Plan)	64,782	88.13
1986-87 (VII Plan)	63,834	98.16
1987-88 (VII Plan)	65,364	120.97
1988-89 (VII Plan)	65,928	135.17

* Includes RPSF which was created in 1963.

The strength of RPF had steadily increased over the years. The expenditure on RPF had increased by 30 times over what it was at the end of the First Plan.

15.6 Crime

15.6.1 With a view to preventing thefts and pilferages of railway materials and booked consignments, the RPF is required to protect railway yards against intrusions by anti-social elements, to guard important railway yards round

the clock, to arrange armed patrols as also patrols by dog squads of yards vulnerable to high incidence of pilferages. The RPF Rules 1987 also provide that the RPF should keep a watch at workshops, stores, goods sheds, depots, parcel offices, yards and other such places so as to reduce the opportunities for

thefts, pilferages and other such crimes. The number of cases of thefts and pilferages of railway materials and booked consignments on various railways, during 1984-85 to 1988-89, had not shown any significant decline as may be seen from the following figures:

	No. of cases	Value of property (Rs. in lakhs)		Percentage of recovery	Arrests made			
		stolen	recovered		O/S	R/E	RPF	Total
Theft of railway materials								
1984-85	73043	187.16	72.74	38.56	18183	1267	31	19481
1985-86	74236	190.60	87.07	45.68	19510	1509	21	21040
1986-87	67209	200.78	50.43	25.11	12478	938	12	13428
1987-88	68502	251.73	65.14	25.87	12448	792	8	13248
1988-89	73441	341.21	110.60	32.51	13380	655	10	14045
Theft of booked consignments								
1984-85	46978	555.44	35.30	06.35	3874	345	39	4258
1985-86	39889	490.10	48.91	09.97	3278	303	35	3616
1986-87	33002	562.67	36.40	06.46	2276	158	24	2458
1987-88	30485	625.17	43.57	06.97	2070	144	25	2239
1988-89	26627	654.37	42.50	06.49	1641	163	25	1829

Note : O/S - Outsiders, R/E - Railway employees

15.6.2 Railway materials

It is the duty of the RPF to take all steps for detection of the crime cases reported, effect recovery of the stolen properties and arrest the offenders. The number of thefts of railway property as registered which was declining over the years since 1985-86 increased during 1988-89, and in terms of value, the property stolen that year was nearly twice of that in 1984-85. The percentage of property recovered ranged only between 25.11 and 45.68. While the cases had not declined, the arrests made showed a declining trend notwithstanding increased powers given to the RPF over the years. The lower number of arrests

would indicate that the RPF had not been making arrests of all the persons from whom railway properties were recovered. Illustratively, in the Eastern Railway during January-April 1990, though there were 8 cases where recoveries of Railway properties (rails etc.) were made from trucks/godowns etc. yet no arrests were made of the persons involved thereby pointing out the ineffective role of RPF.

An analysis of the position in respect of various Railways indicated that

- (i) the number of the registered cases increased on Central during 1987-88, on Eastern during 1987-88 and

1988-89, and on South Eastern during 1986-87 and 1988-89;

- (ii) the value of the registered cases also showed increase on Central, Eastern, Northeast Frontier, South Central and Western Railways during 1987-88 and 1988-89.

15.6.3 Booked consignments

The number of registered cases decreased on all Railways except on Eastern where there was an increase. The value of the registered cases increased over the years. The percentage of the value of booked consignments recovered was abnormally low ranging between 6.35 and 9.97. The number of arrests made sharply declined over the years, the decrease in 1988-89 being 57.05 per cent compared to the arrests made in 1984-85. The number of arrests included a few staff of RPF which organisation is responsible for protection of railway property.

15.6.4 Thefts and pilferages

Cases of thefts, pilferages reported are classified as 'localised' or 'unlocalised' crimes. 'Localised' crimes are those where the actual place of theft or pilferage etc. of railway property and booked consignments is known or apparent from the inspection of the scene to have taken place within the jurisdiction of the RPF post concerned. The 'unlocalised' crimes are those where the actual places of crimes are not immediately known or cannot be ascertained. When after enquiry it became known that an unlocalised crime had apparently taken place within the jurisdiction of a post it is transferred to the 'localised crime register'. At the end of each month, a summary is prepared in the 'unlocalised crime register' indicating the number of cases

transferred to 'localised crime register', to other posts/Divisions/Railways and those which were pending inquiry.

A review on certain Railways had disclosed that a large number of cases continued to remain unlocalised and, consequently, the properties remained unrecovered for want of investigation as under :

Year	No. of cases
Central Railway	
1983-84	7797
1984-85	5750
1985-86	6721
1986-87	6362
1987-88	6655
1988-89	7143
North Eastern Railway	
1983-84	3450
1984-85	3219
1985-86	3200
1986-87	1370
1987-88	1581
1988-89	1192
South Eastern Railway	
1984	6031
1985	4807
1986	3721
1987	2942
1988	2528
1989	2616
Western Railway	
1987	1193
1988	1175
1989	1132

15.6.5 Crime cases transferred to/ from other Railways

Cases reported to the RPF of a Railway are transferred to other Railways to which these are considered to

pertain. In the absence of prompt transfer, acceptance (by another Railway) and investigation of the cases, it is the Railway which is the loser.

Though a number of cases was received by each Railway from other Railways, the receiving Railway accepted only a few and the action taken on the remaining was not known. Cases received during 1989, accepted and the balance was as shown below :

Railway	No. of cases		
	received	accepted	balance
Central	1691	794	897
Eastern	3007	1353	1654
Northern	3468	4767 (excess accepted)	(+)1299
North Eastern	846	654	192
Northeast Frontier	208	66	142
Southern	302	1155 (excess accepted)	(+) 853
South Central	1014	472	542
South Eastern	1308	1110	198
Western	1223	805	418

It will be seen that there are more number of cases shown to have been accepted by Northern and Southern Railways than the number of cases transferred to them by other Railways. Apparently, the reporting system is defective.

On the Southern Railway, 21686 cases pertaining to 1983-84 to 1988-89 were transferred by the Railway to other Zones and their disposals were not known.

Similarly, during January 1984 to 1988-89, 8783 cases were received by the Southern Railway from other Rail-

ways. These were followed up by the Divisions where they were disposed of without any effective action against the offenders. The final outcome of such cases was not reflected in any return to the Railway Board and the Claims Branch of the Commercial Department was also not apprised of the position.

15.6.6 Theft of cash box

Six cashiers of Cash Office of Central Railway, Bombay, escorted by five RPF personnel had gone in a Railway cash van to the Reserve Bank of India, Bombay (RBI) on 8 July 1985 for encashment of cheques. After obtaining cash, the cash boxes were being taken out with one Head Rakshak and a Rakshak on guard. At a point of time, when the Rakshak was away, the attention of the Head Rakshak and the cashiers was diverted towards a few currency notes lying on the ground for a brief time. In the commotion, one cashier noticed that his cash box containing cash amounting to Rs.6,72,502.50 was missing from the stack of cash boxes.

An Enquiry Committee set up by the Railway in this regard held (August 1985) the Senior Cashier and RPF staff responsible for their carelessness, negligence and dereliction of duty. The Railway had taken action against the defaulting staff under Discipline and Appeal Rules. The Enquiry Committee had also made suggestions to plug loop-holes in the existing procedure to prevent mishaps of a similar nature in future. A procedure office order proposed to be issued by the RPF and the Accounts Department on the suggestions made by the Enquiry Committee is yet to be issued (February 1991).

15.6.7 Theft of non-judicial stamp papers

On the North Eastern Railway, non-judicial stamp papers worth Rs.78.20 lakhs were stolen while in transit during 1986-87 to 1988-89 in 24 incidents of thefts. The claim for compensation of Rs.26.69 lakhs lodged with the Railway was repudiated on technical ground. RPF did not make any recovery of the stolen non-judicial stamp papers.

15.6.8 Thefts/pilferages from the custody of guards etc.

There were 17024 cases involving an amount of Rs.79.32 lakhs on account of loss of consignments/thefts/pilferages from custody of guards, van clerks etc. on the Central Railway during 1983-84 to 1988-89. On the remaining railways the position was as follows :

(Rs. in lakhs)

Railway	1987-88				1988-89			
	Thefts		Pilferages		Thefts		Pilferages	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Eastern	691	18.47	4534	44.17	1758	62.04	5853	58.65
Northern	160	1.60	88	0.52	163	2.17	3	0.01
North Eastern	334	1.56	490	2.38	825	3.42	378	1.44
Northeast Frontier	6	0.03	68	0.42	6	0.08	484	2.05
Southern	58	0.22	1	0.002	16	0.26	3	0.03
South Central	204	6.67	199	2.37	147	2.24	94	1.15
South Eastern	1298	13.88	2523	14.24	983	7.96	2020	11.84
Western	2261	8.54	1375	5.75	1305	5.51	1406	6.58

15.6.9 Investigations of important and high value cases

Important and high value cases (Rs.10,000 or more of losses of booked consignments, and Rs.5,000 or more in case of Railway material) are required to be reported to higher levels including the Board and are required to be investigated specially. A test check on the Central Railway revealed that 1458 cases (75.5 per cent) were outstanding investigation out of a total of 1932 pertaining to the period 1983-84 to 1988-89. Besides this, cases of pilferages and shortages involving high value compensation claims by consignees were referred by the Claims Organisation to the RPF for investigation and report before settle-

ment of claims. It was noticed that such cases were not investigated promptly by the RPF and the claims were settled without waiting for finalisation of investigation. The total number of cases pending with the RPF (Security Branch) as in January 1990 was 587.

15.6.10 Shortages/deficiencies of distributor valves in BOX 'N' wagons

From May 1989 onwards, shortages of distributor valves in BOX 'N' wagons were noticed in a large number of cases of wagons on their arrival at New Katni Junction Yard of Central Railway. Detailed investigation by the Railway revealed that in most of the

cases the wagons were loaded in collieries falling within the jurisdiction of Bilaspur (South Eastern Railway). As the wagons were passing through New Katni Junction on their outward journeys, where they halted just for about five minutes for change of crew, the wagons were not subjected to any check. On their return

journey as 'empty', the wagons were detained at New Katni Junction Yard for primary maintenance, when it was noticed that distributor valves were deficient in a number of cases. Distributor valves found deficient on arrival from different Railways (March 1990) were as under :

Railway	Year	No. of cases	No. of valves found deficient	Approximate value (Rs. in lakhs)
Western	1989	63	112	11.20
	1990	46	74	7.40
South Eastern	1989	62	98	9.80
	1990	3	3	0.30
Northern	1990	2	2	0.20
Eastern	1989	1	3	0.30
Central (Bhusawal Division)	1989	13	20	2.00
	1990	16	25	2.50

Adequate measures are yet to be adopted to stop the thefts.

Theft of such valves also occurred in the following Railways:

Railway	No. of valves lost up to 1989	Value (Rs. in lakhs)
Eastern	154	13.77
Northern	27	2.20
South Eastern	97	10.24

In no case were the valves recovered by the RPF.

15.7 Compensation claims

15.7.1 Claims for theft, etc.

Compensation is paid to the users for losses, thefts and pilferages of booked consignments. Particulars of such cases of thefts/pilferages etc. and the amounts of claims paid on various Railways were as under :

Railway	Period	Cases registered		Claims paid	
		No.	Value (Rs. in lakhs)	No.	Value (Rs. in lakhs)
Central	1983-84 to 1988-89	12230	134.82	62041	1116.79
Eastern	1983-84 to 1988-89	56758	1187.42	162763	3987.69
North Eastern	1983-84 to 1988-89	1522	20.97	16080	119.67
Northeast Frontier	1984-85 to 1988-89	NA	82.72	NA	859.25
Southern	1983-84 to 1988-89	2731	27.30	17981	216.20
South Central	-do-	3658	50.00	14615	353.69
South Eastern	-do-	37929	594.35	97279	1295.94
Western	1984 to 1989	13653	159.59	26403	269.80

(NA - Not available)

It will be seen that the number of cases registered by the RPF is always less than the number for which claims were paid thus pointing out to deficiencies in the system of registration for investigation.

15.7.2 Thefts from 'seal-intact' wagons

In terms of orders of the Board of March 1983, except for a small portion of booked consignments in open wagons, normally all booked consignments are required to be transported in covered wagons which, for their safety, are sealed, rivetted and/or locked. Such

wagons are required to be intensively checked at each seal-checking station, in yards, etc. so that thefts, if any, are immediately localised. Despite these, a number of cases was settled and compensation paid towards losses/thefts from 'seal-intact' wagons as under :

Central :

2346 cases of losses/thefts from such 'seal-intact' wagons were settled and compensation of Rs.16.38 lakhs paid during 1983-84 to 1988-89 notwithstanding the arrangements made for escort of trains, patrols etc. as under :

Year	No. of trains escorted (Goods)	No. of pickets posted	No. of patrols deployed
1983-84	1966	3543	3939
1984-85	1418	8508	5853
1985-86	951	4016	4964
1986-87	886	2445	4702
1987-88	1180	579	727
1988-89	2363	1443	876

Southern :

The number of escorted trains, pickets posted and deployment of patrols were as under :

Year	No. of goods/special trains escorted	No. of pickets posted	No. of patrol parties deployed
1984-85	3367	8808	4032
1985-86	4631	11241	5600
1986-87	4992	8404	1363
1987-88	5515	9600	1008
1988-89	5209	2007	177
Total	23714	40120	12180

Despite the above measures, there were 12988 cases of pilferages/shortages from 'seal-intact' wagons alone.

Cases of losses/thefts from 'seal-

intact' wagons occurred on other Railways during 1987-88 and 1988-89, notwithstanding the escorting of trains etc., resulting in payment of compensation as under :

Railway	1987-88		1988-89	
	No. of cases	Amount (Rs. in lakhs)	No. of cases	Amount (Rs. in lakhs)
Eastern	945	17.95	996	20.37
Northern	746	10.89	269	5.61
North Eastern	537	5.95	82	1.81
Northeast Frontier	59	5.74	272	8.04
South Central	10	2.13	8	0.07
South Eastern	497	8.77	409	7.50
Western	428	12.68	291	24.48

This disclosed that the preventive checks by RPF had not been effective and called for a greater thrust in such checks to minimise such cases.

15.7.3 Loss of consignments from open wagons

Instructions exist that goods trains carrying foodgrains or other valuable material in open wagons should be escorted by the RPF. Despite this, claims paid for loss of consignments from open wagons had been heavy. On the Central Railway, the number of cases and the amounts paid towards claims for loss of

consignments during the last six years were :

Year	No. of cases	Amount of claims paid (Rs. in lakhs)
1983-84	323	33.67
1984-85	494	72.22
1985-86	496	98.71
1986-87	237	48.16
1987-88	162	31.29
1988-89	140	30.15

Loss of consignments in other Zonal Railways for 1987-88 and 1988-89 was as follows :

Railway	1987-88		1988-89	
	No. of cases	Amount of claims paid (Rs. in lakhs)	No. of cases	Amount of claims paid (Rs. in lakhs)
Eastern	22	0.71	371	18.68
Northern	177	41.13	38	10.59
North Eastern	352	4.83	986	10.84
Northeast Frontier	163	3.93	399	11.75
Southern	71	13.55	94	29.13
South Central	11	1.92	6	0.99
South Eastern	40	5.46	37	3.05
Western	NIL	NIL	NIL	NIL

There had been spurt in the number of cases and amounts of claims paid during 1988-89 in Eastern, North Eastern, Northeast Frontier and Southern Railways.

15.8 Prosecution Branch

Prosecution Branch on each Railway has separate Inspectors and Sub-Inspectors, who are designated as Prose-

cuting Inspectors and Assistant Prosecuting Inspectors. A review on Central Railway revealed that there were more than 13,000 cases of complaints filed in various courts during 1983-84 to 1988-89. Cases pending trial under Railway Property (Unlawful Possession) Act 1966 to end of 1989 were 6075 and those over ten years old were 656. The earliest case related to the year 1971. One of the main reasons for acquittal of arrested persons was the failure of the Railway to prove that the property belonged to the Railway.

On the South Central Railway, out of 7566 cases registered under RP (UP) Act 1966 during 1983-84 to 1988-89, the number of cases pending trial at the end of November 1990 was 1551 of which the oldest related to 1975.

On the CLW, out of 73 cases registered under RP(UP) Act 1966 during 1983-84 to 1988-89, 61 cases were pending on 1st June 1990. On South Eastern Railway, 50 cases towards loss of booked consignments and 670 cases towards loss of Railway property were pending enquiry with the Prosecution Branch at the end of December 1989.

15.9 Fire services

Fire fighting and fire prevention are the responsibilities of the Fire Service Branch of RPF. All important workshops, stores depots etc. are required to be equipped with necessary fire fighting and fire prevention arrangements. In cases of fire, the fire fighting units have to answer the calls without loss of time so as to avoid damage of railway property and booked consignments. A review conducted by Audit in some Railways disclosed the following:

Western :

In two cases of fire, one in the Broad Gauge Coach Repair shop of Pratapnagar Workshop in April 1983 and the other in the Corrosion Repair shop, Parel in May 1983, there was loss of property valued at Rs.1.5 lakhs and Rs.0.60 lakh respectively. While in the former case, the RPF personnel failed to operate the fire pump, in the latter case all the fire fighting equipment were out of commission.

Despite sanction of the Board in March 1986 for provision of a mobile fire fighting equipment at Diesel Shed, Vatva (Vadodara Division) at a cost of Rs.8.25 lakhs, the mobile fire engine received in September 1987 had not been commissioned (April 1990) due to non-receipt of allied materials. While on the one hand costly equipment (Rs.6.14 lakhs in all) had remained idle for three years, on the other the Diesel Shed had been deprived of a mobile fire engine.

Central :

Mobile fire engines procured for Itarsi and Pune Diesel sheds in March 1984 and September 1986 respectively at a cost of Rs.2.91 lakhs each were not being used at these sheds as the staff required for working these engines were not sanctioned. In the case of Agra and Kurla sheds, chassis required had not been procured though the buildings for fire fighting equipment had been constructed, while in the case of Kalva and Kalyan sheds chassis though purchased had not been fabricated. No provision for fire fighting had yet been made in Jhansi Diesel Shed (June 1990). There is thus no proper co-ordination and the

directives of the Railway Board for providing mobile fire engines for Diesel Sheds homing 30 locomotives and more had not been implemented and the respective sheds had remained without arrangements for fire prevention.

15.10 Inspections by security officers

In terms of the RPF Regulations 1966, the Chief Security Commissioner and the Security Commissioners in Railways are required to undertake detailed inspections of their subordinate offices at least once a year. Similarly, Assistant Security Commissioners are required to undertake the inspections once in six months. In addition, these officers have to carry out as many casual and surprise inspections as possible.

On most of the Railways, it was noticed that the number of inspections carried out by such officers fell far short of the prescribed norms every year since 1985.

15.11 Training

Training is essential to keep the RPF ever alert. Every member of the RPF is also required to undergo a refresher course at the training school; at least once in 10 years in the case of Assistant Sub-Inspectors, Sub-Inspectors/Inspectors. It was noticed that on the Southern Railway there is a Training Centre at Tiruchchirappalli with full complement of staff to impart training to RPF staff in various training courses. The Centre has facilities for 300 trainees on an average with board and lodging and the approximate cost of working of the centre was Rs.23 lakhs per annum. As against 98550 trainee mandays per annum available with the Centre an average of 61324 trainee mandays alone were utilised during 1983-84 to 1988-89, indicating thus that the Railway did not utilise the available training facilities to the fullest extent. On the Central Railway, 20 Inspectors of RPF had not been sent for refresher course even though they had completed more than 10 years as Inspectors. Utilisation of training facilities on other Railways was as under:

Year	Railways		
	South Central	South Eastern (Percentages)	Western
1983-84	42.17	NA	40.11
1984-85	73.92	26.06	50.44
1985-86	29.08	24.82	18.58
1986-87	64.13	65.73	68.34
1987-88	104.25	46.03	121.88
1988-89	128.25	20.96	93.97

(NA - Not available)

A new RPF Training School constructed at a cost of Rs.9.96 lakhs was inaugurated at Malda in October 1984. Since opening of the school only one batch of new entrants of 100 Rakshaks

was trained. For want of staff the Board agreed (August 1985) to the Railway's suggestions of utilising the new RPF Training School as the office of Security Branch of newly created Malda Divi-

sion till such time sanction for the posts of the Training centre is obtained. Thus the purpose of creating better training facilities for the RPF staff was not achieved even though an expenditure of Rs.9.96 lakhs was incurred.

15.12 Other points of interest

15.12.1 Amounts due from State Governments on deployment of RPF personnel

Railway Protection Force personnel are deployed in various States in connection with general elections and for maintaining law and order as per their requirements vide instructions of the Railway Board in May 1986 which stipulated that the expenditure on RPF in such cases would be borne by the State Governments concerned. A review in Audit revealed that the reimbursement of the cost of the RPF personnel so deployed was not being done and the amounts outstanding were as indicated below :

Railway	Period	Amount outstanding from State Governments (Rs. in lakhs)
Central	April 1984 to June 1988	72.73
Eastern	September 1985 to February 1988	11.22
Northern	1985-86 to 1989-90	23.25
North Eastern	1984-1988	30.34
Northeast Frontier	January 1984 to February 1989	25.64
Southern	1984-85 to 1988-89	33.61
South Central	1984-85 to 1988-89	15.22
South Eastern	1984-85 to 1989-90	33.03
Western	1983 to February 1989	107.04

15.12.2 Irregular payment of compensation to members of RPF

Members of the RPF are not covered under the definition of workmen under the Workmen's Compensation Act, 1923. Despite this, RPF staff on Northern Railway were paid compensation, under the Act, totalling Rs.3.73 lakhs during 1985-86 to 1988-89. On the South Central Railway, the amount of compensation paid during 1986 to 1990 was Rs.1.33 lakhs.

16. Catering Management on Indian Railways

16.1 Introduction

Indian Railways with approximately 61985 route kilometres, carry about 3500 million passengers per annum served through 7083 stations. Passenger traffic of this magnitude needs the services of a well managed catering and vending system for supply of tasty and wholesome food at reasonable prices. The catering service on Indian Railways is managed departmentally or through contractors. Departmental catering was introduced on Railways in 1955-56 on a "no- Profit- no- loss" basis at selected important stations and in certain train services so as to set the standard and service as a model. Due to recurring losses, the Board decided in May 1968 to adopt economy measures, which, inter-alia, included handing over the units running in recurring losses to contractors and run the departmental units on a nominal profit of three to four per cent which was to be ploughed back for effecting improvement in the services.

16.2 Organisation

The catering service in each Zonal Railway is managed by the Chief Com-

mercial Superintendent assisted by Senior Commercial Superintendent and other staff and, at Divisional level, by the Divisional Commercial Superintendents, Assistant Commercial Superintendents and other staff.

While major policy decisions on catering matters including the tariff for common items like meal, breakfast, tea, coffee are decided by the Board, tariff for other items and procedural aspects for running the services are left to the Zonal Railways.

Out of 7083 stations (as on 31 March 1989) catering facility is available at 3014 stations (static units) and 90 pairs of trains (mobile units). Departmental catering is available at 75 stations and 65 pairs of trains. At 41 stations, catering service is provided both by the Railways and by contractors. The number of stations and pairs of trains on which departmental catering is available had remained almost unchanged during 1984-85 to 1988-89.

16.3 Scope of Review

This review is confined to a study of the working of the departmental catering units in respect of economic, administrative and other major aspects with a view to highlighting areas of weaknesses and causes of losses, reduction in sales of meals and also the extent of passenger satisfaction. The review covers the period from 1984-85 to 1988-89.

16.4 Highlights

- The Board's directive of May 1968 to run departmental catering units

at a nominal profit of three to four per cent on cost of sales has not been achieved. The catering department on Railways has been incurring losses since 1986-87 and the cumulative loss till 1988-89 was Rs.1.56crores.

- Whereas sales increased from Rs.38.78 crores in 1984-85 to Rs.63.53 crores in 1988-89, the benefit of increased sales had been eroded by cost of staff (ranging from 23 to 36 per cent of the total earnings) and material (ranging from 64 to 71 per cent of earnings).
- A sum of Rs.33.80 lakhs was outstanding pertaining to 1970 to 1990 on credit sales. Some sales on credit were not authorised under the guidelines.
- Despite the environment of persistent escalation in the cost of raw material, staff and other overheads, no arrangements have been institutionalised for periodical review of tariff to avoid loss due to delay in revision of tariff.
- Modern gadgets and other stores worth Rs.1.07 crores purchased for different catering units under the scheme of modernisation/improvement of base kitchens had either not been put to use or were redundant.

16.5 Profit and Loss Account

The financial results on catering from 1984-85 to 1988-89 were as under:

	sales (In lakhs of rupees)	Profit (+)/loss(-)	Percentage of profit/ loss to sales
1984-85	38,77.84	(+) 90.59	(+) 2.34
1985-86	43,79.78	(+) 160.51	(+) 3.66
1986-87	48,72.61	(-) 56.64	(-) 1.16
1987-88	56,34.00	(-) 27.94	(-) 0.50
1988-89	63,52.99	(-) 71.54	(-) 1.13

Despite increase in sales continuously, Railway catering has been resulting in losses from 1986-87. The loss of Rs.56.64 lakhs in 1986-87 increased to Rs.71.54 lakhs in 1988-89. The cumulative loss from 1986-87 to 1988-89 was Rs.156.12 lakhs. Zone wise, the position was as under:

- Southern and Northern	Profit for all the five years.
- Central, Eastern, South Eastern and Western.	Profit during 1984-85 and 1985-86 only.
- South Central	Profit only for 1985-86.
- Northeast Frontier, and North Eastern	Loss for all the five years.

A further analysis of the results of some Railways disclosed as under :

16.5.1 Mobile units

Western :

Even though sales increased from Rs.2.14 crores in 1984-85 to Rs.3.17 crores in 1988-89, all units except one (Rajdhani Express) incurred losses varying from 12.68 to 68.48 per cent. One unit (Delhi Mail) incurred losses varying from 79.9 to 128.82 per cent during 1984-85 to 1986-87 and was closed down in July 1986. Another unit (Navjeevan Express) which also incurred losses was handed over to contract catering from June 1989.

South Eastern :

The Railway sustained a loss of Rs.10.17 lakhs during 1986-87 and Rs.29.28 lakhs during 1987-88 while there was only marginal (less than one per cent) profit in 1984-85, 1985-86 and 1988-89. The cumulative loss from 1984-85 to 1988-89 was Rs.36.24 lakhs.

Central:

All the mobile units (except Jhelam, Shatabdi and Taj Expresses) made profits.

Northern:

Gomti Express incurred losses every year, the cumulative loss from 1984-85 to 1988-89 being Rs.8.06 lakhs.

16.5.2(ii) Static units

Western:

There was only a marginal increase in sales in 1988-89. Four out of 17 units made profits ranging from 0.06 to 3.52 per cent and the remaining 13 incurred losses ranging from 2.53 to 109.31 per cent.

Central:

All the 14 units suffered loss which together amounted to Rs.44.6 lakhs during 1988-89.

Northern:

Rail Yatri Niwas at New Delhi station :

To provide boarding and lodging to passengers, Rail Yatri Niwas was set up at a cost of Rs.2.79 crores at New Delhi station on 31 March 1988. Though the profit and loss account for 1988-89 showed a net profit of Rs.2.15 lakhs, it was seen that the catering services in Yatri Niwas incurred a loss of Rs.3 lakhs as on 31 March 1989. The services were incurring further loss (Rs.3.51 lakhs) during 1989-90 (up to December 1989)

The catering unit at Varanasi suffered continuous loss totalling Rs.20.84 lakhs during 1984-85 to 1988-89.

16.5.3 Sales in five years from 1984-85 had increased from Rs.38.78 crores

to Rs.63.53 crores but the benefit of the increased sales had been eroded by the burgeoning cost of staff (ranging between 23 and 36 per cent of the total earnings) and material (ranging between 64 and 71 per cent of total earnings) resulting in losses ranging from Rs.28 to Rs.72 lakhs during 1986-87 to 1988-89. The Board's directive of May 1968 to run the departmental units at a small profit of 3 to 4 per cent was not followed up with detailed guidelines on ceilings on expenditure and norms for revision of sale prices.

16.6 Budgetary control

There was no abnormal variation between the final grant and actual expenditure for the department as a whole, as may be seen from the following :

Year	Final Grant	(In lakhs of rupees)		
		Actual expenditure	Excess(+) Savings(-)	Percentage of variation.
1984-85	38,29.10	38,92.48	(+) 63.38	1.66
1985-86	43,75.20	42,52.81	(-) 122.39	2.80
1986-87	49,54.36	48,86.56	(-) 67.80	1.37
1987-88	55,55.94	56,33.56	(+) 77.62	1.40
1988-89	62,89.17	62,78.74	(-) 10.43	0.17

16.7 Catering management

A review of the catering management with reference to the records maintained by the catering units and the Accounts Office disclosed instances of financial and administrative lapses and short-comings, irregularities in procurement, consumption and disposal of stores items and other irregularities of miscellaneous nature as follows :

16.7.1 Retention of sales earnings and delay in accountal

For purchase of raw materials for day to day consumption and to meet emergent needs, catering units are provided with imprest cash. In addition, the units are also permitted to retain cash from catering earnings for such expenses in the absence of imprest money subject to certain parameters. It was observed

that the retention of sale proceeds was resorted to by the units as a matter of course in total disregard of the rules laid down and the percentage of money retained by one of the units on Western Railway was as high as 92 per cent of the sales. The amounts retained on various Railways were as under :-

(Rupees in lakhs)		
Western	1984-85 to 1988-89	50.83
Eastern	March and September, 1989 at 3 stations	04.27
Central	1984-85 to 1988-89	15.74
South Central	December 1988 to January 1990	01.87
Total		72.71

16.7.2 Non-adjustment of cost of meals supplied to other Railways

Debits towards supplies made by one Railway to another were not being raised regularly. The amount remaining unadjusted on some Railways was as follows :-

(Rupees in lakhs)		
Railway	Period	Amount
South Central	1982-83 to 1989-90	11.46
Western	1983 to 1989	14.88
Central	1988-89	6.80

16.7.3 Credit sales

In September 1963, the Board decided that departmental catering could be made available for parties/functions concerned with official purposes as also for certain private functions but no credit sales were to be made. Credit sales in respect of departmental catering connected with official functions were allowed in August 1976. This was also extended to relief provided during accidents. A review of credit sales and the

realisation of amounts disclosed the following :

South Eastern :

The Railway runs one hotel each at Puri and Ranchi. The hotels have been allowing credits to Government authorities, travel agents as well as to private individuals. The hotels at Ranchi and Puri had outstanding credits of Rs.1.71 lakhs/Rs.0.86 lakh till November/December 1989 respectively. The oldest credit in respect of Puri hotel pertained to July 1974 and in respect of Ranchi hotel to 1970-71.

Northern:

Catering units at Parliament House, Parliament House Annexe, M.Ps. Canteen South Avenue, V.I.P. canteen Railway Board and Special catering Unit, New Delhi had been allowing credit sales and, as on 31 December 1989, as many as 898 bills totalling Rs.7.19 lakhs were outstanding. A sum of Rs.1.36 lakhs was outstanding against All India Youth Congress (I), New Delhi for catering services rendered during April/May 1988. Credit sales for Rs.8.30 lakhs were outstanding on Allahabad Division also for the period 1973-74 to 1988-89.

Western :

Abnormal delay in adjustment of credit sales has been noticed and as on 31 March 1989 bills for Rs.8 lakhs in respect of 6 units pertaining to 1974 and onwards were pending adjustment.

North Eastern :

Credit sales worth Rs.0.63 lakh were made during February 1987 to March 1990 and the amount had remained unrealised so far.

The accumulation of outstandings was due to failure of the Catering and Accounts department in pursuing the cases effectively.

Southern :

Credit sales of Rs.2.09 lakhs during April to December 1989 was pending adjustment.

Eastern :

Credit sales worth Rs.3.66 lakhs during 1981-1988 in connection with official meetings and visits of high dignitaries remained unrealised at the end of November 1990.

16.7.4 Catering services at New Delhi

Northern Railway is providing catering services to the following units at New Delhi.

- MPs Refreshment Room, Parliament House
- Reception Office canteen, Parliament House
- MPs Canteen, North Avenue
- MPs canteen, South Avenue; and
- VIP Canteen, Railway Board.

Subsidy is being received by the Railway from the Lok Sabha secretariat to cover the losses suffered by MPs Refreshment Room, Parliament House.

As against the claim of Rs.1.13 crores from July 1968 to March 1986 in respect of MPs Refreshment Room, Parliament House, there were disallowances of Rs.14.98 lakhs. For the subsequent years 1986-87 to 1988-89 Railway's claim amounting to Rs.34.12 lakhs had not been settled as yet (August 1990). In respect of other units no subsidy was

received to cover the losses suffered, which, up to 1988-89, worked out to Rs.77.69 lakhs.

The rates charged for vegetarian and non-vegetarian meal which were last revised in October 1985 were a nominal Rs.4.50 and Rs.6.50 respectively. The Railway suffered a loss of Rs.30.05 lakhs during 1986-87 to 1988-89 due to non-revision of rates.

16.7.5 Loss due to non-revision of rates for meals/breakfast

The tariff for the standard 'thali meal/pick up meals (vegetarian/non-vegetarian) were revised in November 1981, June 1985, October 1987 and October 1990. Despite the environment of persistent escalation in the cost of raw material, staff and other overheads no arrangements have been institutionalised for periodical review of tariff to avoid loss due to delay in the revision of tariff.

Western :

Vegetarian and non-vegetarian light breakfast was served for Rs.5.00 in refreshment rooms and Rs.5.50 in trains since 1983. The same items were also being served as separate dishes under a-la-carte at individual rates. With the revision of rates for a-la-carte from October 1986, the difference in rates between the two services was Rs.2.50 and Rs.3.50 for vegetarian and Rs.2.00 and 3.00 for non-vegetarian when served in static units and mobile units respectively. With further revision of a-la-carte in April 1988, the difference rose to Rs.4.00 and Rs.5.00 for vegetarian and Rs.3.00 and Rs.4.00 for non-vegetarian. Light breakfast was discontinued from May 1988 except on Flying Rancee where it continued till January 1990. The loss due to continuation of

light breakfast services from October 1986 in static units up to May 1988 and in Flying Ranee up to January 1990 was Rs.3.59 lakhs.

Southern :

The cost of casseroles was charged separately at different rates viz. Rs.1.50 for vegetarian meals and Rs.1 for non-vegetarian meals. Subsequent to the revision of tariff from 15 October 1987, the cost of casseroles was not being separately charged but uniform rates were collected for meals served either in thali sets or in casseroles. The loss on this account worked out to Rs.3.89 lakhs from November 1987 to December 1989 in respect of vegetarian refreshment room and restaurant at Madras Central alone.

16.7.6 Excess payment of sales tax

The revised tariff for meals and breakfast in force from October 1987 included an element of sales tax. The catering units worked out the sales tax payable to the State Governments at the prescribed rates on the total sales of each month which was inclusive of sales tax as per tariff. This resulted in incorrect payment of sales tax. The excess payment of sales tax on the following Railways was as under:

Railway	Period	Amount (Rs. in lakhs)
Western	October 1987 to December 1989	0.39
South Central	February 1983 to September 1989	9.16
North Eastern	April, 1980 to May 1983 and October 1987 to March 1990	9.85
Central	1985-86	0.14
Northern	1979-80, 1985-86 and 1986-87 1987 to March, 1990	0.52

16.7.7 Cups and plastic glasses

As per the Board's directive (January 1988) to use disposable plastic tumblers for tea, coffee and water a large number of plastic tumblers was purchased during February 1988 to December 1989. A review of consumption of tumblers by eleven units on Western Railway revealed excess consumption of 27.33 lakh tumblers (cost Rs.8.64 lakhs).

In Rajdhani Express, plastic cups were in use for serving tea and coffee. From February 1988 disposable plastic tumblers were introduced. Their use was later discontinued in August 1989. During February 1988 to July 1989, 17.75 lakh tumblers valued at Rs.5.50 lakhs were utilised which was avoidable in view of plastic cups.

The South Central Railway administration in December 1988, purchased 144.86 lakhs of 150 ml capacity cups costing Rs.36.21 lakhs which, did not conform to the prescribed specification. A stock of 35.75 lakh cups costing Rs.8.94 lakhs still remained to be utilised.

16.8 Base kitchen

Northeast Frontier :

For serving hygienic and hot 'meal' in casseroles to passengers a base kitchen was set up in August 1987 at New Jalpaiguri at a cost of Rs.11.95 lakhs, to serve 1250 'meals' per day besides sales at platforms and refreshment rooms. During April to December 1988 supply, on an average daily was a mere 38 meals and from June 1989 to February 1990 an average of 78 meals. There was yet no reduction in staff. The setting up of the base kitchen at New Jalpaiguri without forecasting sales reveals poor planning.

North Eastern :

Base kitchens at Gorakhpur and Barauni Junction (functioning from April/October 1987) sustained losses of Rs.9.35 lakhs and Rs.5.66 lakhs respectively during April 1987 to March 1990, mainly on account of higher cost of production and lower issue rates of cassorole food packets.

South Central :

The base kitchen set up at Warangal in February 1989 had registered a loss of Rs.4.84 lakhs in one year (1988-89) alone.

Central :

Base kitchen at Jhansi was renovated in 1987 at a cost of Rs.32.9 lakhs and that at Itarsi was set up in 1987 at a cost of Rs.53.96 lakhs after closure of the kitchen at Amla. The actual average daily production of cassorole meals at Jhansi and Itarsi during 1989-90 was 2028 and 2106 as against the projected target of 3500 and 5000 respectively.

Western :

The refreshment room at Shamgarh, having practically no sale was modernised in 1989 along with base kitchen providing more area and new furniture at a cost of Rs.13.88 lakhs approximately. At Ahmedabad, the existing refreshment room was converted into a retiring room, changing the scope of the work, and, equipment and furniture procured for modernisation/improvement of the refreshment room at a cost of Rs.18.04 lakhs were, therefore, rendered surplus. Kitchen equipment such as hot food trolleys, grinding machines, milk boilers, wash basins, hot boxes, kitchen trolleys, deep freezers, etc. procured by

Central Stores Depot, Bombay Central and distributed to the base kitchens from 1987 onwards were in excess of actual requirements, which resulted in idling of equipment and loss to the Railway. Due to excess procurement, kitchen equipment valued at Rs.5.53 lakhs remained idle.

Eastern :

Modernised electrical and cooking appliances have been installed at five base kitchens at Asansol, Gaya, Howrah, Mughalsarai and Patna under a modernisation programme, but these were not being utilised. Twelve different machines were installed at Asansol in 1987 at a cost of Rs.1.65 lakhs, out of which seven costing Rs.0.76 lakh were lying unutilised since their receipt over two and half years. Dough kneeding machine purchased in August 1987 costing Rs.0.46 lakh had remained out of order since January 1989.

16.9 Central storage depots

For sake of economy by bulk purchases as also to ensure easy availability and uniformity of supplies, Central Storage Depot had been established on the Railways. The depots are required to stock such items of consumable stores as can be stocked without deterioration. Block stock items like crockery, cutlery, utensils, etc. are also kept in stock by the depots. Being registered with the Sales tax authorities, the depots are exempted for payment of sales tax on provision of stores not procured for sale. A review of the working of these depots disclosed the following :

Northern :

Notwithstanding the existence of the depot, purchases of edible oils, tea,

pulses, sugar, etc were being made by individual catering units locally either through Super Bazaar or from open market. Sales tax amounting to Rs.3.42 lakhs approximately was paid by the Railway on purchase of edible oils which could have been avoided had the purchases been made by the Central Storage Depot.

Eastern :

Prior to 1985, consumables like rice, atta, flour, edible oil, tea, etc. were centrally procured by the Central Storage Depot, Howrah but since 1985, it had been discontinued. On purchase of edible oil during 1989 an extra expenditure of Rs.2.73 lakhs due to difference in retail price had been incurred.

North Eastern :

An additional expenditure of Rs.3.77 lakhs during April 1984 to March 1990 was incurred on purchase of sugar from the open market instead of at levy rates from the District Supply Office for its Barauni unit.

16.10 Passenger complaints

Customer-oriented service is the primary concern of any commercial undertaking. The 'quality of service' is of the utmost importance.

There is no procedure to monitor passenger complaints on catering and to take steps to minimise them. The number of complaints on all the Railways during the past five years on various aspects of departmental catering was as under :

Year	Excess charging	Bad quality of food	Lack of cleanliness	Short/No supply of meals	Poor service	Miscellaneous
1984-85	27	68	15	13	38	243
1985-86	21	127	22	45	45	254
1986-87	47	260	20	57	56	340
1987-88	55	227	26	44	75	270
1988-89	29	198	16	38	150	207

Since very few passengers choose to write complaints it is of the utmost importance that those which are received are given the most careful attention.

16.11 Other interesting points

Due to introduction of casserole service in July 1985 and discontinuance of pantry car service in Delhi Mail and Navjeevan Express from July 1986 and June 1989 respectively, stainless steel thalies, dinner plates and crockery and

cutlery worth Rs.2.07 lakhs were rendered surplus and were awaiting disposal.

In respect of passengers travelling free (like Railway officials), no adjustments were made to earnings for meals served. The amount short credited to earnings on this account on Western Railway has assessed at Rs.4.23 lakhs per annum and Rs.1.30 lakhs for six months from May 1990 on Eastern Railway.

Northern :

For Shatabdi Express running between Lucknow and New Delhi, the Base Kitchen at Kanpur supplied 22,810 meals in excess, during July 1989 to February 1990, resulting in wastage of food worth Rs.6.84 lakhs.

South Central :

Duty cheque passes are issued to bearers while working in the mobile units. In addition to the existing accommodation of seven berths in the pantry car, eight berths are reserved in the sleeper coaches of Andhra Pradesh Express for both departmental and commission bearers. This extra facility is provided only on this train and nowhere else. The cost of this extra facility had not been worked out.

North Eastern :

An automatic form fill seal machine for packing potable water polythene costing Rs.2.12 lakhs and other accessories worth Rs.0.45 lakh were purchased in September 1988 for installation at Gorakhpur but the Administration had decided not to commission this machine for reasons not available on record. The machine is now being considered for transfer to Northern Railway (May 1990).

17. Construction of a Broad Gauge line from Telapur to Patancheru

17.1 Introduction

Proposal to construct a new Broad Gauge (BG) line from Telapur to Patancheru (4.7 Kms) was mooted (1979) by the Andhra Pradesh Industrial Infrastructure Corporation (APIIC). Survey was conducted in 1979. To serve effectively the needs of the industrial com-

plex, the State Government desired in June 1980 that the proposed line be extended further at the Patancheru end by 3.6 Kms. Although this line was originally recommended to be taken up as a private siding on deposit terms, the Railway decided in December 1980 to treat it as a railway work. The work was sanctioned in November 1981, at a cost of Rs.3.44 crores, and was scheduled to be completed by October 1984.

17.2 Scope of Review

The review covers the process of planning and execution of construction of the B.G line.

17.3 Highlights

- **The construction of the line was taken up without an appraisal of the traffic potential and financial viability.**
- **Failure to provide initially for the outlay on land and road over bridge while deciding to take up the work necessitated upward revision of the cost of the work by Rs.7.53 crores (219 per cent over the original cost) rendering the work unremunerative.**
- **There was failure to get a commitment from the State Government for provision of the required land free of cost resulting in an extra expenditure of Rs.2.70 crores towards the cost of private land.**
- **The work sanctioned in November 1981 was scheduled to be completed by October 1984 but had progressed only to the extent of 60 per cent by March 1986. The work had remained frozen since then for five years, virtually tending to its abandonment, notwithstanding**

ing the incurrence of expenditure of Rs.5.72 crores (December 1990).

17.4 Planning

The construction of the line was decided (December 1980) to be taken up as a Railway work without a proper appraisal of traffic potential and financial viability. This was justified on the basis that this line of 4.7 kms. would form the first leg of the provision of a line from Patancheru to Peddapalli (a length of 301 kms.) to serve two backward districts, Medak and Karimnagar of Andhra Pradesh. Such a justification was clearly irrational. The 301 kms. from Patancheru to Peddapalli project has not materialised even after a decade. The Railway Administration failed to take into account the outlay involved on the cost of land for laying the line under the impression that the entire land required for laying the line would be provided by the State Government free of cost. No provision was made in the estimate for a road over bridge. This resulted in the Railway undertaking an unremunerative work, as revealed by the financial appraisal made seven years later in May 1989 which indicated a rate of return of 7.03 per cent against the original return assessed at 10.93 per cent.

The Administration took up the issue of making available the land free of cost with the State Government, during March to August 1981. This weakened the position of the Railway Administration to negotiate the issue with the State Government, even though the work was proposed initially to be executed at the cost of APIIC and notwithstanding that the scope of the work was also enlarged (from 4.7 Kms to 8.3 Kms) at the instance of the State Government. The Administration also failed to pursue the

matter with the State Government till the Revenue authorities demanded payment of the cost of land in February 1986. When, thereafter, the matter was taken up with the State Government it clarified (July 1986) that "there is no commitment or undertaking that the land for the project will be provided free of cost or the State Government will bear the expenditure towards compensation for the land acquired." Consequently, the Railway had to bear an expenditure of Rs.2.70 crores in respect of 63 acres of private land towards acquisition inclusive of Rs.0.86 crore as interest charges up to September 1990 for delay in payment. Payment for 87 acres of government land was yet to be made (January 1990).

The decision to extend the length of the proposed line by 3.6 Kms at the instance of the State Government in June 1980 involved the line alignment crossing a National Highway. While deciding (December 1980) to take up the line as a railway work, the Railway, in order to keep down the initial cost of construction, made a provision of Rs.50,000 for a level crossing across the National Highway instead of a road over bridge. This was not approved by the Ministry of Transport in June-September 1981. Even at that stage (September 1981), the Railway did not examine the economics of taking up the line for execution as a Railway work, in the light of the substantial outlay of Rs.2.64 crores on the provision of a road over bridge.

17.5 Execution

The work, sanctioned in November 1981, was scheduled to be completed by October 1984 but had progressed only to the extent of 60 per cent by March 1986. The work had remained frozen since then for five years (Decem-

ber 1990), virtually tending to its abandonment. An expenditure of Rs.5.72 crores (including Rs.1.55 crores paid in 1987-88 against a court decree for land acquisition) was incurred (December 1990) against the sanctioned cost of Rs.3.44 crores. The freezing of the work was due to the fact that its execution was thrown out of gear due to the substantial outlay of Rs.5.61 crores necessitated for acquisition of land (Rs.2.97 crores) and provision of road over bridge (Rs.2.64 crores). This necessitated an upward revision of the cost of the work from the original amount of Rs.3.44 crores to Rs.5.15 crores in June 1983 (sanctioned in August 1984) and further to Rs.10.97 crores in September 1988 (not sanctioned till December 1990), involving an overall increase of Rs.7.53 crores (219 per cent over the original cost) rendering the work unremunerative.

The Board stated (January 1991) that :-

- (i) Construction of the new line from Telapur to Patancheru was for the development of backward areas and not on the basis of financial viability;
- (ii) When the Railway undertook to constructing the line between Telapur and Patancheru as a first leg to the composite scheme of Telapur-Patancheru-Peddapally, it became an inter-Railway service and acquisition of land had to be made under the rules by the Railway ; and
- (iii) The Administration hoped to get the requirement of the provision of road over bridge waived by the Ministry of Transport.

The contentions of the Board are not tenable. The work was cleared by

the Planning Commission not as Phase I of any bigger scheme but only on the consideration that it would yield a return of 10.93 per cent on a self sufficient basis.

18 Conversion of the track between Manmad and Aurangabad from Metre Gauge to Broad Gauge

18.1 Introduction

In pursuance of a request made in 1967 by the Maharashtra State Government, the Board ordered in May 1973 the preliminary engineering-cum-traffic survey for conversion from MG to BG of the Manmad-Parbhani-Parli Vajinath Section (351 kilometres). An estimate, amounting to Rs.31.36 crores for the work, was submitted to the Board in April 1975. The project, which was not financially viable, was considered justifiable to provide the necessary infrastructure for the development of the Marathwada region.

In April 1978, the Board decided to undertake the work on the Manmad-Aurangabad section(114 Kms) as phase I. The work was commenced in July, 1978 on an Urgency Certificate and Rs.25.00 lakhs were allotted during 1978-79. The work was sanctioned in May 1981 on the basis of a detailed estimate for Rs.13.00 crores.

18.2 Scope of Review

The review covers the progress of execution of construction of the work of conversion from MG to BG of the track between Manmad and Aurangabad.

18.3 Highlights

- **Against the target for completion in three and a half years, the work which was commenced in July 1978**

on an Urgency Certificate, had progressed after a lapse of over twelve years only up to 71 per cent.

The time overrun has resulted in upward revision of the cost from Rs.13.00 crores to Rs.4087 crores.

18.4 Execution of the project

18.4.1 Progress of work

As against three and a half years contemplated in the project report, for completion the work, which was started on an Urgency Certificate, in July 1978, had progressed to the extent of 71 per cent by December 1990. It had not thus served even the limited objective of catering to provide necessary infrastructure for economic developmental needs of the backward region.

The slow progress of the work was due to the following:

- (a) As against an amount of Rs.13.00 crores to be provided in three and a half years for completion of the work, yearly allocations ranged from Rs.25.01 lakhs to Rs.400.40 lakhs over a period of nine years till 1986-87 by which date an amount of Rs.12.00 crores was allotted against which only Rs.9.20 crores were utilised. The shortfall in utilisation of funds was attributed to temporary freezing of the work between 1979-80 ordered by the Board in January 1980; late release of funds in 1981-82 and 1983-84 and mid-year diversion of funds by reappropriation to other works in 1985-86. During 1987-88 to 1990-91, as against the allotment of Rs.38 crores, an expenditure of Rs.28.14 crores was incurred up to December 1990 indicating

shortfall in utilisation of funds. The total expenditure up to December 1990 was Rs.37.34 crores. The progress of work after twelve and half years of its commencement was 71 per cent (December 1990).

- (b) 5459 tonnes of rails valued at Rs.2.94 crores, specifically procured for the work, were transferred to other works of the Railways in 1984-85 and to Central Railway in October 1986. Delay in initiating procurement action for fresh supply of rails for the work led to surrender of funds of about Rs.3.00 crores in 1987-88. The progress of work was further affected on account of off loading of 2616 tonnes of rails despatched by the Steel Plant in July 1988 by the Central Railway.

18.4.2 Cost overrun

The poor progress of the work resulted in upward revision of the cost from the original Rs.13.00 crores to Rs.40.87 crores (sanctioned in January 1988), necessitated by:

escalation in cost of labour and permanent way materials;	Rs.17.90 crores
extra cost on provision of 52 Kg rails and PSC sleepers in lieu of 44.5 Kg rails and wooden sleepers contemplated originally;	Rs. 9.03 crores
increase in general charges for civil engineering works; and	Rs. 2.04 crores
new items of work	Rs. 0.34 crore
The above was partly off set by reduction in the quantities/work	Rs. 1.44 crores

18.5 Avoidable procurement of CST-9 sleeper plates

Due to shortage of wooden sleepers, the Railway decided (May 1980) to use CST-9 sleeper plates. Due to acute

scarcity of CST-9 sleepers and also in view of the practical problems in their use in conversion projects, it was decided (August 1980) to use ST sleepers in the works. As the ST sleepers were to be imported, it was decided in 1983 to go in for only CST-9 sleeper plates notwithstanding the practical problems in their use in conversion projects. 3416 metric tonnes of CST-9 sleeper plates were received by September 1984. After the receipt of these plates, it was decided (May 1987) to use dual gauge PSC sleepers except for a length of 19.29 kilometres for which only 1810 metric tonnes of CST-9 sleeper plates would be required. The procurement of 1606 (3416-1810) metric tonnes 78440 numbers of CST-9 sleeper plates resulted in an avoidable expenditure of Rs.55.54 lakhs. The Railway stated (May 1990) that the surplus sleeper plates would be diverted to other projects.

18.6 The Board stated (January 1991) that the initial priority accorded to the project underwent a change subsequently on account of meagre allotment made by the Planning Commission. The Board added that the then Prime Minister announced in 1973 the acceptance of the project to afford employment to the drought affected population. 2616 tonnes of rails dispatched by Bhilai Steel Plant for this project in 1988 were diverted/off loaded enroute by the Central Railway without the South Central Railway's information/consent.

A project announced in 1973 was commenced after five years in July 1978. It was, however, not given the priority it deserved. Even the available funds were not utilised fully, indicating injudicious planning. Moreover, the progress of the work was adversely affected by diversion/off loading of 8075 tonnes of rails to/by other Railways.

CHAPTER - III

EARNINGS

19. Northern Railway : Daily haulage of empty coaching rake

The running of 337 UP and 338 Down passenger trains between Delhi and Amritsar was curtailed between Jalandhar City and Amritsar with effect from 15/16 September 1986 due to the imposition of ban on night running of trains in Punjab. Under the revised arrangements, after detraining the passengers at Jalandhar city, the empty rake of 337 UP was hauled from Jalandhar city to Amritsar, a distance of 79 Kms, for its maintenance at the washing line at Amritsar as per the existing schedule and then hauled back to Jalandhar city to start as 338 Down.

On this being pointed out by Audit in January 1990, the Railway stopped from 29 January 1990 hauling of the empty rake to and from Amritsar and issued orders for its maintenance at Jalandhar city but reverted to the empty haulage from 1 August 1990. The cost of haulage of the empty rake for nearly four years upto 28 January 1990 alone worked out to Rs.2.46 crores.

The Administration while ordering the running of empty rake between Jalandhar city and Amritsar had clearly ignored the costs involved in empty haulage for such a long distance for nearly four years.

The Board stated (November 1990) that the rake was continued to be maintained at Amritsar due to non-availability of requisite facilities at Jalandhar City station coupled with the concomitant necessity of a substantial investment towards creation of additional fa-

cilities like washing line, additional staff, etc. This is not tenable as there are two washing lines at Jalandhar city having capacity for maintenance of 13 coaches and the rake of 337 UP/338 DN trains consisted of only 12 coaches which could be maintained there by providing some additional staff at insignificant cost compared to the expenditure on empty haulage of rake for such a long distance for years.

20. Northern Railway : Some aspects of the working of Inward Parcel Office, New Delhi.

New Delhi station receives about 73 trains carrying passengers, luggage and parcels. The inward parcel traffic mainly consists of hard parcels and perishables like fresh fruits, vegetables and betel leaves. On an average, 22,000 inward parcels are received daily at the station.

The accountal, safe custody, delivery and disposal of parcels received by the Inward Parcel Office, New Delhi during August 1989 to September 1990 were reviewed in Audit.

The Inward Parcel Office is working under the overall administrative control of the Station Superintendent, New Delhi, who is assisted by two Chief Parcel Supervisors, 96 Chief/Head/Senior parcel clerks, one Luggage Inspector and 177 Group 'D' staff and 98 casual porters. In addition, 50 parcel clerks and 10 parcel markers drawn from other stations had been deployed as a regular measure without proper justification and sanction of the competent authority involving an expenditure of Rs.12 lakhs

per annum. The strength of regular porters/casual porters (267 Nos.) sanctioned for handling of parcels had not been reviewed and no effort had been made to reduce it by mechanising the operations.

Delay in transfer of parcels from platforms to parcel godowns.: Rules provide that all parcels unloaded must be removed, as quickly as possible, to the godowns where they should be stacked properly with date of unloading marked on each consignment to facilitate location of the packages at the time of delivery and for taking timely action for undelivered parcels.

Parcels were not removed quickly to parcel sheds after they were unloaded on platforms and not noted in platform unloading books maintained separately for each platform. The date of unloading was also not recorded on each consignment. The parcels were shifted from different platforms to platform No. 1, where those identified by the consignees were delivered and the remaining were transferred to the parcel sheds. The particulars of parcels received in the sheds were noted in the shed unloading book indicating the date of arrival in the shed without giving reference to the actual date of unloading at the platforms. A test check in Audit revealed that, on an average, there was a delay of 2 to 5 days in the removal of packages from platforms to parcel sheds. Wharfage charges were calculated with reference to the date of unloading shown in shed unloading book instead of the actual date of unloading at the platforms. This resulted in short accountal/realisation of wharfage charges of Rs.168 lakhs. (Taking a minimum time of 2 days in transfer of parcels from platforms to shed.)

Delay in delivery of parcels.: Cases were also noticed where consignments, though received, were continued to be shown as 'not received' for months together and were delivered to the consignees after long delays. During April 1990 to September 1990, 145 consignments were delivered after delays ranging from 6 to 335 days. Wharfage charges accrued on these consignments amounted to Rs.0.70 lakh out of which 90 per cent charges were waived on account of "Parcel clerk's failure to enter the consignments received in the delivery book" and 10 per cent were debited against the staff responsible for the lapse. The unsatisfactory working of parcel office was causing not only hardship to Railway users and consequent complaints from the public but also unnecessary congestion in the sheds.

Reweighting of parcels.: Station Masters are required to arrange for a systematic reweighment of inward parcels immediately on their receipt. At stations where the parcel traffic is heavy, a percentage (to be fixed by the competent authority) of short distance i.e. up to 320 Kms. and all parcels carried over 320 Kms. are to be re-weighed. A test check of records for April to July 1990 revealed that not even one per cent of the parcels received at the station were re-weighed.

	No. of packages received	No of packages re-weighed	Percentage of reweighment
April 1990	678495	253	0.03
May 1990	586893	370	0.06
June 1990	627540	149	0.02
July 1990	653482	501	0.07

As a result of re-weighment of 1273 packages between April and July 1990 undercharges in freight of Rs.21,032

were recovered in respect of 131 packages. Since a large number of consignments is delivered without re-weighment, the possibility of considerable under weighment could not be ruled out.

Inventory of parcels: An inventory of undelivered parcels was taken once in a month instead of on 10th, 20th and the last date of every month as required under the rules and covering only parcels lying in the parcel sheds and including the large number lying on platforms. During 1988-89, 63 cases of theft and pilferage involving value of Rs.1.38 lakhs from station platforms were registered with the Railway Protection Force (RPF) post, New Delhi and during 1989-90, 69 such cases involving a value of Rs.0.77 lakh were registered.

The number of claims cases and the amount of compensation paid in respect of parcel traffic booked to New Delhi station had also shown a sharp increase over the last year as indicated below :

	Number of cases	Amount paid (in lakhs of rupees)
1988-89	1065	5.61
1989-90	1530	14.39

Congestion in the parcel sheds : Mis-management and non-observance of rules and procedure relating to storage of parcels in the parcel sheds had resulted in considerable congestion. All the parcel sheds and their enclosures were fully packed and the parcels were lying in the passages as well as on platforms. Identification and accountal of packages was also a difficult task in such a situation. The inventory of the parcel office taken on 31 July 1990 revealed that 10,660 consignments were lying in the parcel office, out of which 6,660 were more than 2 months old. If such

consignments had been removed to Lost Property Office after a month of their receipt at the station, as required under the rules, the congestion could have been reduced. A large number of bundles of old office records were also lying in the parcel shed aggravating the congestion.

Further, paid-on-charges were not indicated on the parcel way bills. 254 consignments pertaining to August 1986 onwards were transferred to the Lost Property Office in September 1989 under different parcel way (P.W.) bills but the 'Paid on' charges amounting to Rs.4.57 lakhs were not indicated on the P.W. bills resulting in non-accountal/adjustment of this amount.

A Lost Property Office located in a separate shed, under the parcel office, was functioning as for disposal of unclaimed parcels and holding public auctions from time to time. The number of parcels lying in this shed could not be ascertained as the parcels transferred to this shed were neither included in the inventory of the parcel office nor was a separate inventory maintained. About 7000 packages were reported to be lying in the shed as unlinked for several months. The possibility of claims arising in most of the cases could not be ruled out. No effort had been made to prepare an inventory of the packages and to connect them to avoid heavy payment of compensation.

Though disposal of consignments was being done through public auctions, fresh free P.W. bills, indicating 'paid-on' charges were not issued while transferring consignments to this shed resulting in non-accountal of these charges. The wharfage charges on the basis of the minimum rate in respect of these 7000 consignments would be Rs.7 lakhs per month.

Non-levy of percentage charges:

In accordance with the Gazette of India notification of 7 June 1990, the Railway authorities cannot accept for carriage goods like gold, silver, pearls, currency, etc. unless the consignor declares the value of such goods and pays the percentage charges applicable to such goods.

18 consignments of currency notes, coins and government stamps booked from different stations were received at New Delhi station after issue of the above notification without declaration of the value of the consignments by the consignors, except in one case. Consequently, the percentage charges at the prescribed rates could not be assessed and recovered from the consignees at the time of delivery. In one case, where the declared value of the consignment was Rs.1720 lakhs, the total percentage charges amounting to Rs.17.05 lakhs were also not recovered either at the booking station or at the time of delivery of the consignment.

Old outstanding: An amount of Rs.4.31 lakhs from 1976 to 1990 was outstanding as on 31 July 1990 in the books of the Inward Parcel Office, New Delhi. The details of outstanding items were as under :

- (i) debits of Rs.0.30 lakh against the staff relating to the period 1987 onwards;
- (ii) debits of Rs.0.35 lakh relating to the period 1976 onwards. Names of persons/parties against whom the amount was outstanding were not made available;
- (iii) freight charges of Rs.1.75 lakhs on old consignments pertaining to the period 1979 to 1990. The consignments were not included in the inventory of the parcel office and

their whereabouts were not known; and

- (iv) freight charges of Rs.1.91 lakhs on consignments delivered against credit notes during March 1984 to July 1990.

No effective steps were taken by the Railway Administration to clear the old outstanding.

Delivery of perishable consignments on memos : In the absence of Parcel Way Bills and Railway Receipt the delivery of perishable consignments can be granted on memo only after collection of the cost of goods. The amount so deposited is forfeited if the refund for the same is not claimed by the party within a year of the date of delivery. A sum of Rs.1.64 lakhs deposited by the consignees during January 1987 to December 1988 in cases of memo deliveries was removed

Avoidable expenditure due from the station outstanding after one year without proper adjustment to credit the amount to 'Miscellaneous Receipts' of the Railway as required under the rules.

Inadequate provision of fire fighting equipment : Rules provide that proper fire fighting equipment viz. chemicals, extinguishers, implement for cutting out opening in the sheds, buckets, sand bins, hydrants, etc. should be provided in the Parcel Office. Provision of fire fighting equipment at New Delhi parcel office was inadequate. Only one fire extinguisher and 3 buckets of sand were provided and there was no provision for water hydrants. Keeping in view the volume of parcel traffic, these arrangements were quite inadequate to deal with any emergency. A fire had broken out in the shed on 4 May 1989 resulting in estimated loss of Rs.0.28 lakh. The

fire could have been brought under control quickly if sufficient fire fighting equipment had been provided in the shed.

21. Central Railway : Delay in realisation of freight charges under 'weight only' system

Payment of railway dues on public traffic is required to be made only in cash, except where under special circumstances, payment of freight by credit notes or under 'weight only' system is authorised by the Railway Administration. Under the 'weight only' system of booking, the weight and rate alone are shown in the invoices and the Accounts Office is required to prefer bills periodically on receipt of invoices from the stations. While prescribing modalities for working of the system, the Board had issued instructions in April and October 1984 to the effect, among other things, that:

- (i) parties should give a security deposit in cash equivalent to 20 days average transactions in which case their traffic would be treated as 'paid' and would, therefore, be exempted from payment of five per cent surcharge leviable on 'to-pay' traffic; and
- (ii) if the freight is not paid within ten days from presentation of the bill, five per cent surcharge would be payable as on 'to-pay' traffic so as to eliminate delays in payment of freight even after presentation of bills by the Accounts Office.

The instructions did not, however, prescribe any time limit for preferring bills by the Accounts Office.

Four firms were allowed to book coal on 'weight only' basis from Bal-

harshah, a joint station of the South Central and Central Railways. Copies of 'weight only' invoices of originating traffic terminating on South Central Railway were sent to the Accounts Office of the Railway which, in turn, transmitted these to its counterpart on the Central Railway. The latter returned the bills to the Financial Adviser and Chief Accounts Officer, South Central Railway requesting him to prefer the bills, as the traffic pertained to that Railway. The question as to who should prefer the bills was under correspondence between the two Railways till April 1987 when it was decided that the Central Railway would prefer the bills from October 1985 to March 1987 and beyond that the bills would be preferred by the South Central Railway. The Central Railway preferred bills from October 1985 to March 1987 in May 1987 and continued to do so even after April 1987.

The traffic thus moved without realisation of freight charges amounting to Rs.9.45 crores even though it was treated as 'Paid'.

There was failure in the existing system leading to consignments being booked and the parties availing of credit facilities knowing fully well that they had not paid for the traffic booked earlier. Because of the abnormal delay in preferring the claims, surcharge at five per cent amounting to Rs.47.26 lakhs could not be levied. The clients were thus given accommodation for large sums for periods ranging up to 630 days. The loss by way of interest calculated on the freight at ten per cent works out to Rs.13.62 lakhs for delays beyond 30 days. This loss was avoidable.

The Railway Administration stated (September 1990) that the system of preferring bills every ten days against the parties under 'weight only' system

had been introduced with effect from January 1990 and was now being done regularly.

22. Eastern Railway : Loss due to detention of wagons

There are two sidings for the Stores Depot, Khana - one known as 'office line' having a capacity to hold 10 wagons (4 wheelers) which is adjacent to the depot and the other, known as 'Store van line' having a capacity to hold 8 wagons (4 wheelers) which is away from the depot. Both the lines were meant to serve the stores depot which received a monthly load of 20 to 22 wagons. The capacity of the lines, together, was sufficient for the inward wagons.

The 'office line' was fenced by the Engineering Department in June 1982 rendering the line unusable. Consequently, the wagons meant for the Stores Depot were placed only on the 'store van line' which did not have adequate line capacity leading to the wagons being detained in the traffic yard till those placed ahead were unloaded and withdrawn. This line being away from the depot, stores unloaded had to be carried from the unloading point to the godown resulting in additional labour charges. The detentions to wagons for want of line capacity caused avoidable loss of earning capacity. During 1986-87 to 1989-90 the loss worked out to Rs.67.69 lakhs.

The Railway Administration stated (February 1990) that due to a portion of the 'office line' having been kept unused for several years, movement of wagons on that portion could not be allowed and that the line had been opened and commissioned on 31 December 1989. It was, however, noticed that the line had not been made functional yet (January 1991). The reply does not clarify as to

why action was not taken earlier to make the line functional as soon as detention of wagons was noticed.

23. Western Railway : Non-recovery of charges for empty haulage and maintenance of LPG tank wagons

Liquified Petroleum Gas (LPG) is transported from the siding of the Indian Oil Corporation (IOC), Bajuwa through a fleet of 485 tank wagons as on 31 December 1987 jointly owned by the oil companies and Railways. The general terms and conditions for incorporation in the agreement to be executed between the oil companies and Railway for maintenance, etc. of such wagons were advised by the Board in March 1976. The terms had remained under correspondence between IOC and the Railway for over fourteen years and no agreement had been executed so far (January 1991).

One of the standard conditions provides that whenever empty movement of wagons is involved, such as for maintenance or periodical overhaul (POH), haulage charges are to be paid by the party at the prescribed tariff. Since the bills for haulage charges from August 1979 remained unpaid, the Railway decided in June 1986 to book the wagons on regular railway receipts, and instructions were issued to the effect that the wagons for POH should not be booked without recovery of haulage charges. The instructions were not, implemented. An amount of Rs.55.37 lakhs on this account relating to the period from August 1979 to March 1990 was outstanding recovery.

There were delays in preferring bills towards charges for maintenance of tank wagons at railway workshops. Bills for 1988 were preferred in March 1990 while those for 1989 were pre-

ferred in October 1990. IOC had made only part payments stating (March 1990) that the balance would be released after the agreement was finalised. A sum of Rs.150.70 lakhs for January 1985 to December 1989 was outstanding on this account.

Non-finalisation of agreement with the IOC has resulted in haulage charges amounting to Rs.55.37 lakhs and charges for maintenance of tank wagons amounting to Rs.150.70 lakhs up to December 1989 remaining outstanding.

The Board explained (January 1991) that the situation of non-payment of railway dues by the IOC had arisen mainly on account of the latter not having finalised the required agreement with regard to the jointly owned tank wagons and that efforts would be made to have the agreement finalised expeditiously. The Board added that instructions had been issued to all the Railways in December 1990 to ensure that all movements of special type tank wagons were covered under agreements between the Railways and owners of such wagons.

24. Northern Railway : Non-realisation of freight charges from siding owners

Wagon load 'To Pay' consignments sent to Punjab National Fertilisers and Chemicals Ltd. (PNFC) and Punjab Alkalies and Chemicals Ltd. (PACL) were placed in their sidings by the serving station, Nangaldam without realisation of freight charges. Payments of freight were made later by these firms through cheques at Chandigarh and it took months to get credits for the cheques deposited in the bank. As a result, the outstandings kept on mounting with each month passing and, at the end of May

1989, freight charges relating to consignments received during 1985 to 1989 at Nangaldam station amounting to Rs.3.67 crores were outstanding for recovery. To arrest accumulation of dues instructions were issued in August 1989 making pre-payment of freight compulsory at the forwarding station for all traffic booked to these sidings. At the request of the State Government these instructions were subsequently withdrawn in December 1989 and the parties were asked to clear the outstandings expeditiously so as to bring them to nil by March 1990. Despite assurances, the siding owners failed to clear the outstanding which, by March 1990, stood at Rs.2.55 crores, a major portion of which (Rs.1.71 crores) pertained to 1985 to 1989.

Clearly, there was failure on the part of the Railway to have not issued instructions earlier to the various stations prohibiting booking of 'To Pay' cargo to these sidings, instead of after a delay of over four years. The inaction of the Railway is not understandable especially when it should have been known to it that the receiving station would not be in a position to enforce payment of freight charges before placement of wagons in the sidings.

The Board explained (January 1991) that the situation of heavy accumulation of railway dues had arisen mainly due to abnormal conditions in the State and stated that the amount outstanding as on 31 December 1990 was Rs.264 lakhs which included Rs.3.826 lakhs pertaining to the period prior to 31 March 1989.

25. Central Railway : Shunting charges

As per extant rules, if the agreement provides for engine going beyond

ing/tampered seals. During 1983-84 to 1989-90 an amount of Rs.28.43 lakhs was paid as compensation on POL traffic.

A joint investigation (February 1986) brought out that:

- (i) the condition of seals of the tank wagons required to be examined en route was not followed;
- (ii) Railway Receipts were prepared one day late under qualified remarks "Loading/dipping and sealing was not supervised by Staff"; and
- (iii) there was no system of handing over/taking over of tank wagons between Eastern Railway and North Eastern Railway at Barauni (inter change point).

Since the above factors were within the control of the Railway Administration, the payment of claims amounting to Rs.28.43 lakhs was avoidable.

29. South Eastern and North Eastern Railway : Compensation for betel leaf consignments

Rules and orders for loading, unloading and delivery of parcels provide, inter alia, the following :-

While loading, guards should take over packages under clear signature duly entering the number of packages both in words and figures. At destination stations, inward parcels should be taken over only after check by staff and ensuring that the packages are accompanied by the connected way bills. The relevant railway receipts produced by the person taking delivery of parcels are to be scrutinised to see that these are genuine and in every way an exact replica of the connected way bills received through guard.

In respect of consignments of betel leaves booked from Mecheda, Panskura and Howrah stations to Gondia during 1977-78 to 1986-87, it was noticed that the forwarding stations, allowed the consignments to be loaded without proper documentation. The guards at the forwarding stations accepted the packages without counting/checking the packages of betel leaves but accepted these with the remarks U/c denoting "uncheckable/uncountable" on the loading register.

At the destination station, when the consignees came to claim the parcels against RRs, NR (Non-receipt) certificates were issued. Such certificates were issued in respect of 433 packages booked between June 1977 and April 1987. The destination station failed to take up with the forwarding stations the matter of non-receipt of packages and the related Parcel Way Bills.

The Court, on being moved by the consignees, decreed an amount of Rs.19.19 lakhs in their favour during 1985-86 to 1987-88 (up to November 1987). This amount was paid from the station earnings of Gondia in compliance of Court orders. Of this, an amount of Rs.13.02 lakhs was paid to only two of the consignees. The court decrees had been obtained on the basis of NR certificates recorded by the destination station on the Parcel Way Bills produced by them for taking delivery of consignments at the station.

On receipt of court decrees, the Station Master, Gondia, suspecting fraud, specifically requested the Claims Branch of the Railway in April 1987 for an investigation into the cases but no action was taken by the Railway to locate the reasons for non-receipt of the consignments at the station.

Similar payments of compensation of Rs.6.35 lakhs were made during 1986-87 to 1988-89 at 24 stations on North Eastern Railway due to non-receipt/short receipt of 524 consignments of betel leaves booked from Howrah, Bah-rampur and Mecheda stations on South Eastern Railway. The reasons for non-receipt of the Parcel Way Bills by the stations concerned were not investigated in these cases either.

30. South Central Railway : Irregular grant of train load classification for LPG consignments

As per Railway Board's instructions the benefit of train load classification should not be allowed for Liquefied Petroleum Gas(LPG) tank wagon rakes where the loading/unloading is done in two placements.

A private siding at Cherlapalli has a capacity of 34 four wheeler tank wagons split into two lines of 17 four wheeler tank wagons each. LPG received at the siding in train loads necessitated unloading in two or more placements. Freight was realised at the concessional train load rates instead of wagon load rates, resulting in short collection of freight charges amounting to Rs.14.64 lakhs during June 1987 to December 1989. After this was pointed out by Audit in September 1989 the freight was being collected correctly.

31. Central Railway : Delay in fixation of siding charges

As per instructions issued by the Board in April 1977, siding charges in respect of newly opened sidings should be fixed initially for a period of three months from the date of opening on an approximate evaluation of time for placement of wagons. Placement trials should be conducted within the above period for

determining the trip timings for working out the siding charges on a firm basis.

A new siding known as RCF siding at Thal-Vaishet served by Pen station was opened from 1 March 1984. Siding charges were fixed on the basis of a trip time of four hours assumed in November 1983 but trials were commenced only in January 1986 even though traffic had started moving from August 1984. The trip time was assessed at 4 hours 56 minutes. While working out the net time, the time spent by staff for lunch was excluded. At the instance of the Accounts Department, fresh shunting trials were proposed (July 1986).

Placement trials were conducted in March 1988, i.e., after a further delay of 20 months and an average trip time of 4 hours and 21 minutes was arrived at and the siding charges were revised with immediate effect. In reckoning this norm, time required for creation of vacuum, (i.e. actual or 30 minutes, whichever was lower) was not included. There was thus abnormal delay in conducting placement trials and the siding charges were continued to be levied on the basis of the assumed timing. On the basis of the trip time of 4 hours and 21 minutes arrived at in March 1988 and by including the time of 30 minutes required for creation of vacuum, the loss of revenue from November 1984 (i.e. three months after traffic started moving in August 1984) to June 1987 was Rs.8.23 lakhs.

32. Central Railway: Loss of earnings due to incorrect application of rules

Electrical transformers and EOT cranes, unassembled, etc. falling under electrical appliances - Division B, when weighing less than 60 quintals, were booked from Wadi-Bandar and charged for only 60 quintals at 'Smalls' rate. The goods were classified as 'bulky articles'

under rule 164(1) of Goods tariff which stipulates that when goods tendered for conveyance are of such description that owing to their bulk or measurement it is found impossible to load a BG four wheeler wagon to the extent of 60 quintals, such goods will be subjected to a charge for 60 quintals per wagon at 'Smalls' rate.

Since a special minimum weight of 120 quintals for BG wagon (four wheeler) has otherwise been notified in the goods tariff for these articles, these are not to be treated as bulky articles attracting rule 164(1). These were charged for a minimum weight of 120 quintals correctly at CPWS Siding, Bandup.

The incorrect application of rule 164(1) to electrical appliances at Wadi-Bandar resulted in loss of earnings during April 1987 to June 1990 amounting to Rs.6.48 lakhs.

33. Southern Railway : Delay in revision of siding charges

To meet the cost of haulage of wagons, from the serving railway station to the siding and back, charges at rates notified or as per agreement are to be recovered from the siding owners.

In respect of a siding of a cement factory served, by the Madukkarai (BG) station, joint placement trials conducted by the Railway in January 1987 indicated that the average time per trip worked out to 154 minutes as against 114 minutes hitherto adopted. The siding charges with reference to this trip timing were not, however, revised till this was pointed out by Audit in June 1989. The consequential delay resulted in a loss of revenue of Rs.5.95 lakhs.

The Board stated (November 1990) that owing to mistake of inadvertently

including also the time taken for shunting operations, the siding charges were revised on the basis of 154 minutes and that the trip time taken was 114 minutes when the steam engines were in use in the siding. The Board added that fresh trials were being conducted to arrive at a realistic trip time for working out the fair siding charges. The trip time of 154 minutes was based on the trials conducted in January 1987 which correctly took into account the work done inside the siding as per the Railway's instructions of April 1977 while the trip time of 114 minutes did not.

34. South Central Railway : Non-levy of siding charges on train loads

The Board issued instructions in March 1987 that when a train runs through to or from a siding with railway locomotive or originates from or terminates in the exchange/peripheral yard provided by a siding owner, freight charges should be levied up to the buffer end of the siding/yard on through distance basis and no siding charge on the basis of trip time and shunting/train engine hour cost should be levied. In May 1987, it was, however, clarified that in the case of sidings, where placement of the rake is made by reversing the engine and pushing the rake into the siding, charges should be levied. It was further clarified in June 1987 that if the engine goes into the siding pulling the train the benefit of charging on through distance basis would be applicable even if reversal of loco is involved as shunting staff is not required.

It was noticed in respect of a cement siding at Malkhaid Road that although the rakes received at the station from either direction were pushed into the siding keeping the engine in the rear, siding charges were not levied. An amount of Rs.5.73 lakhs from July 1987

to March 1990 was recoverable from the siding owner.

The Railway stated that of the two activities specified in the Board's orders, i.e., reversal of engine and pushing of load, only one activity of pushing the load into the siding was involved at this station and, therefore, levying of freight charges on through distance basis was in order. However, as per Railway Board's clarification of June 1987, the benefit of charging on through distance basis was applicable only when the engine pulled the load without any shunting staff accompanying the rake. In the case of this siding, the engine pushed the rake with the shunting staff accompanying invariably and, therefore, siding charges were required to be collected.

35. Central Southern, and Western Railways : Non-revision of diversion fees

Railways permit diversion of full wagon load consignments, on request by the owners, on certain conditions. Fees are prescribed for such diversion of wagons to compensate for expenses on telegrams, stationery, cost of staff and cost of operation, such as, attaching, detaching and sorting out of wagons. The fee leviable was last revised in November 1976 to Rs.50 per wagon.

Failure to revise the fee fixed in 1976, having regard to the steep rise in the costs was raised by Audit on Western Railway in March 1983. The Railway's proposal to enhance the diversion fee from Rs.50 to Rs.125 per wagon was sent in April 1983 to the Board which directed the Railway, in September 1984, to refer the matter to the Commercial Committee of the Indian Railway Conference Association (IRCA) for consideration and submission of recommendation.

The Commercial Committee considered the matter and recommended in February 1987 enhancement of the fee to Rs.125 per wagon. The Board reacted to the recommendation made in February 1987 after considerable delay. The approval was notified in November 1990. The belated revision resulted in an average annual loss of revenue of Rs.3.09 lakhs on the Western, Central and Southern Railways.

The Board stated (November 1990) that the extant procedure required detailed deliberation by it of such recommendations adopted by the Commercial Committee but the time lag of over three years in an organisation which works on commercial lines is not understandable.

CHAPTER - IV

WORKS

36. Wheel and Axle Plant, Yelahanka

Deficiencies in planning and setting up of the Wheel and Axle Plant (WAP) at Yelahanka commissioned in September 1984 and aspects relating to capacity utilisation were commented upon in paragraph 9 of the Report of the Comptroller and Auditor General of India (Railways) for the year 1985-86 - Union Government (Railways).

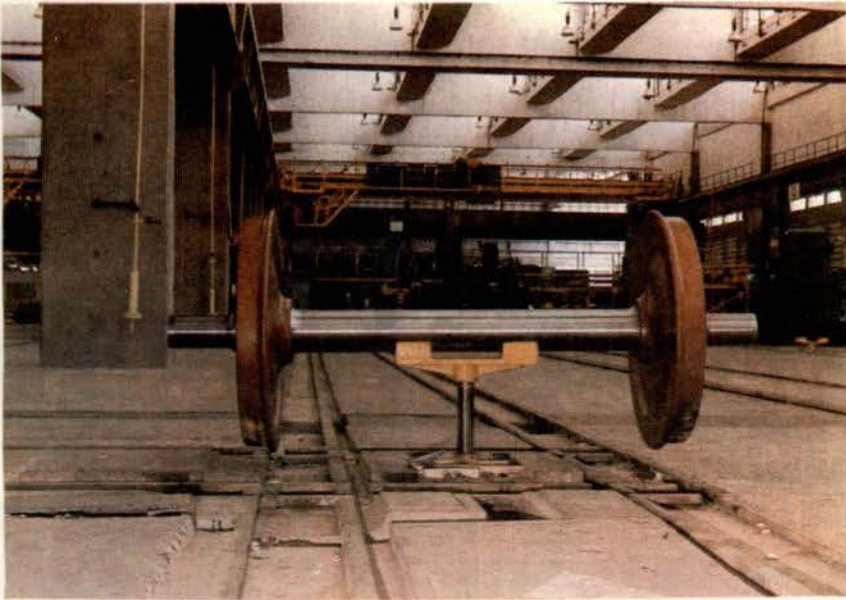
The Public Accounts Committee (PAC) observed in paragraph 3.8 of their 140th Report (1988-89) that notwithstanding the reported achievement of targets by the Wheel and Axle Plant, the actual production continued to be considerably lower than its rated capacity and that despite considerable under-utilisation of the available capacity in the country, the Railways continued to import wheels, axles and wheelsets. The Committee stressed the need for a time-bound programme by the Ministries of Railways and Steel to ensure that the import of wheels, axles and wheelsets was totally stopped.

(a) Under utilisation of the plant

According to the project report, WAP is to make 70,000 wheels to a product mix of 5 types ranging from 725 mm to 1090 mm diameter and 23,000 axles of 50 types per annum. In the project report, the full rated capacity of wheels was envisaged to be achieved in 1983-84 presuming the commissioning of the plant in 1981-82. On this basis it should have been possible to achieve the full rated capacity of 70,000 wheels in 1986-87 as the plant was commissioned in September 1984. Presently, the plant is making only BOX N wheels of 1000 mm diameter and, with reference to the melting capacity provided, the production capacity has been assessed as 56,700 BOX N Wagon wheels per annum. The target fixed by the Board for annual production was even lower than the rated capacity in respect of wheels till 1988-89. The plant could not achieve even this targeted level of production of wheels as indicated below:

Year	Target fixed by the Board		Actual production		Full rated capacity after 4th year i.e. 1986-87		Shortfall in production with reference to rated capacity	
	Wheels	Axles	Wheels	Axles	Wheels	Axles	Wheels	Axles
1986-87	41250	24500	47556	28157	56700	23000	9,144	-
1987-88	52000	25700	*50599	28012	56700	23000	6,101	-
1988-89	43300	25900	43528	25854	56700	23000	13,172	-
1989-90	56750	32000	46812	28246	56700	23000	9,888	-

* The highest production was in 1987-88 when the power cut was maximum.



Assembled Wheel Set

Wheel Sets for Despatch



Molten metal in ladel lowering to pouring pit

The value of shortfall in production with reference to the rated capacity worked out to Rs.11.20 crores in 1988-89 and Rs.8.40 crores in 1989-90 adopting the transfer price of Rs.8,500 per wheel for 1987-88. The main reasons advanced for the shortfall in production in 1988-89 were industrial unrest in the first half year, power-cut in the first quarter, and breakdown of EOT cranes.

These would, however, not be considered as fully justifying the shortfall in production for the following reasons :

- (i) Power supply position in 1988-89 improved when compared with the previous year due to reduction of power cut from 80 to 45 per cent in stages. Based on the study conducted by RITES the average number of heats that could be taken per day worked out to 11.8. The total number of heats actually obtained from the existing two furnaces during 1988-89 and 1989-90 was 2144 and 2266, i.e., 7.4 and 8.2 heats per day respectively on an average. The extent of under utilisation of the furnaces was 33 per cent in 1988-89 and 26 per cent in 1989-90.
- (ii) The plant authorities admitted that there was no systematic preventive maintenance to ensure reliability of the highly sophisticated machines.

Clearly, therefore, the constraint in production was because of the low productivity of staff. The Board approved an incentive scheme in December 1989 to create conditions to enable the plant to achieve the full rated capacity of 67,350 BOX N wagon wheels and, as a result, improved production was no-

ticed from March 1990. The shortfall in the availability of wheelsets during 1989-90 to 1990-91 for manufacture of wagons was assessed by the Railway Board at 12,500. Orders for 15,300 wheelsets were placed in March 1990 at an outlay of Rs.39.10 crores leading to avoidable expenditure in foreign exchange.

(b) Avoidable expenditure on procurement of dephosphex

For reducing the phosphorus level in molten metal the plant started using dephosphex 550 in August 1985, a chemical having a shelf life of one year.

It was observed that dephosphex had a high content of sodium compound (23 per cent). The hearth surface was getting eroded. Besides, there was excess consumption of input ramming mass which was to the extent of 152 Kgs. per heat on an average. The use of this chemical was, therefore, stopped from October 1988. Even after this decision, there were, however, two issues of materials of 3 tonnes each in June and September 1989.

979.77 tonnes costing Rs.109.61 lakhs, of dephosphex were procured during August 1985 to December 1988 of which 801.15 tonnes were used up to September 1989 leaving 178.62 tonnes.

Enquiries for transferring the surplus chemical to other users revealed that this was not being used by any except a Defence production establishment whose offer to purchase 7 tonnes at Rs.5,000 per tonne was not accepted by WAP. The shelf life of the material being only one year, the balance stock of 178.62 tonnes would have become useless by now. Had chemical tests been conducted and enquiries made from steel plants the use of the chemical could

(e) **Cost and time overrun**

The project originally scheduled for completion by March 1986 was actually opened in phases during July 1987 to July 1989. The delay of over three years was attributed to non-availability of funds during 1983-84 and 1984-85 and consequent delay in the procurement of critical electrical equipment like transformer, interruptors, conductors, insulators and fabricated steel structures. During 1981-82 to 1985-86 as against the requirement of Rs.89.81 crores an amount of Rs.63.82 crores was provided for the work leaving a shortfall of Rs.25.99 crores of which short fall of Rs.25.85 crores occurred in 1983-84 and 1984-85. The allotment of funds during these two years was not commensurate with the demand of work. It was, however, observed that during these two years funds to the extent of Rs.104.72 crores against the overall provision under Grant No.16 were allowed to lapse which would indicate that the restriction enforced in the provision of funds during these two years for the track electrification scheme, was injudicious especially viewed in the background that the scheme was commenced based on an Urgency Certificate.

The delay in completion of the project resulted in cost overrun of Rs.30.79 crores attributable mainly to escalation in costs of labour and material. The delay also resulted in extra operating cost of Rs.6.46 crores on diesel traction and also involving outgo of foreign exchange on diesel oil to the tune of Rs.17.90 crores during April 1986 to June 1987.

Consequent on the delay in the completion of the project, the completion period of the overhead traction work was extended from time to time.

The grant of extension gave rise to claims of Rs.1.32 crores by the contractors for payment of compensation and refund/waiver of interest charges of Rs.0.63 crore paid/payable by them on mobilisation advance. The claims were under consideration of the Railway (January 1990). Besides, extensions in completion periods of engineering works granted to the contractors on Railway's account in three other similar cases led to arbitration claim for compensation of Rs.18.70 lakhs.

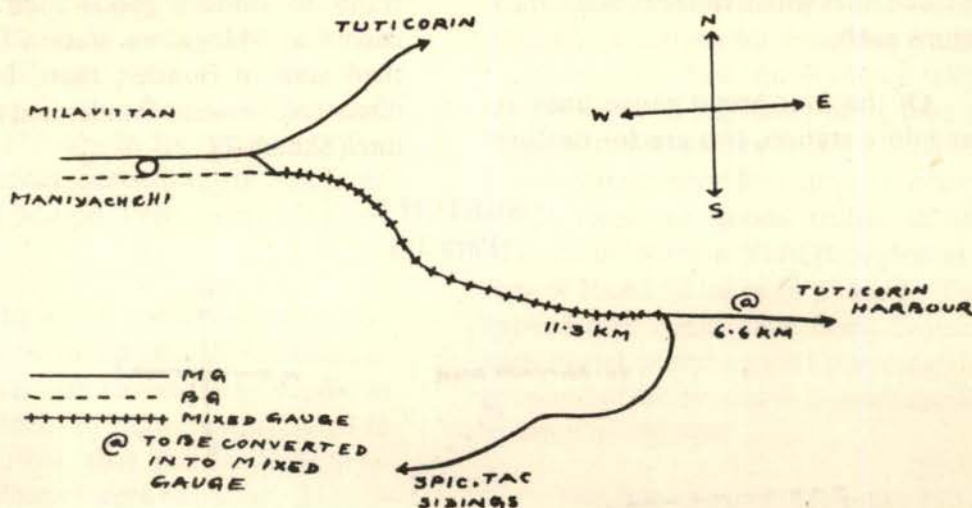
38. Southern Railway : Premature conversion of metre gauge siding to mixed gauge

The line from Milavittan to the harbour at Tuticorin (17.9 Km) was constructed in 1964 at a cost of Rs.90 lakhs as a private siding to serve the port. In course of time, this siding assumed the status of a feeder siding serving several industrial units. In order to provide better service to industrial units like Food Corporation of India, Bharat Petroleum, Tamil Nadu Electricity Board and to remove operational bottlenecks and in view of the main work of Karur - Dindigul - Madurai - Tuticorin Project, the Southern Railway proposed in October 1983 conversion of 11.3 Km. of the siding into mixed gauge on assisted siding terms at a cost of Rs.1.20 crores.

The Board sanctioned the work in March 1984 as material modification to the Karur - Dindigul - Madurai - Tuticorin Tirunelveli Broad Gauge project subject to the following :

- (a) siding up to 11.3 Km. from Milavittan station should be taken over by the Railway from the port and converted to mixed gauge; (Sketch-1)

SKETCH-1
(Para 38)



- (b) conversion of the portion of the siding beyond 11.3 Km., when it becomes necessary due to removal of MG from the assisted siding, would be at the cost of the port;
- (c) new sidings for parties not having siding facilities should be provided in B.G; and
- (d) in respect of existing private sidings, the provision of a mixed gauge would be a temporary arrangement and the facility of MG siding would be withdrawn when it became necessary with the progress on the main project.

The work of provision of a mixed gauge up to 11.3 Km. was completed in March 1986 at Rs.1.75 crores. The conversion of the portion beyond 11.3 Km. by the port was yet to be completed and no date has also been fixed for such completion. Broad Gauge link was also not provided to any of the siding users so far though the work was taken up to serve these users. Consequently, Broad

Gauge facilities provided by the Railway up to the Harbour remained unutilised. This would continue to be so as no target date has been fixed for completion of the conversion work in the remaining Madurai - Maniyachi section.

The maintenance charges of Rs.31.44 lakhs for the period 1986-87 to 1989-90 had not been recovered so far (August 1990). The entire dividend liability (Rs.45.41 lakhs) has also to be borne by General Revenues as subsidy as the work has been treated as a new line work.

Thus, the investment of Rs.1.75 crores on conversion of a metre gauge siding into mixed gauge was premature and the facilities created had remained idle for over four years.

39. Southern Railway: Avoidable expenditure on provision of terminal facilities at Mangalore

Mangalore station has four reception-cum-despatch lines for Broad Gauge

to proceed with the work, had issued instructions for tying up with the FCI and other principal customers for offering traffic at the new siding. The civil authorities were also to be asked to improve the two road approaches to Pitaunjia station. The work was taken up in March 1987 and completed at a cost of Rs.55.71 lakhs. The siding, although opened to traffic in July 1987, has been lying unused since then.

Food Corporation of India, which was anticipated to be the main user, expressed its inability to use the new siding for the following reasons :-

- (a) absence of covered accommodation;
- (b) protection being not available for unloaded stock kept at the siding;
- (c) the connecting road with the railway siding being not motorable;
- (d) the distance between the siding and FCI depot being about ten Kms;
- (e) existence of level crossings between the siding and the FCI depot at Samastipur which are mostly closed and crowded rendering the movement of vehicles very difficult.

The Board stated in November 1990 that the new siding at Pitaunjia had not been made use of for want of approach roads and that all out efforts were being made to persuade the State Government to construct the approach roads on priority.

Although the rake handling siding at Samastipur was declared closed in October 1989 on account of doubling of lines sanctioned in the Works Programme

for 1987-88 the rake traffic continued to be handled there.

Clearly the Railway had failed to take into account the several factors mentioned by the Food Corporation of India before going in for the scheme for construction of the new siding.

41. Southern Railway : Provision of deck width for bridges in excess of standards

The Bridge and Structures Standards Committee recommended in June 1985 that the existing width of deck of bridges of 4.265 metres (outer to outer) might be increased taking into account maintenance and safety requirements and suitable designs evolved by the Research Design and Standards Organisation (RDSO) after rationalising the optimum width. In consultation with the RDSO, adoption of a revised deck width of 4.500 metres between the top inner faces (4.800 metres outer to outer) of ballast retainers was approved in March 1987. The Zonal Railways were accordingly advised in May 1987.

The construction organisation of the Railway unilaterally increased the deck width to 5 metres in respect of three bridge works at Amravathi, Vaigai and Kushasthala carried out after 1985. The Board was advised of the extra width provision, in October 1987. The cost of the extra width amounted to Rs.22.61 lakhs (excluding cost of steel and cement) in respect of these three bridges.

Even after receipt of Board's instructions in May 1987, this norm was continued to be adopted. After this was pointed out by Audit in July 1989, the Railway revised the instructions in December 1989 for adoption of deck

width of 4.800 metres. The extra expenditure incurred on provision of deck width in excess of the standard in respect of other bridges constructed during 1985 to December 1989 was Rs.16.78 lakhs. Thus, due to non-observance of the instructions issued by the Board, the Railway incurred extra expenditure of Rs.39.39 lakhs.

42. Northern Railway : A redundant speech channel between New Delhi and Shimla

A direct speech channel between reservation offices at New Delhi and Shimla was proposed, in February 1976 to be hired from the Post and Telegraphs (P&T) Department for use during the summer season from 15 April 1976 to 15 July 1976 for ensuring prompt and speedy reservations. The channel was actually provided only from August 1976 after the expiry of the period for which it was originally considered. After the expiry of three months the channel was continued without any demand/sanction of competent authority and no action was taken to review the need and surrender it even though it was known that it was not being utilised fully. After the matter was taken up by Audit in November 1989, the Administration found that the average calls being handled on the circuit were only a few (40 per month) and surrendered the channel with effect from 19 April 1990.

Hire charges of Rs.24 lakhs up to April 1990 for the speech channel could have been avoided had the Administration reviewed the justification for the continuation of the channel and considered the feasibility of transmitting urgent messages either through 'Secure Memo System' introduced from February 1977 or through P&T telephones/Railway Control line. This was not done,

indicating the absence of any machinery on the part of Administration to monitor the utility and continuance of a system installed on a short term basis.

The Board stated (November 1990) that the delay in provision of speech channel took place due to procedural formalities and added that the necessity or otherwise of continuance of this communication channel was reviewed in June 1980 and again in July 1985. Notwithstanding this, no action was taken to surrender the channel till April 1990.

43. Southern Railway : Incorrect estimation of earth work and vitiation of contract

Open tenders for earth work excavation in cutting for formation etc. in Reach VII in the work of construction of the parallel Broad Gauge line from Dindigul to Madurai were floated in November 1986. The work was awarded in June 1987 to contractor 'A', the second lowest tenderer for a value of Rs.95.79 lakhs, passing over the lowest tenderer (Rs.90.42 lakhs) who was considered inexperienced and not having the capacity to execute the work.

The tender committee observed that there would not be any vitiation in the inter se position between contractor 'A' and the fourth lowest contractor 'B' up to a variation of 25 per cent in quantities after ignoring the third on grounds of capacity and lack of credentials.

During execution of work, it was noticed in November 1988, that earth work in cutting in hard rock, required intensive ballasting and the quantity increased by 132 per cent over that provided for in the agreement, while earth work under other items decreased by 40 to 75 per cent. The value of the

agreement with contractor 'A' was revised to Rs.176.9 lakhs, which was signed under protest by the contractor in January 1989. The contract was terminated at contractor's risk and cost on 29 January 1990 for want of sufficient progress and a new agency was fixed on 15 October 1990 for completion of the work.

The incorrect assessment of extra earth work led to vitiation of contract and consequent extra expenditure of Rs.6.47 lakhs with reference to the quantities executed by contractor 'A' compared to the rates of contractor 'B'. The extra expenditure would be Rs.13.56 lakhs with reference to the total revised quantity.

The Board stated (November 1990) that the cutting in Reach VII was about 1 1/2 Kilometre long and 23 metres deep rendering it impossible to obtain an accurate estimate of various classifications of soils and rock. This indicated that all that was required for a realistic assessment of various classifications of earth work was not done.

44. Northeast Frontier Railway : Expenditure on an unsanctioned work

Railway Board sanctioned in May 1984 an Abstract Estimate for Rs.5.56 crores for construction of a diesel loco shed at Malda Town. Though no provision had been made in the estimate for a shopping complex, the Railway entered into an agreement with a contractor in October 1984 for construction of a complex at an estimated cost of Rs.4.89 lakhs. The work was completed at a cost of Rs.8.43 lakhs in August 1985.

The Railway sought to regularise the unsanctioned expenditure by including Rs.10 lakhs for this item of work in

the revised estimate submitted to the Board in November 1985 but the Board, while approving the revised estimate in November 1986, deleted this item from the estimate. Thus, expenditure of Rs.8.43 lakhs remained unregularised since August 1985.

The construction of a shopping complex with 26 shops at a cost of Rs.8.43 lakhs without a provision and which was disallowed by the Board while sanctioning the revised estimate was irregular. The shopping complex constructed in August 1985 remained unutilised for four years till September 1989. The proposal for regularisation of unsanctioned expenditure is yet to be sent to the Board (August 1990).

45. Central Railway : Loss due to non-verification of credentials and capacity of a contractor

In response to open tender in August 1987 for construction of water bound macadam road in the Coach Repair Workshop at Bhopal, the lowest offer received was from contractor 'S' for Rs.11.62 lakhs. As the contractor was new to the Railway, the required credentials were furnished by him along with the tender. The tender committee observed that this contractor had carried out similar types of works costing Rs.21.7 lakhs and Rs.115.25 lakhs for the Uttar Pradesh State Electricity Board and for the PWD Banda, Uttar Pradesh respectively. The committee further noted that one of the partners of the firm had cleared BE(Civil). The contractor also furnished a certificate of 'Deposit at call' for Rs.20,000 issued by the State Bank of India, Fatehpur Branch. The tender committee after considering the offer as reasonable and in view of the credentials submitted, recommended acceptance of the lowest offer of con-

tractor 'S'. An agreement was executed on 14 December 1987.

In response to another tender in November 1987 for construction of subordinate Rest House in the same Workshop, the lowest offer of Rs.3 lakhs received from contractor 'S', who was considered this time as a working contractor, was accepted and agreement executed on 8 January 1988. Contractor 'S' furnished certificates of 'Deposit at call' for Rs.34,000 and Rs.20,000 issued by the State Bank of India, Fatehpur branch and also a bank guarantee for Rs.45,600 issued by the same branch of the State Bank of India.

The rules provide that no work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status had not been investigated before hand and found satisfactory. In case of a new contractor his capacity to undertake and carry out works satisfactorily should be vouched for by a responsible official or firm and his previous experience and testimonials are to be verified before hand by reference to the signatures thereof. Guarantee bonds offered by banks and furnished by the contractors are also to be verified by ascertaining the bonafides of the bonds from the banks concerned.

Only when a dispute arose in May 1988 between the partners and the contractor stopped work, the Railway verified and found that no such certificates of 'Deposit at call' and 'bank guarantees' were issued by the State Bank of India, Fatehpur branch and that the credentials submitted by the contractor were forged. The Railway terminated both the contracts and awarded fresh contracts for the residual works to two other contractors and incurred an extra

expenditure of Rs.2.13 lakhs. After adjusting Rs.69,699 available as security deposit, Railway suffered a loss of Rs.1.43 lakhs.

Had the procedure prescribed for verifying the genuineness of the certificates of deposits at call/bank guarantees and the credentials furnished by the unapproved contractor, been followed, loss of Rs.1.43 lakhs could have been avoided.

The Board accepted (January 1991) that there was procedural lapse and added that appropriate instructions to the Railways would be issued to avoid recurrence of such cases.

46. Western Railway : Loss due to delay in finalisation of tenders

Open tenders for the work of through renewal of sleepers between Kms.92.50 and 116 on Udhna-Jalagaon section were invited in June 1988. As there was no response, tenders were called for again in July 1988 and four offers valid up to 10 November 1988 were received. The tender committee considered these on 3 October 1988. The lowest offer of contractor 'A' was for Rs.9.94 lakhs. This and the other three offers of contractors 'B', 'C' and 'D' were however, considered high compared to the estimated value of Rs.8.10 lakhs and it was, therefore, decided to call the tenderers for negotiations. As the tenderers did not turn up for discussion on 7 November 1988, the date fixed, a fresh date, 18 November 1988 was fixed by which time the validity of offers had expired. Only contractors 'B' and 'D' attended the negotiations. The negotiated amount was Rs.17.70 lakhs against the lowest quoted rate of Rs.9.94 lakhs, and tenders were reinvited in January 1989. In

response, contractors 'B' and 'E' tendered rates of Rs.16.77 lakhs and Rs.16.73 lakhs respectively and the offer of contractor 'E' was accepted in April 1989.

In terms of instructions issued by Railway Board in May 1968 and reiterated in May 1988, selection of contractors by negotiation should be an exception and to be resorted to only in certain conditions which, inter alia, included cases where all the tenderers were considered to be unreasonably high in value and retendering would not secure better advantage. This case did not fall within the exception provided in the instructions. The lowest offer of Rs.9.94 lakhs was close to the estimated value of Rs.8.10 lakhs but considered unreasonably high and within five months, an offer of Rs.16.73 lakhs was accepted after re-tendering. Had the tenders been finalised in time before expiry of validity of offers, the extra expenditure of Rs.6.79 lakhs could have been avoided.

In another case of work 'painting of bridge No.374 on Surat-Bhusawal section', offers were invited in August 1988 but were considered only in April 1989 after the expiry of the validity of the lowest offer of a working contractor and the contract was awarded at an extra expenditure of Rs.1.01 lakhs to another contractor after recording that the lowest rate was unworkably low although it was quoted by a working contractor and it was comparable with the prevailing market rate.

Thus, delay in finalisation of tenders resulted in a loss of Rs.7.80 lakhs to Railway.

47. Northeast Frontier Railway : Avoidable expenditure due to incorrect assessment of earthwork

A contract for 79500 cums of earthwork between chainage 38450 and 42100 was entered into with contractor 'A' in August 1986 for Rs.17.32 lakhs in connection with patch doubling of the broad gauge line in Malda Town - Kumedpur section. While assessing the requirements, earthwork required for raising the rail level of bridge No.EK-20 and EK-21 and provision of a sub-bank, for protection of toe falling on the existing borrow pits, were not taken into account. As a result, an additional quantity of 48,782 cums had to be got executed during January to June 1988 through the working contractor. If the increased quantity had been taken into account the inter se position of the tenders would have been different and the third lowest tenderer would have become the lowest. This led to an avoidable expenditure of Rs.1.06 lakhs.

On the same section, two level crossings were required to be shifted to new locations, as per Survey Report, but the earthwork in this regard was not included. Consequently, a quantity of 37415 cums of earthwork was got done through two other agencies entailing an additional expenditure of Rs.2.51 lakhs.

Failure to assess the requirement of earthwork to a fair degree of accuracy resulted in an avoidable expenditure of Rs.3.57 lakhs. Railway Board instructed all the Railways in November 1990, to ensure complete site investigations and accurate assessment of the quantities before finalisation of tenders.

CHAPTER - V

STORES AND PURCHASES

48. South Central Railway : Under-utilisation of flash butt welding plant

To meet the requirements of welded rail panels for renewal of track and laying of new lines, South Central Railway proposed in July 1981 to set up a flash butt welding plant at Moula Ali which was approved at an estimated cost of Rs.1.50 crores.

The plant which was received from a Swedish firm in March 1986 remained

idle due to non-availability of infrastructure to unload the welded panels like roller-path portal beams, hoists etc. till January 1987. In February 1987, the plant costing Rs.2.48 crores was commissioned and worked for one shift (8 hours) daily till December 1987 and two shifts daily thereafter.

Against the rated capacity of the plant (47328 rail joints) per annum, the outturn achieved was even less than the reduced target fixed at 38400 rail joints as under :-

Number of welded rail joints

Year	Target	Actual outturn	Shortfall	Percentage of shortfall
1987-88	24000*	9090	14910	62
1988-89	38400	12824	25576	66
1989-90	38400	22051	16349	42

* at 1600 joints per month from April to December 1987 and 3200 joints per month thereafter.

The shortfall in production was due to non-availability of rails for welding, power shutdown and plant repairs. The plant remained completely idle for about five months from November 1988 to March 1989 for want of a spare part (servo valve) costing Rs.50,000 even after two and a half years after receipt of the plant. The spare servo valve originally supplied by the firm, as a part of the purchase was received in December 1985 in broken condition but no action was taken for procurement of a replacement till December 1988. The valve fitted in the plant failed and the new valve was received on 7 February 1989 and the plant was recommissioned in March 1989. Thus, delay to initiate procurement action

for replacement of the broken spare servo valve resulted in complete shut down of the plant for five months.

In 1989-90, 52 per cent of production hours was lost due to

- non-availability/irregular receipt of rails for welding(21 per cent);
- irregular power supply/power cut(13 per cent)
- plant repairs/complete shut down(18 per cent)

Consequently, the unit cost of welding of rail joints increased as under:

Year	Unit cost of welding		
	Target outturn (Rs.)	Actual outturn (Rs.)	Percentage increase of col.(3) to col.(2)
(1)	(2)	(3)	(4)
1987-88	71	188	265
1988-89	89	266	299
1989-90	123	214	174

In assessing the unit cost of welding of rails the investment made on structures, machinery and plant had not been taken into account. Consequently, Rs.54 lakhs (Rs.18 lakhs per annum) was debited less to track renewal works during 1987-88 to 1989-90.

Despite payment made in January 1986 to the Electricity Board for provision of an independent electricity feeder line to the plant, power supply was arranged by the Electricity Board from an existing feeder line. Consequently, the plant was subjected to irregular power supply by frequent power cuts imposed by the Electricity Board. An independent feeder line was got arranged from the Electricity Board in June 1990, more than three years after the commissioning of the plant. Railway also paid an amount of Rs.3.43 lakhs during December 1986 to November 1988 as penalty for not maintaining the power factor at the required level.

Frequent plant repairs/complete shut down would indicate inadequacies of preventive maintenance of the equipment and inadequacy of training of operating staff, lack of proper planning and coordination to ensure timely and regular supply of rails not only affected production but also caused detention to wagons. An amount of Rs.15.26 lakhs was incurred towards demurrage charges due to detention to wagons on this account during August 1987 to December

1989. Thus, the plant set up at Moula Ali at a cost of Rs.2.48 crores remained grossly underutilised.

While on the one hand the capacity of the plant remained underutilised, the Railway got welding jobs done outside on the other fpe Rs.2.87 crores as per particulars given below :-

Year	No. of rail joints	Cost of welding (in lakhs of Rs.)
1987-88	32576	33.58
1988-89	30544	66.53
1989-90	40120	89.42
1990-91	32768	97.39

(upto October 1990)

49. Northern Railway:Idle machinery

The provision of a plate bending-cum-straightening machine was considered essential for the Bridge Workshop, Charbagh, Lucknow for straightening long plates like flanges of spans etc. and was included in the Machinery and Plant Programme 1983-84 which was sanctioned by the Railway Board. The order for the machine was placed by the Director General, Supplies and Disposals (DGS&D) in March 1986. The machine was received in the workshop on 2 September 1986 and commissioned on 8 January 1987 but it was not put to actual use for want of modernisation of the workshop. In December 1989, the Chief Bridge Engineer decided that the machine could be given to other bridge workshops on the Railways as modernisation of the Bridge Workshop, Lucknow was likely to take a long time. A reference was accordingly made to other Railways in December 1989 offering the machine but there was no response. The machine was still lying unused in the Bridge Workshop, Lucknow (May 1990).

The procurement of the machine without consideration that it can not be used without Electric Overhead Traveling (EOT) crane and shed had resulted in idling of the machine costing Rs.21.12 lakhs and was avoidable.

The Board stated (November 1990) that the machine could not be utilised fully pending provision of the crane and the shed and added that the machine would be put to more intensive use as soon as the requisite facilities became available. The fact, however, remained that the Administration failed to make simultaneous provision for these facilities, indicating poor planning.

50. Central Organisation for Modernisation of Workshops (COFMOW): Delay in installation and commissioning of machines

A review of progress of installation/commissioning of machines revealed that in a number of cases there were delays in installation and commissioning of machines. Out of 467 uncommissioned machines, 444 costly machines like wheel lathes, cranes, compressors, drilling machines (Rs.74 crores) as on 31 March 1990 were awaiting installation/commissioning in different workshops even after four months of their receipt. The main reasons attributed to delays were :

- machine foundation not ready;
- service engineer of supplier awaited;
- machine under order of transfer; and
- proving test certificate awaited.

The delay in installation/commissioning of the machines resulted not

only in blocking up of large sum of money but also in delay in completion of the project and consequent loss of production.

On Northern Railway till March 1990, 29 machines worth Rs.182 lakhs were installed after six months of their arrival. The delay from the arrival to commissioning of these machines ranged between 6 and 18 months. The delays were attributed to non-completion of incidental works prior to the receipt of the machines. Consequently, there was loss of production of critical components and the outturn of the workshop. On Central Railway out of 32 items of plant and machinery procured between November 1988 and June 1990, three machines valued at Rs.89.85 lakhs were yet to be installed (October 1990). Four coach painting lines (fixed booths procured from an indigenous firm at Rs.2.00 crores in July 1989 were yet to be installed on Eastern, South Eastern, South Central and Central Railways (October 1990).

According to tender conditions 90 per cent payment was to be made on proof of inspection and shipment/despatch within thirty days of the receipt of specified documents. Since installation and commissioning of these machines were to be done under supervision of technical expert of the supplier or his agent, the 10 per cent payment was to be made on furnishing of bank guarantee within 30 days of successful completion of proving test after its commissioning.

As on 30 June 1990, there were 478 cases pertaining to April 1987 to June 1990 where 10 per cent payment had not been released to the suppliers and the specific reasons therefor were not available.

**51. Chittaranjan Locomotive Works :
Delay in commissioning of an
imported milling machine**

In order to augment production facilities of locomotives and components Chittaranjan Locomotive Works (CLW) placed an order in April 1984 on a foreign firm for supply of one milling machine at a cost of Rs.32.41 lakhs. The purchase was financed by IDA credit. The machine components packed in nine boxes arrived at Calcutta port on 24 January 1985 and the Railway released them on 3 May 1985. Thereafter, due to lack of proper monitoring on the part of the port consignee (the Controller of Stores/BI/Eastern Railway/Calcutta) five boxes were wrongly delivered to Naihati Depot and four were delivered to the Belur Depot of Eastern Railway. Though the foundation of the machine was kept ready for its commissioning in October 1985, the components were kept idle for want of the boxes wrongly diverted to other depots. These boxes were sent to CLW between July 1985 and March 1986 and were received by April 1986. Even after their receipt the machine was not assembled and commissioned immediately.

During July and August 1986 components and tools valued at Rs.0.95 lakh were found missing. Consequently, imported and indigenous components costing Rs.79,000 had to be procured. The machine was eventually commissioned on 24 April 1987, after a delay of over two years after its receipt at the Calcutta port.

Due to late receipt of the machine in CLW, IDA credit available had lapsed and the balance 10 per cent payment had to be paid out of free foreign exchange. Because of delay in commissioning the value of Yen had also appreciated with reference to the Rupee re-

sulting in extra expenditure of Rs.3.19 lakhs.

52. Diesel Locomotive Works : Non-recovery of Excise Duty on sale of locomotives

Diesel Locomotive Works(DLW) manufacture diesel locomotives to meet the needs of Railways as also for supply to various public sector undertakings. During March 1975 to March 1986, DLW sold 120 diesel locomotives to the different units of the Steel Authority of India (SAIL). The agreement for the sale of locomotives provided that the prices were exclusive of Sales Tax, Excise Duty and any other taxes imposed or likely to be imposed by the Central and State Governments.

In terms of Tariff item No.68 of the first schedule to the Central Excise and Salt Act 1944, locomotives manufactured and sold to non-railway parties are liable to be levied excise duty at varying rates from March 1975 to February 1986 and as per new tariff heading 86.02 at 15 per cent from March 1986. Since the Railway Board had some doubt about the imposition of excise duty on Internal Combustion engine/fully manufactured locos, the matter was under correspondence with the Central Board of Excise and Customs, and also with the Ministry of Law. In July 1981, the Railway Board advised the production units and all the Railways that Excise Duty was payable for the diesel engines and other items manufactured in Railway Workshops. The General Managers were therefore advised to intimate the year-wise liabilities of Central Excise Duty payable up to 31 March 1981 so that payment could be arranged in instalments in consultation with the Ministry of Finance. The Railway Board also directed them to start processing the payment of Excise Duty on the manu-

facture in 1981-82, with immediate effect. Despite these instructions, DLW did not pay the Excise Duty on the locomotives sold to SAIL.

The Central Excise Authority at Varanasi issued a demand notice in January 1983 for Rs.2.11 crores for 32 locos supplied during the period from January 1980 to June 1981. DLW, however, neither paid the Excise Duty nor did it keep SAIL informed of the fact. Consequently Excise Authority included this amount in the special demand notice issued on January 1986. As this was also not paid, a seizure notice was received in August 1986 for Rs.5.46 crores which was paid on 30 September 1986. Meanwhile SAIL in reply to DLW's demand for Excise Duty in July 1986 stated that any demand from the Excise Authority beyond a certain period would be time barred.

The Excise Duty paid by DLW was recoverable from SAIL as per the sale agreement and till the recovery is made, the amount forms part of the transactions of DLW on which the element of interest at 6 1/2 per cent per annum amounts to Rs.124 lakhs for 3 1/2 years.

After its appeal in March 1987 was rejected by the Excise Authority, DLW appealed to the Appellate Tribunal, New Delhi in November 1988 the decision of which is awaited.

The Board stated (November 1990) that there was no conscious default on DLW's part either in realisation or payment of excise duty. The exemption under tariff No.68 did not apply to non-railway transactions and the matter had already been examined in consultation with the Ministry of Finance and the Production Units were accordingly directed in July 1981 to levy Excise Duty

from Public Sector Undertakings. DLW had, however, failed to initiate prompt action for realisation of Excise Duty.

53. Central, Eastern and Southern Railways : Incorrect fixation of rate for sale of cinder

The rate for sale of cinder to railway employees is fixed on the basis of guidelines issued by the Zonal Headquarter offices of each Railway. The guidelines provide, inter alia, that the rate fixed for sale of cinder to railway employees should not be less than 50 per cent of the sale price fixed for the cheapest quality of coal sold to them, while prescribing an uniform procedure in this regard to be followed by the Railways the Board laid down in November 1984 and August 1985 that the sale rate fixed should not be lower than the cost of collection including direct picking cost and indirect cost and, should also take into account sales tax, supervision charges, etc. and the loss incurred by the Railway due to non-revision of rates in the past.

A review in Audit of the rates for sale of cinder to railway employees on Central, Eastern and Southern Railways revealed that the above norms were not followed. The rates fixed were either much below 50 per cent of the sale price for the cheapest quality of coal sold to employees or were much below the sale rate after taking into account sales tax, picking, supervision charges, etc. The consequent loss on this account on these Railways during 1982-83 to 1988-89 worked out to Rs.32.93 lakhs.

54. Eastern Railway : Avoidable payment of additional insurance premium

The Board contracted to import during 1984-87, 48,612 numbers 22.9

tonne wheelsets of various types for issue to wagon builders as "free supply item". The wheels were to be shipped to the Calcutta port for clearance of Cargo and their onward despatch to wagon builders.

'All risk insurance covers' were taken by the Board to cover loss or damage to the wheelsets. The terms and conditions of the insurance covers provided, inter-alia, that in case the cargo got delayed in transit from the port to wagon builders (the ultimate consignees) beyond the standard free period, additional insurance premium for keeping the insurance cover open till such time the cargo was received at the final destination was payable.

31,819 wheelsets were received at Calcutta port between March 1987 and May 1988. After clearance from the port the cargo was very often taken to transit stores depots and later despatched to wagon builders after delays ranging from six to thirty months in respect of 24 vessels out of 31 vessels. The Railway in addition to Rs.70.81 lakhs as premium for normal coverage paid Rs.104 lakhs as additional premium for the delay in despatch to keep the insurance cover open.

Out of 31,819 wheelsets received up to May 1988, 25,000 wheelsets were imported urgently in view of their requirements on a crash basis. Notwithstanding this urgent requirement it was noticed that 19,666 wheelsets received during March to December 1987 were despatched very late to the wagon builders requiring three to six extensions in these cases.

Delay in the transshipment of wheelsets from the port/transit depots to wagon builders resulted in additional

payment of Rs.104 lakhs as insurance charges.

The Board stated (January 1991) that build up of wheelsets during 1987-88 was a temporary phenomenon caused by an unprecedented rise in indigenous production in Wheel and Axle Plant, Bangalore and slow off take by the wagon builders on account of strikes etc. and there had been substantial improvement during the last two years.

This situation would not have arisen had there not been avoidable procurement of 4000 wheelsets in May 1987 and had the urgent imports been based on a realistic assessment of requirements and availability of wheelsets as mentioned in paragraph 3.16 of the Report of the Comptroller and Auditor General of India, Union Government (Railways) for the year ended 31 March 1989.

55. Central, Eastern, Northern, South Central and Western Railways : Loss due to excessive wastage of timber in saw mills

In the context of excessive wastage in saw mills of Railways, Board fixed in August 1961 targets for wastage of timber as 30 per cent in respect of round logs and 20 per cent in respect of baulks, squares and slabs and advised the Railways to send a periodical statement to it indicating the wastage percentage and explanation for the increase above the targets fixed. The return was, however, discontinued in July 1973 and the Zonal Railways were advised to watch the position. In October 1976, the Board held that there was no justification for upward revision of the targets prescribed for wastage of timber.

A review conducted by Audit on the wastage in the saw mills revealed

that the wastage of timber in the saw mills in five Railways exceeded the targets considerably ranging up to 37.16 per cent in respect of round logs and up to 40 per cent for baulks, squares and slabs.

The wastage of timber in excess of targets fixed in six workshops on these five Railways during 1986 to 1989 amounted to Rs.55.18 lakhs which could have been avoided with better planning and control in the conversion of logs in the saw mills, and more effective monitoring.

56. Northern Railway : Avoidable expenditure on transfer and handling of sleepers

A consignment of 14020 steel trough sleepers, loaded in 20 BOX wagons, was received by Permanent Way Inspector (PWI), Sandila in May 1987 at Kakori station. His requirement was of 5587 sleepers for the renewal work in his section. On his seeking advice for disposal of the remaining 8433 sleepers the Divisional Railway Manager, Moradabad directed the PWI in June 1987 to rebook the entire load of 14020 sleepers to PWI, Najibabad stating that his requirement of 5587 sleepers would be met by supply from PWI, Shahjahanpur. The diversion of the 20 BOX wagons to Najibabad resulted in an expenditure of Rs.2.85 lakhs on re-booking freight and Rs.0.08 lakh on unloading of sleepers at Najibabad.

In August 1987, the Divisional Railway Manager, Moradabad directed the receiving PWI to despatch 12405 sleepers to PWI, Shahjahanpur for track renewal work between Kakori and Najibabad. The PWI, Najibabad despatched 11360 sleepers to Shahjahanpur by rail (4200 nos.) and road (4500 nos.) incur-

ring an expenditure of Rs.1.12 lakhs on their handling. The mode and cost of transport of the remaining 2660 sleepers were not known. The PWI, Shahjahanpur later despatched 4000 sleepers (as against 5587 required) to PWI, Sandila at Kakori (the original consignee of 20 Box Wagons) by road the expenditure on which was Rs.0.49 lakh.

The Board stated (January 1991) that sleeper renewal works at Sandila had to be temporarily deferred so that works required urgently on safety consideration elsewhere in the Division could be carried out. Frequent transfers and handling of sleepers which led to an avoidable expenditure of Rs.4.54 lakhs could have been avoided had the supply of sleepers to various works been regulated according to a pre-determined programme.

57. Northern Railway : Extra expenditure due to acceptance of rates on 'number basis'

In September 1983 the Railway Electrification Organisation, Mathura invited open tenders for unloading and loading of railway materials. Of the three tenders received, the lowest offer of firm 'A' at an approximate cost of Rs.3.06 lakhs was accepted in December 1983, after negotiations with all the three tenderers.

As per the contract, the contractor was required to do unloading/loading of 15 items of stores at the accepted rates. The rate accepted for item No. 14 with nomenclature "S.S.U. bolts, S.S. screw complete with nuts, locknuts, etc." was Rs.2 each.

A review by Audit revealed that 82,548 bolts with nuts were loaded/un-

loaded by the contractor, as against 35,000 mentioned in the tender papers. The approximate weight of a piece was 73 grams and as such packable in boxes/gunny bags. The loading and unloading rate for this item should have been on 'weight', instead of on 'number' basis. The failure resulted in extra expenditure of Rs.1.65 lakhs.

The Board admitted (November 1990) the lapse and stated that the matter was being investigated for fixation of responsibility, as warranted.

58. Procurement of material for high capacity wagons

Centre Buffer Coupler (CBC) is used for linkage between wagons for forming a train and determines the strength of the system. RDSO recommended fitment of high tensile couplers in BOX N wagons for higher trailing load of 9000 tonnes (98 wagons). The standard couplers which were being used were designed for a maximum trailing load of 4500 tonnes.

At a meeting held on 22 December 1983 at which representatives of Directorate General of Technical Development (DGTD) and Ministry of Industry were also present it was decided that procurement of wagon components like wheel, bearings and couplers for BOX N wagons would be made according to international competitive bid procedure. The Board, did not invite global tender for high tensile couplers and placed orders in April/August 1986 for 12700 high tensile couplers at Rs.19.05 crores on limited tender on indigenous firms who had failed in the past to supply the couplers to the satisfaction of the Railway. Due to non-availability of high tensile couplers, BOX N wagons had to be fitted with standard couplers to avoid stabling of wagons.

Operation tests conducted on Northern and South Eastern Railways in November 1985 and December 1985 revealed that the strength of standard couplers (weaker ones used instead of high tensile couplers) was poor and showed a tendency to disengage and this factor was responsible for a large number of BOX N wagons being involved in derailment due to "bunching effect".

Despite weakness of the standard couplers, the Board did not consider it fit to invite global tender for import of advanced technology for this item and went ahead with outdated technology. Rates accepted for high tensile couplers were higher compared to import and extra expenditure worked out by Board for procurement of high tensile couplers from indigenous firms was Rs.457 lakhs for 12700 couplers.

Due to shortfall in supply by indigenous firms Railway suffered on two counts viz ,(i) 2723 wagons were stabled for want of the couplers; and (ii) majority of wagons which had been fitted with standard couplers were not suitable to haul 9000 tonne trains.

59. Central Railway : Injudicious import of high speed match boarding machine

A high speed match boarding machine, at an estimated cost of Rs.5 lakhs, was sanctioned by the Railway Board in the Machinery and Plant Programme for 1980-81 on replacement account for the saw mill in the Matunga Workshop. Since the machine could not be procured from indigenous sources, DGTD clearance was obtained in September 1985 for import. An indent on the Central Organisation for Modernisation of Workshops (COFMOW) was placed in November 1985 to fresh technical specification given by the

COFMOW. The indent was returned by the COFMOW in May 1986 to reassess both the cost and the requirement itself in the light of Board's directive in April 1986 for reviewing the need for all wood working machines. This was in the background of considerable reduction in holdings of wooden body coaches and change over to steel floorings for wagons and brake vans. The Railway approached the Board in December 1986 for sanctioning an enhanced cost of Rs.19 lakhs and justifying procurement of the machine on the basis of a projected workload of 50,000 running metres of wood work per month. Sanction to purchase was accorded by the Board in April 1987. The machine, ordered on a West German firm, in May 1988 was received at the workshop in September 1989. Since the cost of the machine was Rs.69.82 lakhs, a revised estimate for Rs.77.80 lakhs, including the cost of installation was sent to the Railway Board in August 1989. This was yet to be sanctioned (June 1990).

In December 1989, the Chief Workshop Manager, Matunga advised the Chief Mechanical Engineer, Bombay that the machine could be offered to other Railways at the purchase cost as a feasibility report for tapering down the saw mill activities was under preparation in compliance with the Board's instructions of 2 May 1988 that use of timber on coaches should be progressively reduced.

The following observations are made :

(i) There was considerable delay in processing and procurement of the machine which was sanctioned by the Railway Board and included in 1980-81 Machinery and Plant programme (M&P) but the actual import took place in September

1989. The estimated cost of the machines was absurdly low (Rs.5 lakhs) as compared to the final price (Rs.70 lakhs).

(ii) The import of the machine was justified as essential in December 1986 on the basis of existing work load despite Board's caution given in April 1986 for reviewing the requirements of all wood working machines because of the considerable reduction in the holding of wooden bodied coaches. As the machine was offered to other Railways immediately after its receipt in September 1989 on the ground of tapering down activities in the saw mills, the decision (December 1986) to procure the same was clearly injudicious.

(iii) The instructions of the Board for tapering down activities in the saw mills had been issued by the Railway Board on 2 May 1988 but order for the import of the machine was placed on 19 May 1988 ignoring these instructions. The Railway had got another opportunity to cancel the order on the firm's failure to effect delivery of the machine by the stipulated date in October 1988, but this was not availed of. The delivery date was extended (November 1988) to 30 April 1989 thereby facilitating supply of the machine which was no longer required.

(iv) After the Carriage and Wagon Committee meeting held in April 1986 the Board observed that the requirement of timber had reduced on account of change over to steel flooring and desired a review but no instructions were issued to Railways till April 1988.

- (v) As the saw mill activities are to be tapered down on the Railways as a matter of policy decision, there is little scope for utilisation of the costly machine on other Railways too.

The Board stated (January 1991) that :-

- (i) the observations of Member (Mechanical) in April 1986 regarding progressive reduction in use of timber and saw mill activity were gone into by the Railway while seeking procurement of the machine and the machine was considered essential; and
- (ii) the machine had been commissioned and put to use.

The observations are not borne on facts since :

- (a) immediately on receipt, the machine was offered to other Railways at purchase cost; and
- (b) due to non-availability of dust extraction system, the machine had not been commissioned and put to use so far (January 1991).

60. Central Railway : Procurement of vertically cast electrolytic copper wire bars

A purchase order was placed on Hindustan Copper Limited (HCL), Bombay in March 1985 for procurement of 125 tonnes of vertically cast electrolytic copper wire bars said to be "needed immediately" in connection with the work 'Extension of railway line between Mankhurd and Belapur' as per indent placed by Metropolitan Transport Project (MTP) Railways, Bombay. The consignee particulars were to be advised in due course. The date of delivery

was specified as about 90 days of receipt of consignee particulars. An amount of Rs.57.85 lakhs as 100 per cent advance was paid to the firm in the same month.

In March 1985 itself, the Electrical Department placed three requisitions on the Stores Department for fabrication of wires but these were returned in May 1985 stating that the Chief Engineer had desired that fabrication of these wires should not be gone into. The Deputy Chief Electrical Engineer brought to the notice of Chief Engineer in May 1985 that due to heavy cut in allotment of funds during 1985-86 it was necessary to prune the expenditure on works and proposed diversion of the copper wire bars on order to the Railway Electrification Project, Allahabad. In June 1985 the firm was asked whether the advance money could be returned as the Railway was intending to cancel the order. The firm conveyed in July 1985 its inability to refund the advance money immediately due to financial constraints and other technical difficulties. In December 1985, the MTP decided that as arrangements were being made to get conductors fabricated through tenders by the Stores Department, the advance paid to the HCL might be retained by them. The firm was advised in January 1986 that the consignee particulars would be intimated.

HCL advised the MTP in March 1986 that 130 tonnes were ready for supply and sought the consignee particulars. The MTP could not furnish the same as the fabrication contracts had not been finalised due to delay in taking a decision on the design of OHE system to be employed on the line. The Board which originally intimated in April 1985 to provide for AC traction reversed its decision in October 1987 for DC traction. Tenders were invited in October-November 1987 to finalise a fabrication

contract wherein tenderers were asked to quote also for outright supply of catenary/contact wires so as to assess the relative costs of outright purchase and fabrication. In response, all the three firms on the approved list quoted only for outright supply and not for fabrication. In view of this MTP sought in February 1988 refund of Rs.57.85 lakhs paid in March 1985 along with interest at 6.75 per cent per annum. The amount was refunded by HCL in March 1988. The demand for interest was rejected by HCL on the ground that it was not in the company's policy to pay interest on the amount received along with customer's purchase order. In April 1989, the firm was approached again to arrange payment of interest charges but the firm has not responded so far (September 1990).

The following observations arise:-

- (i) MTP rushed to place an order for supply of 125 tonnes of copper bars in March 1985 with the intention of utilising the copper for fabrication of catenary and contact wires on the Mankhurd-Belapur Railway line before finalisation of the system of traction by the Railway Board.
- (ii) As the gauge of catenary wires is determined by the nature of the OHE system, MTP was not in a position to finalise the contract for fabrication of the bars into catenary wires till such time a final decision on the type of OHE system to be employed was taken. Since this decision was to be taken by the Board, the purchase action should have correctly commenced after obtaining Board's clearance on the extension of the existing 1500 V DC system beyond Mankhurd upto Belapur.

- (iii) These indicate bad planning on the part of the Railway which resulted in blocking up of capital of Rs.57.85 lakhs for three years causing loss of interest of Rs.11.71 lakhs.

Quite apart from defective planning, having ordered copper wire bars in March 1985, the least that could have been done was to accept the bars in March 1986 (MMTC price being Rs.44,000 per tonne) when they were ready for delivery and got it fabricated to the size required. Instead, tenders were invited in October-November 1987 for fabrication with the alternative of use of copper bars supplied by the Railway or for outright supply of wires. Orders were finally placed in April 1988 for outright supply of wires (based on price of copper bars at Rs.73,000 per tonne), leading to an extra expenditure of Rs.37.70 lakhs which was clearly avoidable.

The Board stated in January 1991 that having regard to the cost involved in transportation, handling (storage) and insurance and more importantly owing to refusal of the firms to use the railway supplied copper for fabrication, the Railway had no choice but to award the work for outright supply of wires. The three firms were earlier fabricating the contact and catenary wires with raw materials supplied by Railway. It was in November 1987 the Railway gave an option to the firms to quote rates for fabrication from either Railway's copper or outright supply of fabricated wires.

61. South Central Railway: Unnecessary procurement of a gear hobbing machine

An indent was placed on the DGS&D in January 1981 for procure-

ment of a gear hobbing machine for Hubli Workshop to meet the additional load of replacement of worn out gears of various sizes of different machines. Two offers at Rs.3.75 lakhs (firm 'A') and Rs.20.06 lakhs (firm 'B') were received. The Production Engineer stated in June 1981 that procurement of the machine was not absolutely necessary since the workload could be managed with the gear hobbing machine of capacity 7" already available in the shop. He had suggested procurement of a low cost machine and did not favour investing Rs.26.25 lakhs on a machine which would have no full time work. The Railway recommended acceptance of the offer of firm 'B'.

A similar gear hobbing machine in the Machinery and Plant programme for 1983-84 for Lallaguda Workshop had been proposed for procurement in June 1982 but was later dropped. DGS&D was advised to divert the machine ordered for Hubli to Lallaguda Workshop. The machine costing Rs.22.68 lakhs was installed in October 1983 in Lallaguda Workshop.

The details of works undertaken by this machine during 1984 to 1987 were not made available to Audit on the ground that the records were not traceable. The machine was put to use in 1988 for a total of 190 hours against 2496 hours available on a single shift basis. There was no work load on this machine from January to November 1989. In November 1989 it was found that the machine was working erratically and was sent for repairs. It was still under repair (May 1990).

Manufacture of certain special types of gears could not be undertaken on this machine and local purchase of certain gears valuing Rs.1.62 lakhs dur-

ing February 1987 to August 1988 was made.

Procurement of a machine involving an investment of Rs.22.68 lakhs without adequate justification was unnecessary and avoidable.

62. Integral Coach Factory : Procurement of defective wheels from a foreign firm

Considering certain specific advantages of disc brakes over conventional tread brakes such as improved safety, efficiency, reduced maintenance, elimination of sparks and fire hazards, the Board decided, in June 1983, that disc brakes should be provided on five EMU rakes on a trial basis and advised the Integral Coach Factory (ICF) Madras for the manufacture of five rakes plus four spare coaches during 1984-85 and 1985-86. To start with, ICF was to manufacture during 1984-85 two rakes and two spare coaches only and these rakes, after fitment of disc brakes, were to be put on service trials on the Central Railway. The original target for turning out two disc brake rakes was October 1985 and, based on the trial on these two rakes, a decision was to be taken on the provision of disc brake rakes on all new EMU trains.

Accordingly, an indent for 426 rough turned tyred wheels (146 wheels for motor coaches and 280 for trailer coaches) for manufacture of five rakes of DC EMU coaches with disc brakes was received from the ICF in March 1984 and the Board placed an order for these wheels on a North Korean firm on 25 August, 1984. The technical capability of the firm, its past performance and workability of the rate were, however, not adequately examined before placement of the order. The tender commit-

tee recommended the firm for placement of order on them without even a discussion as to how the material could be supplied by the North Korean firm at one-third of the price quoted by the other tenderers. The value of the order was Rs.14.09 lakhs (cif).

The contract stipulated inspection of wheels by the Korean Commodity Inspection Bureau reserving the right by the purchaser to oversight inspection by Rail India Technical and Economic Services (RITES) as and when considered necessary before shipment. Cent percent of the value of stores was to be paid on the basis of inspection certificates and other shipping documents. As per contract, the delivery of the wheels was to be completed within 60 days from the date of receipt of the letter of credit. The firm did not adhere to the delivery schedule and only 326 wheels were delivered in three lots between May 1985 and August 1985. Before shipment, inspection of the wheels was conducted only by the Korean Commodity Inspection Bureau and no oversight inspection by RITES was considered feasible on account of the small value of the contract. The entire quantity of 326 wheels on receipt at ICF was rejected as the wheels not only did not conform to the specification but also had manufacturing defects.

The Board took up the matter with the firm for replacement of the rejected wheels but the response from the firm was poor. As the disc brake trial on DC EMU coaches received a set back for want of wheels, the Board placed a fresh order for 176 wheels on a Hungarian firm at a higher rate in March 1986 to meet the requirements of ICF for two rakes of DC EMU coaches which resulted in extra expenditure of Rs.16.66 lakhs. The value of 176 wheels was Rs.28.09 lakhs.

The North Korean firm was granted an extension of delivery period up to 30 September 1989 but the firm failed to make delivery in replacement of the rejected ones though it promised on several occasions to do so. Visit by an engineer of RITES in March 1990 for inspection of the wheels reported to be ready in firm's works revealed that the firm did not possess technical capability to manufacture the wheels to the standard required by the Indian Railways and no wheels were found technically acceptable. The contract was, therefore, cancelled on 25 May 1990 at the risk and cost of the firm and the firm was asked to reimburse the cost of 326 wheels (Rs.21.18 lakhs). The Board also asked the firm to make payment of Rs.20 lakhs due against other contracts. But no amount had been realised from the firm so far (July 1990). As the firm had received payment in full and as no other contract is under execution, the prospect of recovery of the cost of the rejected wheels is remote.

Meanwhile, ICF advised the Board in February 1990 that the wheels (inclusive of 100 wheels not yet supplied) were no longer required as there was no immediate prospect of manufacture of DC EMU motor coaches in ICF. The Railway Board on receipt of a report from RDSO intimating successful completion of trial on the two EMU rakes decided that three train sets are to be built by ICF in 1992-93.

Due to inadequate evaluation of the offer by the tender committee and lack of proper inspection by the inspecting agency, there was a set back on account of non-availability of wheels in the Railway's programme for disc brake trial for speedy operation of trains. It had taken over four years to complete the trial and that too only after arranging for alternative supplies of 176 wheels

from a Hungarian firm at an extra expenditure of Rs.16.66 lakhs to meet the immediate requirement of ICF for the two rakes of DC EMU coaches. The next batch of three DC EMUs with disc brakes is proposed to be built by ICF only in 1992-93 and at this rate it will take a long time to take a final decision for providing disc brake rakes on all new EMU trains and to that extent the expectation of improved safety, efficiency, lower maintenance costs and elimination of fire hazards would remain unfulfilled. Besides, the Railways suffered a loss of Rs.21.18 lakhs on account of rejected wheels.

63. Procurement of Broad Gauge cast iron sleepers (115 lbs)

Limited tender (Track - 100 / 1986) for procurement of 2.5 lakh tonnes of three types of CST 9 sleepers, including 5000 tonnes of BG (115 lb) sleepers was invited in 1986. In all, 54 offers were received. The tender was opened in March 1986. As the rates received were considered by the tender committee to be on the high side counter offers were made. Eventually, the tenderers accepted either Rs.3900 per tonne (with 100 per cent contractor's pig iron) or Rs.2625 (with 50 per cent CI scrap supplied free of cost). Contracts were placed in October 1986 on 51 firms. While placing the contracts, orders were not placed for 5000 tonnes of BG 115 lbs sleepers (Track - 100 of 1986). No reasons for this had been recorded.

Two firms 'A' and 'B' had tendered for supply of BG C.I. type 115 lbs sleepers at Rs.4251/Rs.2976 per tonne depending upon utilisation of contractor's pig iron/50 per cent Railway scrap and had asked the Board to place order for 5000 tonnes. The firms advised the Board that arrangements for develop-

ing an additional capacity for manufacture of 115 lbs BG sleepers (pattern, dies, mould boxes etc.) had been made. Another tender (No.118 of 1987) was floated in May 1987 to procure 10,000 tonnes of BG 115 lbs sleepers. The rates received were Rs.4150 with 100 per cent contractor's pig iron and Rs.2875 with 50 per cent free supply. The tender committee counter offered Rs.3971 or Rs.2696 depending upon utilisation of 100 per cent pig iron/50 per cent railway scrap respectively which were later revised to Rs.4555 and Rs.3031 respectively due to increase in the cost of pig iron, B.P. hard coke and steam coal. Contracts were placed on four firms including 'A' and 'B' for supply of 2000 tonnes each of BG 115 lbs C.I. sleepers and on two firms for 1000 tonnes each at the rate of Rs.3031 per tonne (with 50 per cent free supply of C.I. scrap by Railway) in February 1988 and April 1988 respectively.

Keeping in view that the two firms 'A' and 'B' had capacity to manufacture the sleepers as seen from their best monthly average figures, orders for BG 115 lbs in respect of Tender No. Track 100 of 1986 for 5000 tonnes could have been placed on them at Rs.2625 per tonne. The non-placement of orders in October 1986 led to avoidable extra expenditure of Rs.20.30 lakhs for 5000 tonnes.

64. South Eastern Railway : Irregular and avoidable purchase of electrodes

The Carriage Repair Workshop at Mancheswar placed requisitions on the Controller of Stores for special types of electrodes of different specifications valued at over Rs.26 lakhs between November 1985 and May 1988. All the purchases were of one make and, except

for a single instance were from a particular firm of Calcutta. The value of 92 out of 118 individual purchases was between Rs.23,000 and Rs.25,000. These were made without any reference to likely consumption which was far too low compared to the stock held over the years. As the electrodes could not be made use of, other units were approached in 1988 to ascertain whether they could make use of these. In response, requisitions were received for electrodes valued at Rs.4.28 lakhs. This left in stock electrodes valued at Rs.18 lakhs in the workshop (February 1989).

A review by Audit, of the records, to the extent, that were available revealed the following :

- office copies of most of the requisitions against which purchases were made not available in the offices of the originating officials. It could not, therefore, be verified whether the indents were placed with the approval of the competent authority;
- there was over estimation of requirements and the electrodes available in stock were lost sight of while placing requisitions; and
- the value of most of the purchase orders being between Rs.23,000 and Rs.25,000 each suggested splitting up of indents with a view to restricting the purchases to Rs.25,000 at a time so as to avoid seeking sanction of a higher authority.

The Board stated (December, 1990) that the matter was under investigation by the Vigilance Department of the Railway.

65. North Eastern Railway : Infertuous expenditure in procurement of fire boxes

Pursuant to instructions issued by the Board in July 1975 for replacing inner fire boxes of steam locomotives on age-cum-condition basis, in order to increase their life span, the Railway conducted a study of refire boxing of boilers in February 1976 and requisitioned 492 fire boxes from the Mechanical workshop, Jamalpur in April 1976, without surveying the age and condition of the steam locomotives on the Railway. It was found after a subsequent survey in June 1978 that refire boxing was required on a programmed basis only from 1985 onwards. The Railway, however, advised the Jamalpur Workshop only in August 1983 that the quantity already supplied and under processing (7 numbers) would suffice. Subsequently, it was decided in April 1986 not to go ahead with the replacement of fire boxes in view of the impending condemnation and gradual phasing out of steam locomotives.

By June 1978, the Mechanical Workshop, Gorakhpur had received 15 fire boxes from the Jamalpur workshop. Of these, ten were diverted in February and March 1980, to the Western Railway, Ajmer where 5 were used and the remaining 5 were still under utilisation (October 1990). Another 39 fire boxes were received between June 1983 and March 1986. As these were not required and there was also no demand from other Railways, the stock of fire boxes numbering 44 and costing Rs.15.58 lakhs was returned during August to October 1986 to the Stores Depot, Gorakhpur as serviceable surplus. These were auctioned on 29 November 1986 as scrap at

the Stores Depot, Kanpur Anwarganj for Rs.2.32 lakhs.

The Board stated (November 1990) that the initial decision resulting in procurement of fire boxes and the review of that decision subsequently in the light of changed conditions vis-a-vis the cost and availability of HSD oil, rendering eventually the procured boxes surplus could not in fairness be faulted.

The fact, however, remains that there was failure on the part of the Railway in not cancelling the requisition once the need for immediate replacement of fire boxes became known in June 1978. This resulted in an infructuous expenditure of Rs.13.26 lakhs.

66. Western Railway : Infructuous expenditure in procurement of wireless sets

A purchase order, for supply of four sets of SSB transreceivers, at a cost of Rs.14.33 lakhs, was placed on a firm in January 1983 with a view to installing wireless equipment in the tourist train 'Palace on Wheels' for maintaining contact with base stations in an emergency. The wireless sets were supplied to the consignee at Ajmer in June 1984 but due to defects these were returned to the firm in November 1984. It was noted in March 1985 after inspection of these sets at the firm's premises that these were not suitable for mobile use, the sets were sent back by the firm in April 1985, and it was paid Rs.13.66 lakhs in May 1985 towards 98 per cent of the cost of supply minus penalty of Rs.1.37 lakhs for late delivery.

The wireless sets were transferred to Jaipur in September 1985. On the basis of a certificate issued by the Jaipur Division in June 1986, at the instance of

Divisional Signal and Telecommunication Engineer (DSTE), Ajmer (October 1985) that the SSB sets were working satisfactorily and a 'No Loss' certificate for purpose of passing bills, the balance two per cent amount of Rs.0.27 lakh was paid to the firm in February 1987. The withheld amount of Rs.1.37 lakhs was also released to the firm in April 1987.

It was, however, noticed from DRM, Jaipur's letter to the firm in May 1989 that the four wireless sets had never worked and were lying unused since their receipt and the firm had failed to put these into order. They were, therefore, sent to Mahalaxmi repair centre for repair in October 1989.

The Board stated (November 1990) that in as much as the sets already installed in the 'Palace on Wheels' were functioning satisfactorily the new sets were utilised in the field for emergency communication till 1987, this is not borne out by facts as it was noticed from the records that the sets had been lying unused since their receipt. The Board added that sets after repairs had been put to use for emergency communication between Jaipur and Bandikui and the remaining two earmarked for emergency use. The fact remained that the wireless equipment intended for the train was not put to its use in the train.

67. Chittaranjan Locomotive Works : Loss on import of defective machines

Chittaranjan Locomotive Works (CLW) proposed (July 1977) for procurement of a three way co-ordinating measuring machine validator for checking loco components produced. The machine was expected to result, inter alia, in substantial savings in inspection time. The Board approved the procure-

ment in 1978, and an order was placed in November 1979 on an American firm at a cost of Rs.6.10 lakhs for delivery by March 1980. The contract provided a warranty period of 18 months after delivery of the machine at the ultimate destination or 12 months from the date of commissioning, whichever was earlier.

The components of the machine were received in phases between August 1981 and April 1982. CLW issued the erection and commissioning certificate in March 1983. Since its commissioning in the inspection wing of shop No.8 in March 1983, the machine could not be operated successfully due to malfunctioning of the printed circuit board and calculators. The machine was transferred in November 1984 to another location in the tool room shop. Even after free replacement of some parts in 1985 by the supplier, the machine could not be operated successfully and was lying idle in the tool room shop for more than six years. The inspection of components was done by conventional methods with a lower degree of reliability. The projected savings in labour and inspection time while justifying the purchase could not be achieved. Meanwhile, full payment of the machine was made to the firm and the warranty period was over by April 1983. No effective action had been taken by C.L.W. for replacement of the defective machine. Expenditure of Rs.13.64 lakhs was incurred on purchase of the machine and its installation charges.

In March 1977, CLW placed an order on a Danish firm through their Indian agent at Faridabad for supply of one Andrex Industrial X-ray machine at Rs.73,290. The testing and commissioning of the equipment was to be done at CLW by the supplier or his agent. The

machine was received in January 1978 after inspection by Railway Adviser, London but could not be commissioned due to a defect in the tube head. The machine was, therefore, sent to the Indian agent's works at Faridabad for repair in March 1980. The Indian agent failed to commission the machine after repair and the machine was lying at his works. No action had, however, been taken for replacement of the machine during the period of twelve years since its receipt. Meanwhile, an amount of Rs.52,694 was paid to the supplier in March 1978 towards 90 per cent payment.

Non-commissioning of the first machine which was procured and installed at a cost of Rs.13.64 lakhs had not only affected the quality of inspection but also deprived the workshop of the projected savings in inspection time. No effective action had been taken for replacement of both the machines despite considerable lapse of time.

68. Procurement of tokenless block instruments

Tokenless Block Instruments (T.B.I) of Daido type are being manufactured in the signalling workshop of Eastern Railway at Howrah whose capacity for this item is eight per month. The production during 1985-86 to 1989-90 was as under:-

1985-86	45
1986-87	61
1987-88	93
1988-89	92
1989-90	65

In order to meet the urgent requirements of on-going works and targeted works of Railway electrification, the Board decided in July 1986 to procure 182 TBIs from trade on a priority

basis, as the capacity of the Howrah workshop was limited. Global tenders were floated in July 1986 and were opened in September 1986. Only two offers were received one from firm 'A' of Japan for supply by import and the other from firm 'B' for supply from indigenous sources as per rates mentioned below :

	Rate per piece (FOB Japan)
Firm 'A'	Yen 19,10,000 Rs. 1,56,173 (FOB)
Firm 'B'	Rs. 66,300 per unit

Negotiations were conducted in January 1987 when firm 'A' reduced its price to Yen 12,60,000 (Rs.1,08,621) while the other indicated a price of Rs.1,09,000 (Excise Duty, Sales Tax extra) inclusive of the cost of relays. The tender committee, decided to cover only the immediate requirements numbering 92 and recommended placement of order on firm 'A' for 62 at Rs.1,08,621 per set (FOB - Japan) and a developmental order for 30 sets on firm 'B' at Rs.66,300 per set (excluding relays). For the remaining 90, the Committee recommended flotation of fresh tenders noting that there was not a good response from the manufacturers abroad and further that a foreign firm had shown interest for extension of time for submission of quotations.

Contracts for supply of 62 sets on firm A and 30 sets on firm 'B' were placed in October/December 1987. After 9 months firm 'A' regretted in June 1988 to accept the contract as its offers (original and final) were for 182 sets and their principals had not been manufacturing the equipment asked for by the Railways for nearly twenty years and would not be able to re-tool so as to undertake for a quantity of 62 sets. The firm, therefore, requested for cancellation of the order. The firm was apprised

in July 1988 that the Board was never advised that the order would be acceptable only for 182 numbers or that order for a lesser quantity would not be acceptable. In October 1988 the Board also pointed out that the firm's offer was not as per tender specification in as much as the equipment proposed to be supplied was for non-electrified area whereas the equipment required was to be used in railway electrified area. In reply firm 'A' informed the Board in October 1988 that the additional features required to make the equipment suitable for use in Railway electrified areas would involve various modifications involving a large expenditure. As the firm did not agree to carry out the modifications without payment of extra cost, the contract was cancelled in April 1990 without financial repercussions on either side.

Supply of 30 TBIs ordered on firm 'B' in December 1987 (after the prototype approved by RDSO in January 1989) and an additional 9 TBIs, ordered in April 1989 under the option clause, were completed by May-June 1989. Meanwhile, in April 1989 firm 'B' offered to supply an additional 50 sets at the same price. In response, the Board asked the firm, in May 1989 to reduce the cost which was not agreed to. In July 1989 orders for an additional 50 sets at the previous rates were placed. By the time this decision was taken, a demand had built up for supply of 145 TBIs from the Zonal Railways over and above the outstanding balance of 62.

The Board, floated a global tender in November 1989 for procurement of 145 of TBIs. Three offers were received. The rate quoted by firm 'B' was Rs.82,000 each without relays and Rs.1,14,000 for each unit with relays. The committee in March 1990 counter

offered the rate of Rs.82,720 with 2 QBA relays and one timer to firm 'B' which was accepted. An order for supply of 145 sets at Rs.82,720 each (ED & Sales tax extra) was placed on it in May 1990 at a total cost of Rs.1.20 crores.

In this connection following observations are made :

- (i) The Board had floated a global tender in July 1986 for 182 TBIs to be procured on a priority basis but orders were placed for only 92. The committee's recommendations (March 1987) to this effect was mainly because of the interest shown by another foreign supplier who had requested for extension of time. No action to float tenders for the balance quantity of 90 number was taken till November 1989.
- (ii) The tender was floated for procurement of tokenless block instruments for electrified area whereas firm 'A' offered to supply the equipment suitable for non-electrified area. The Board nevertheless held the offer as technically acceptable which led to a dispute and eventual cancellation of the contract. This resulted in loss of time of over two and half years from October 1987 to March 1990.

The decision of the Board to go in for a fresh tender, instead of ordering the entire quantity on firm 'B' resulted in not only extra expenditure of Rs.11.89 lakhs, but also led to considerable delays, avoidable paper work and valuable time of the tender committee.

The Board stated (November 1990) that action to float tenders for the bal-

ance quantity of 90 was not taken with the intention to procure the maximum number of equipment from Howrah Workshop. This is not tenable because the procurement from trade was resorted to as the capacity of the Howrah Workshop was limited. The Board's further statement that there was no possibility to order any further quantity at the same contract price indicated that the Board did not explore the possibility of ordering more, especially after the firm had approached it for additional orders for 50 numbers.

69. Western Railway : Avoidable payment of customs duty

The Board authorised the Railway in January 1985 to undertake provision of an optical fibre communication system over the section Churchgate - Borivli and granted permission in October 1985 to invite global tenders for procurement of equipment. In the estimate for the work, prepared in February 1986, the Railway provided for customs duty on equipment to be imported at the concessional rate of 45 per cent available to 'Public Telephone Exchange network' projects, as per exemption orders issued by the Ministry of Finance in March 1985. The Board was approached in July 1986 for obtaining the requisite exemption from the Ministry of Finance. The Board, however, instructed the Railway, in August 1986, to prepare the estimate on the basis of the existing customs tariff "as it would take quite a long time before the reduction is obtained from the Finance Ministry".

The Board nevertheless made a reference to the Ministry of Finance for reduction of customs duty on imported stores on 13 July 1987 and, on a reference from the latter on 27 July 1987 furnished on 16 December 1987 details

of the items to be imported. The Ministry of Finance granted, in March 1988, partial exemption in customs duty in excess of 55 per cent ad valorem on consignments imported for the project. Meanwhile, the first consignment for the project had already been received in November 1987 on which customs duty of Rs.169.02 lakhs at full tariff rates had to be paid against Rs.93.67 lakhs that would have been payable at the concessional rates, had the partial exemption been obtained in time. Since the import was prior to issue of the Finance Ministry's order of March 1988 refund of the excess payments made could not be claimed.

The Board and the Railway should have processed the proposals for the grant of concessional rate of duty applicable to equipment imported for such projects with the Finance Ministry since the first consignment of import was expected by November 1987. Because of delay in approaching the Finance Ministry, the concessional rate for the consignment received in November 1987 could not be availed leading to an avoidable expenditure of Rs.75.35 lakhs.

The Board's contention (December 1990) that there had been no avoidable delay in seeking the required exemption is not substantiated by facts.

CHAPTER -VI

LAND

70. Western, South Eastern, North Eastern, Northern and Eastern Railways : Delayed revision of licence fee

The licence fee (rent) of railway lands licenced to private parties is required to be revised, as per rules, every five years in respect of those in large towns and commercial centres and every ten years in respect of those in other locations. The Board prescribed in June 1971 a period of six months, notice being served on the licensee in advance of the due date of revision and obtaining his unconditional acceptance for paying the revised rate so as not to give cause for complaint from the licensees regarding retrospective claims over unduly long periods. It was provided that the notice should indicate that if the licensee was not prepared to accept the said condition, he should vacate the premises within the currency of the existing agreement.

A review conducted on five Railways revealed that there were delays in revision and many instances of non-revision of licence fees resulting in heavy outstandings as under :

(i) Western :

Out of 909 plots licensed in 7 divisions, fees of 755 plots were revised only up to 31 December 1989; the delay in revision of fees being attributed to the non-availability of market rates. Recovery of Rs.81.96 lakhs towards arrears of licence fee in respect of 168 plots and Rs.8.73 lakhs towards additional security deposits, in respect of 184 plots arising out of delayed revision of the rates was outstanding as on 31 Decem-

ber 1989. Besides, an amount of Rs.107.61 lakhs was outstanding against 212 plot holders on account of other reasons.

(ii) South Eastern :

In four divisions of the Railway (Bilaspur, Chakradharpur, Nagpur and Waltair), the Railway suffered a loss of Rs.35.84 lakhs due to delays ranging from one to ten years in the revision of licence fees.

(iii) North Eastern :

In two divisions, viz., Sonepur and Izatnagar there was a loss of Rs.5.16 lakhs due to delayed revision of licence fees by three years.

In another division (Lucknow) out of 717 shops/plots at Gwaltoli siding (Kanpur) agreement with plot holders was executed only for 235 cases. Arrears of licence fees up to September 1987 were assessed at Rs.23.74 lakhs. The arrear up to March 1990 was yet to be assessed. A case for eviction and recovery of arrears filed in the court of Estate Officer, Lucknow is pending.

(iv) Northern :

Out of six divisions licence fee for commercial plots on four divisions viz. Allahabad, Bikaner, Ferozepur and Lucknow had not been revised since April 1986. Even the recovery of existing fees was not being made in full and it was noticed that an amount of Rs.73.80 lakhs was outstanding from the plot holders as on 31 March 1990. On Jodhpur division revision of licence was done

on 9 March 1989 with retrospective effect from April 1986. Delayed revision of licence fee resulted in non-realisation of Rs.4 lakhs from plot holders as on 31 March 1990. In Delhi division licence fee was revised after a delay of over three years with retrospective effect from April 1986. The delay in revision of licence fees was attributed to non-availability of market rates till 1989. Revision of licence fee led to disputes and the majority of plot holders stopped payment of licence fee to the Railway. Out of a total amount of Rs.82.96 crores due from plot holders of Delhi division only an amount of Rs.1.26 crores could be realised till March 1990.

(v) Eastern :

Out of 435 commercial plots on Sealdah division no revision in licence fee had been made since 1981 in respect of 74 plots whereas in respect of 261 plots the previous revision was in 1983. The total amount of licence fee outstanding to the end of March 1990 was Rs.42.65 lakhs. In respect of 105 plots on Danapur division, no revision in licence fee was made since April 1986. Amount of licence fee outstanding to the end of March 1990 was Rs.17.62 lakhs. In respect of 91 plots on Howrah division, last revision in the licence fee was made in 1989 with retrospective effect from April 1986. Amount of licence fee outstanding to the end of December 1990 was Rs.45.79 lakhs.

Delayed/non-revision of licence fees in five Railways in respect of commercial plots had not only resulted in heavy outstandings of Rs.85.09 crores at the end of March/December 1990 but also affected the financial liquidity of Railways.

71. Northern Railway : Encroachment on Railway land

A notice for acquisition of railway land in village Sadhora Kalan near Subzi Mandi Railway Station was served by the Collector, Delhi in June 1962. In reply to the notice, the collector was informed in August 1962 that the land could not be spared as it was required for development and further that the acquisition of government land was not in order. The Delhi Development Authority (DDA) encroached upon 2.57 acres of this railway land in 1967 because the Railway, failed to keep the land under proper boundry to avoid encroachment even when it was aware of the proposed acquisition. The land was allotted to a house building society under the residential scheme. The Railway was informed, in June 1968, that it was not legally possible to release the land from the purview of acquisition, and, as an alternative, an equivalent area of land in Wazirpur Scheme in exchange was offered in August 1968. This offer was not accepted but later, the DDA was asked in April 1977 to allot on exchange basis 1.57 acres of land in the Industrial Area, Nazafgarh Road and one acre adjacent to the 33 acres in the Wazirpur Residential Scheme of Railways. Although more than 20 years had elapsed, the land as asked for in exchange had not been allotted and the Railway land valued at Rs.3.12 crores remained encroached upon.

The Railway stated (December 1988) that the matter was being taken up at the highest level of the DDA.

72. North Eastern Railway : Loss due to encroachment

Land measuring 33.234 acres between Lalkua and Haldwani was ac-

quired in 1926 for possible use for a new alignment of track in the event the existing one was affected by River Gaula. Later, after river training works, the work of alignment of track was considered not likely to arise. With the passage of time of more than four decades, the Administration lost sight of this land and came to know that it was under encroachment of the public and that a residential colony had already developed on it when the civil authorities informed them in January 1972.

Subsequent efforts to get the land vacated not only failed but even the proposal to exchange it with another suitable piece of State Government land did not materialise. Even the original land plan by way of conclusive proof and for demarcation of the area was not available.

In yet another case, 37.86 acres of railway land at Bagaha, given to the State Government of Bihar under the Grow More Food Schemes, was encroached upon by flood affected migrants in 1974-75. Having failed to get the land vacated even after a decree from the court, the railway administration proposed on humanitarian consideration to allot the land to encroachers on proper agreement at a nominal licence fee of Rs.10 per hundred square feet (October 1983). The proposal, however, did not materialise.

The above instances are illustrative of irregular maintenance of land records and inadequate protection. Based on current market value (at 1977 price level for Bagaha and at 1986 price level for Haldwani) loss of the said land under encroachment would amount to Rs.7.75 crores.

The Board stated (January 1991) that land between Lal Kuan and

Haldwani was acquired in 1926 by the then Rohil Khand and Kumaon Railway and original records had been mislaid during amalgamation of various Railway systems in 1943 and 1952. As regards encroachment of railway land and non-realisation of licence fees, the Board stated that this was attributable more to law and other situation and non-co-operation of civil authorities but efforts were on to regain the land after removing the encroachment. The Board admitted that land management on the Railway needed strengthening to avoid losses of this nature.

73. Northern Railway : Non-realisation of licence fee

In April 1981 the Northern Railway licenced railway land measuring 2.511 acres at Shakurbasti to the Jammu and Kashmir Forest Corporation for use as their timber depot. The agreement provided that the Corporation would pay a licence fee of Rs.2.89 lakhs per annum in advance every year to the Railway, but no security for observance of the conditions provided in the agreement was obtained. In August 1983, the Corporation vacated the railway land except an area of 259.35 square metres. The Railway land measuring 6322.60 square metres was again licenced to the Corporation at its request between January - February 1984 on the same terms and conditions. No fresh agreement was executed with the party. The licence fee was fixed at Rs.30 per square metre per annum and was subsequently revised to Rs.144 per square metre per annum with effect from 1.4.1986 and to Rs.1080 per square metre per annum with effect from 1.4.1987 based on the market value of land.

As against an amount of Rs.1.69 crores due from April 1981 to March 1989 the Corporation paid a sum of

Rs.11.17 lakhs between March 1981 to January 1988. The Railway filed a case before the Estate Officer in 1989 for initiating eviction proceedings and recovery of arrears of licence fee amounting to Rs.1.58 crores.

The Board stated (December 1990) that the amount of arrears including liquidated damages due as on 31 March 1989 from the Corporation, as recalculated, worked out to Rs.83.32 lakhs and that the matter was taken up with the Chief Secretary of the Jammu and Kashmir Government. As regards the lapse for non-execution of fresh licence agreement and for not obtaining security deposit, the Board added that action was on hand to fix responsibility and to take disciplinary action.

74. Eastern Railway : Irregular management of Railway land

Eastern Railway handed over two pieces of Railway land at Mowza Digla and Bagjola measuring 9.284 and 3.367 acres to the Defence Department in May 1944 and in March 1945 respectively for construction of a service wireless station and overhead power line for defence operations. In respect of the first, a memorandum of terms was executed with the Defence Department in December 1944 indicating the occupation of land for a period of one year while no agreement for the second was executed. The land was not returned to the Railways who also failed to prefer bills till September 1959. As there were no developments, the Board requested the Ministry of Defence in April 1973 to issue instructions to the local military authorities to accept the bills from April 1946 onwards and also give vacant possession of the lands. Till March 1979 bills for an amount of Rs.10.17 lakhs were preferred. The military Authori-

ties informed the Railway in March 1981 that they were not likely to vacate the land as they had built up structures/ installations thereon but were willing to pay the market value of land prevailing at the time of occupation plus interest thereon. The land had, however, not been transferred to the military authorities so far. The bills preferred up to March 1979 amounting to Rs.10.17 lakhs had not been cleared. Further no bills had been preferred by the Railway since 1 April 1979.

Another piece of land measuring 1.64 acres in the same area was under occupation by the Defence Department since 1954. Out of this, an area of 0.49 acre was released by the Defence Department to the Railway in March 1981. Two bills, amounting to Rs.1.69 lakhs as licence fee for the land are still pending.

Yet another piece of railway land at Kanchrapara measuring 95.43 acres was also under occupation of the Defence Department since 1942. Here also the Railway had failed to prefer bills for the licence promptly and the claims were preferred only in October 1972 for Rs.50.48 lakhs for the period September 1942 to March 1973. No payment had so far been made by the Defence Department (July 1990). Bills for periods subsequent to March 1973 were also not preferred by the Railway. No action had been taken on the Defence Department's request in August 1988 and March 1989 for permanent transfer of the land.

The above instances are indicative of absence of adequate management control over the estates.

The Board stated (January 1991) that bills towards licence fee in respect of railway land had been preferred up to March 1990 and that draft agreements

and joint surveys of the land, had been forwarded to Defence Department. The Board added that in order to avoid such situations in future, decision had been taken to hand over possession of railway land on lease only after execution of an agreement embodying inter alia, the liability of the licensee to pay up the dues in time.

75. South Eastern Railway : Non-realisation of extra occupation fee

A piece of railway land measuring 1,80,250 square feet primarily for a private siding was leased to a private company in April 1927 at a monthly rental of Rs.3510 which was revised to Rs.4513 from October 1965 as per an agreement renewed from time to time and extended up to September 1968.

In November 1950, the Railway decided that for the erection of any temporary structure on railway land, the company would have to pay 1 1/3 times of the normal rate for the whole area as occupation fees. The Railway, however, failed to make a provision to this effect when the agreement was entered into or later when it was renewed a number of times. Consequently when the company constructed some structures and huts in addition to the private siding on railway land no additional rent could be recovered. The company did not even pay the normal rent from October 1965. A case was filed in September 1969 for eviction of the company and to realise the arrears before the Estate Officer who ordered the company to pay the outstanding dues in instalments. Till December

1980, the company continued to occupy the land without paying the full rent.

The Railway failed to realise extra occupation fee from January 1951 to December 1980 amounting to Rs.6 lakhs for want of a provision in the agreement. This apart, there were arrears of normal rent and taxes amounting to Rs.7.19 lakhs from October 1965 to January 1981.

In January 1981, the company went into liquidation and was taken over by the Government of West Bengal in June 1981. The Official Liquidator appointed by the court on 12 January 1981 invited claims from creditors on or before 31 December 1981. The Railway, however, failed to submit the claim of Rs.13.19 lakhs before the Liquidator in time for reimbursement, and no responsibility was fixed for non-submission of the claim. Meanwhile an amount of Rs.2.16 lakhs from June 1981 to December 1990 towards fee for temporary structures on railway land became due but remained unrealised from the State Government.

The Railway stated (November 1989) that the claim could not be placed before the Official Liquidator as the claim was under examination in the court of the Estate officer. The argument is not tenable as the Railway could have suitably placed before the Official Liquidator the position of their claims against the company. A claim was, however, lodged with the Official Liquidator on 17 April 1989 after a delay of more than 7 years and after the matter was taken up by Audit in January 1988.

CHAPTER - VII

SIDINGS

76. Central, Eastern, Northern, North Eastern, Northeast Frontier, South Central and Western Railways : Short recovery of maintenance charges of private sidings

To bring in uniformity in the matter of recovery of maintenance charges from siding owners, the Board issued guidelines to Zonal Railways in April 1982 as to the items constituting such charges. In so spelling out the various items of costs which constitute maintenance charges, the element of productivity linked bonus (PLB) introduced in 1979-80 was omitted to be mentioned in the guidelines.

The Board stated (November 1990) that from April 1987, the element of productivity linked bonus had, however, been included for recovery of maintenance charges. While some Zonal Railways started recovering maintenance charges, inclusive of PLB from April 1987, three Zonal Railways (Western, North Eastern and Northeast Frontier) continued to exclude the element of PLB in working out the maintenance charges.

There was short recovery of maintenance charges of Rs.1.58 crores comprising -

- (a) non-recovery towards PLB because of failure on the part of Board to include this element in maintenance charges from April 1982; and
- (b) omission on the part of three Zonal Railways to have excluded the PLB element even after April 1987.

In its reply of November 1990, the Board did not explain either the reasons for the omission to include this element or the action taken to fix responsibility for it.

77. Eastern Railway : Non-recovery of cost of repairs in private sidings

Rules provide that repairs to damages caused by accidents inside private sidings are to be attended to by the Railway in order to maintain flow of traffic. The cost of such repairs are to be recovered from siding owners by preferring bills promptly.

Failure to recover the cost of repairs amounting to Rs.5.24 lakhs in respect of one siding was pointed out in 1987 to the Railway and, as a result, the amount was recovered. A review by Audit in four more divisions of repair works inside sidings pertaining to period from February 1981 onwards indicated that prompt and effective steps were not taken to recover the cost. An amount of Rs.108 lakhs was remaining outstanding (March 1990).

The above indicates that a system of review of recovery of cost of repairs is not in vogue, despite such omission having been pointed out by Audit in the past.

78. Northern Railway : Non-recovery of charges for maintenance of electrified private sidings

Prior to March 1982 the cost of overhead electric traction equipment (OHE) provided in private sidings, whether in railway or private land, was to be borne by the Railways and the

interest and maintenance charges of the OHE by the siding owners. In March 1982, the Board issued instructions that the entire cost of OHE would also have to be borne by the siding owners and that from the existing sidings, which had already been electrified, efforts should be made to recover the cost.

The electrification of the private sidings of Indraprastha Power House (IPH) and Badarpur Thermal Power House (BTPH) at Delhi was completed in August 1976 and December 1976 respectively as part of electrification of Tundla - New Delhi section. The cost of their electrification was debited to the Tundla - Delhi electrification project. No efforts were made to recover the interest and maintenance charges and to recover the cost of electrification from the siding owners. In May 1984 some additional lines in the Badarpur Thermal Power Siding were electrified at an estimated cost of Rs.10.70 lakhs. Though the cost was paid by the siding owner, no charges for maintenance of these lines were being recovered.

On these being pointed out by Audit in July 1985 the Railway asked the siding owners in March 1987 to deposit an amount of Rs.36.28 lakhs due up to March 1987 towards the initial cost of electrification of the sidings (IPH - Rs.14.94 lakhs and BTPH - Rs.21.34 lakhs). A demand for maintenance charges (IPH -Rs.7.90 lakhs and BTPH - Rs.12.22 lakhs), at a tentative rate of five per cent was also raised. Neither the initial cost nor the the maintenance charges up to 31 March 1990 totalling Rs.63.18 lakhs had so far been paid by the siding owners (September 1990).

The following observations are made :-

- (i) Although according to rules existing prior to March 1982, interest and maintenance charges were to be recovered, separate accounts of expenditure on OHE were not maintained to work out the interest and maintenance charges so recoverable.
- (ii) The rate which was fixed at 5 per cent provisionally for recovery of maintenance charges had not been finalised so far (August 1990).
- (iii) There was a delay of more than ten years in raising bills for recovery of railway dues.
- (iv) Railway dues amounting to Rs.63.18 lakhs up to March 1990 had not been recovered so far (September 1990).

The Board stated (January 1991) that both the siding owners had declined to pay the Railway's claim of Rs.36.28 lakhs towards initial cost on the plea of non-availability of an enabling provision in the relevant agreement. As regards maintenance charges, the Board stated that a sum of Rs.15.25 lakhs had been received. The Board added that efforts would continue to be made for recovery of the initial cost of Rs.36.28 lakhs and for the balance amount of Rs.11.66 lakhs towards maintenance charges.

79. Eastern Railway : Non-recovery of licence fee, interest, depreciation and maintenance charges

Durgapur Project Limited (DPL) sought permission of the Railway in 1962 to lay a gas pipe line through railway land from Durgapur to Calcutta. DPL agreed in May 1962 to bear rent (licence fee) at 6 per cent of the present day

value of the land and proportionate charges for depreciation, interest and maintenance charges of the bridge and other structures as would be determined by the Board. The Railway permitted the company in June 1962 to start the work in view of the urgency, pending execution of a final agreement.

The Board decided in August 1962 that interest, maintenance and depreciation charges should be levied annually at 7 1/2 per cent of the total cost of the bridge. This decision was, however, conveyed to DPL only in July 1977. The work was completed in 1963, but the Railway neither preferred the claim as agreed to by DPL nor submit a draft agreement for acceptance by DPL.

After thirteen years of the completion of the work, Railway sent a draft agreement to DPL in November 1976 and later preferred a bill in April 1977 for Rs.11.99 lakhs from June 1963 to

March 1977. DPL raised several points for clarifications in April 1977 which were furnished in July 1977. The claim for interest, maintenance and depreciation charges was rejected on the plea that it should be calculated on the annual maintenance charges of the bridge instead of on the cost of bridge. Dispute arose on account of the failure of the Railway to communicate the decision of August 1962 of Board to DPL in time and to get the draft agreement accepted by the latter.

The Railway could not work out the cost of maintenance of the bridge due to non-availability of old records. Bill from April 1977 to March 1990 amounting to Rs.9.65 lakhs was yet to be preferred. (August 1990).

Thus abnormal delay in execution of a formal agreement and in preferring claims had resulted in non-realisation of dues amounting to Rs.21.64 lakhs from DPL.

CHAPTER - VIII

CASH, ESTABLISHMENT AND OTHER EXPENDITURE

80. Eastern Railway : Shortage of cash

On receipt of complaints from railway employees of the Dhanbad Division, in June 1987, about non-payment of their dues by a senior cashier, the Senior Divisional Accounts Officer directed him in July 1987 to produce all bills and cash for verification. The senior cashier, however, neither produced the bills nor the cash for verification. On 13 October 1987 the cash safe was opened for verification of bills and cash in the presence of the senior cashier and representatives of Accounts Office and Railway Protection Force. Out of 253 bills received by the cashier between 22 August 1985 and 10 June 1987, 143 bills only were fully paid and 110 bills were still to be paid, and the shortage of cash was assessed as Rs.2.44 lakhs. The senior cashier was placed under suspension immediately and a charge sheet was filed against him on 9 March 1988 in the court of Chief Judicial Magistrate, Dhanbad.

Surprise verification of cash retained by the cashier required to be conducted once a month was, however, conducted by Accounts office only on four occasions during August 1985 and June 1987 and even on those occasions the cash retained by the cashier was not reconciled with the unpaid bills. Had periodical verification been conducted by Accounts Department misappropriation of cash of Rs.2.44 lakhs could have been averted.

81. Eastern Railway : Misappropriation of cash

Rules provide that the Accounts Officer will forward daily to the Pay Office all bills required to be paid, duly supported by abstract of bills passed, cheque requisitions and cheques corresponding to the total amount of the abstract. Thus, in no circumstances, the amount of cheques issued should vary from the amounts payable.

Workshop Accounts Office at Jamalpur used to issue advance cheques in favour of the workshop cashier without assessing the requirement for payments in contravention of the above provisions. Against advance cheques amounting to Rs.1,60,00,000 issued from 27 January to 8 February 1989, Rs.99,40,686 only was disbursed, leaving a substantial balance of cash with the cashier. On a surprise verification of cash on 9 February 1989, a shortage of Rs.7,16,916.17 was detected which was accepted by the cashier. Legal action against the cashier is in progress.

The issue of advance cheques is stated to have been done on the plea of the late submission of bills to Accounts Office and the difficulty in assessing the actual amounts to be disbursed. Under this arrangement, the cashier is allowed to hold more cash than required giving scope for misappropriation.

The Board stated (December 1990) that instructions to guard against irregu-

85. South Eastern Railway : Non-recovery of cost of staff

The owner of a private siding is required to bear the cost of railway staff posted inside the siding for examination, certification and repairs to rolling stock as per standard terms of agreement.

Certain categories of railway staff were posted in the premises of the private siding of Hindustan Steel Limited, Rourkela from 1970 to attend to defects in the rolling stock placed in the siding. Full cost of railway staff was, however, not recovered from the steel plant. While bills for the recovery of cost of carriage foreman, head train examiner and train examiner were being preferred on the siding owner, bills towards the cost of fitters, shed khalasis and khalasi helpers were not preferred. The cost not so recovered amounted to Rs.14 lakhs during January to December 1989.

The Board stated (December 1990) that artisan staff were deployed in the steel plant siding to discharge the Railway's responsibility to make available defect free wagons to steel plant and to improve wagon turn round and therefore, the cost of staff was not recovered. This is, however, not tenable as the cost of staff posted inside other sidings was being recovered from owners of other private sidings.

86. Central, Eastern, Northern, and Southern Railways : Slackness in recovery of diet charges

Mention was made in paragraph 2.4 of the Report of the Comptroller and Auditor General of India, for the year ended 31 March 1989 - Union Government (Railways) about deficiencies found as a result of an audit

review in the system of recoveries due from employees.

A review by Audit in some hospitals of Eastern Railway towards recovery of diet charges revealed that there was slackness in raising claims and watching the recoveries. Instructions were issued in September 1975 by the Railway directing the hospitals to submit the diet bills regularly to the bill compiling officers in one lot by the seventh of the following month for effecting recoveries from the salaries of the employees.

It was noticed from the records of B.R. Singh Hospital of Eastern Railway that the instructions issued were not followed in respect of claims/recovery of diet charges from the employees. The preparation of diet bills from July 1980 onwards for Rs.46.66 lakhs was in arrears. Between August 1984 and March 1990, the bills from July 1980 to September 1989 were forwarded to the concerned departments after delays ranging from one to four years. Even after installation of a micro-processor in June 1986, at a cost of Rs.1.16 lakhs, and deployment of three members of staff exclusively for preparation of diet bills, the state of affairs had not improved.

It was also noticed that :

- (i) against 25,718 bills, amounting to Rs.19.01 lakhs, submitted to Sealdah Division, between August 1984 and March 1990, only Rs.2.61 lakhs were recovered (March 1990) indicating that the progress of recovery of diet charges was not being watched;
- (ii) in respect of 21407 bills amounting to Rs.22.09 lakhs preferred between 1984 and 1990 against other Divisions/Workshops/Rail-

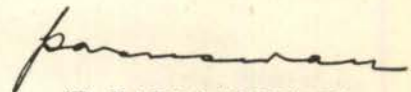
way Headquarters the position of recovery was not known; and

- (iii) although 4646 bills amounting to Rs.5.56 lakhs were preferred by the hospital in respect of employees of other Railways treated in the hospital, no debits had been raised by the Accounts Offices on the other Railways.

As a sequel to the above findings, a probe in other Railways revealed that 2995 bills amounting to Rs.3.31 lakhs from April 1984 to November 1990 were outstanding in respect of one hospital in the Northern Railway. In the Southern Railway an amount of Rs.4.55 lakhs was due for recovery in respect of all hospitals (June 1990) while an amount of Rs.2.66 lakhs was due for recovery in the Central Railway (March 1990).

New Delhi
The

17 MAY 1991
27 VAISAKHA 1913



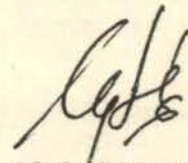
(R. PARAMESWAR)

Deputy Comptroller and Auditor General of India

Countersigned

New Delhi
The

17 MAY 1991
27 VAISAKHA 1913



(C.G. SOMIAH)

Comptroller and Auditor General of India

APPENDIX I
(Para 3)

Summary of salient indicators of the financial and operating performance of the Railways
for the years 1985-86 to 1989-90

	1985-86	1986-87	1987-88	1988-89	1989-90
1. Capital-at-charge at the end of the year (Rs. in crores)*	9,078.07	10,373.10	11,622.22	12,987.51	14,629.45
2. Total block assets (Rs. in crores)	11,931.03	13,836.59	15,807.17	17,965.20	20,587.79
3. Revenue receipts (Rs. in crores)	6,590.67	7,683.08	8,679.46	9,528.63	11,041.26
4. Revenue expenditure (of which amount appropriated to funds) (Rs. in crores)	5,904.80 (1,212.44)	7,002.24 (1,630.92)	7,956.31 (1,872.51)	8,791.29 (2,113.58)	10,059.19 (2,507.72)
5. Net revenue including subsidy (Rs. in crores)	685.87	680.84	723.15	737.33	982.07
6. Net revenue excluding subsidy (Rs. in crores)	557.73	536.93	549.59	529.93	749.47
7. Revenue surplus after providing for dividend due (Rs. in crores)	178.83	101.99	84.29	21.67	173.26
8. Return on capital-at-charge (reckoning subsidy-percentage of item 5 over item 1)	7.56	6.56	6.22	5.68	6.71
9. Return on capital-at-charge (without reckoning subsidy-percentage of item 6 over item 1)	6.14	5.18	4.73	4.08	5.12
10. Return on block assets (Percentage of item 5 over item 2)	5.75	4.92	4.37	4.10	4.77
11. Return on block assets (Percentage of item 6 over item 2)	4.67	3.88	3.48	2.95	3.64

12. Indebtedness (Rs. in crores)					
a) On account of shortfall in dividend liability	428.44	428.44	428.44	428.44	428.43
b) On account of deferred dividend payable in respect of new lines which have completed moratorium.	156.57	170.04	210.00	263.89	334.49
c) On account of shortfall in Development Fund	336.36	348.17	401.96	529.28	534.44
Total (a to c)	921.37	947.55	1,040.40	1,221.61	1,297.36
13. Revenue earning goods traffic (million tonnes)	258.55	277.75	290.20	302.01	309.97
14. Total traffic (million tonnes)	286.38	307.31	318.50	336.79	334.20
2)					
15. Passenger Kilo-metres (in millions)	240,614	256,467	269,389	2,63,731	2,80,848
16.					
(a) Goods earnings (Rs. in crores)	4,376.38	5,133.24	5,839.23	6,343.11	7,624.49
b) Passenger earnings (Rs. in crores)	1,719.68	1,940.96	2,060.00	2,455.50	2,668.92
17. Fuel consumption by locomotives per thousand gross tonne kilometres					
a) Passenger services					
i) Coal (kg)	81.9	81.0	78.9	73.6	83.8
ii) Diesel (litres)	5.27	5.37	5.27	5.44	5.42
b) Goods services					
i) Coal (kg)	99.8	105.4	107.6	103.6	105.2
ii) Diesel (litres)	3.5	3.48	3.46	3.52	3.46
18. Number of staff (thousands)	1,613	1,612	1,617	1,626	1,647

19. Average annual wages per employees (Rupees)	16,883	21,076	24,808	27,366	29,543
20. Operating ratio (Percent)	90.6	92.2	92.5	93.05	91.5

* Excludes expenditure on Metropolitan Transport Project and Circular Railway Calcutta.

** Difference due to rounding off.

APPENDIX II
(Para 11.1)

Details of Audit objections issued up to 31 March 1990 but
outstanding on August 1990

Rlys. and other Units	(Rs. in thousands)									Where money value not known				
	Where money value known						Pt. I Audit Notes and Special Letters				Pt. I Inspection Reports			
	Pt. I Audit Notes and Special Letters		Pt. I Inspection Reports		Pt. I Audit Notes and Special Letters		Pt. I Inspection Reports		Pt. I Audit Notes and Special Letters		Pt. I Inspection Reports			
	No. Items	Amt.	Oldest pertaining to	No. Items	Amt.	Oldest pertaining to	No. Items	Oldest pertaining to	No. Items	Oldest pertaining to	No. Items	Oldest pertaining to		
1. Central	35	49	50504	85-86	60	121	79105	86-87	2	2	88-89	7	28	86-87
2. Eastern	22	24	4079887	81-82	118	241	1467264	80-81	3	3	87-88	18	40	83-84
3. Northern	476	546	343981	82-83	194	935	317978	83-84	808	877	76-77	245	1311	82-83
4. North-Eastern	143	148	79877	77-78	469	1831	406891	77-78	71	82	78-79	466	2296	77-78
5. Northeast-Frontier	316	367	187872	75-76	298	1327	111498	71-72	451	554	74-75	926	6982	70-71
6. Southern	156	260	62788	86-87	53	178	104941	86-87	334	632	83-84	113	351	86-87
7. South Central	138	211	184455	82-83	133	330	65802	82-83	38	84	80-81	80	458	81-82
8. South Eastern	178	181	207444	76-77	331	670	1001432	78-79	32	32	75-76	48	59	82-83
9. Western	109	136	131115	85-86	242	866	187173	83-84	14	23	85-86	139	425	83-84
10. ICF	4	4	16	88-89	-	-	-	-	68	150	86-87	35	122	86-87
11. MTP/Bombay	2	3	2424	89-90	-	-	-	-	-	-	-	-	-	-
12. DLW	21	21	12291	85-86	25	25	178868	84-85	27	27	86-87	70	74	84-85
13. CLW	30	35	32741	85-86	113	225	271712	78-79	4	4	84-85	48	179	77-78
14. MTP/Calcutta	6	6	10289	87-88	33	56	44663	87-88	-	-	-	12	36	87-88
Total	1636	1991	5385684	75-76	2069	6805	4237327	77-78	1852	2480	74-75	2207	12361	70-71

APPENDIX III

(Para 13.6)

Earnings and expenses on suburban services

Years	Earnings	(Rs. in lakhs)	
		Expenses	Profit (+) Loss (-)
Broad gauge			
Central			
1984-85	6010	6575	(-) 565
1985-86	6974	7281	(-) 307
1986-87	7758	8549	(-) 791
1987-88	8843	10020	(-) 1177
1988-89	10362	11189	(-) 827
Eastern			
1984-85	3612	7743	(-) 4131
1985-86	5027	8937	(-) 3910
1986-87	5233	10078	(-) 4845
1987-88	5515	11882	(-) 6367
1988-89	6171	11792	(-) 5621
South Eastern			
1984-85	582	NA	NA
1985-86	655	NA	NA
1986-87	687	2589	(-) 1902
1987-88	756	3010	(-) 2254
1988-89	842	3490	(-) 2648
Western			
1984-85	6320	6008	(+) 312
1985-86	7041	6657	(+) 384
1986-87	7681	7418	(+) 263
1987-88	7719	8317	(-) 598
1988-89	9756	8885	(+) 871
Northern			
1984-85	8.60	75.67	(-) 67.07
1985-86	8.15	118.66	(-) 110.51
1986-87	9.54	159.11	(-) 149.57
1987-88	10.99	207.18	(-) 196.19
1988-89	12.35	206.92	(-) 194.57
Southern			
1984-85	354	1367	(-) 1013
1985-86	412	1698	(-) 1286
1986-87	525	1992	(-) 1467
1987-88	585	2469	(-) 1884
1988-89	632	2258	(-) 1626

Southern

Metre gauge	Earnings	Expenses	(Rs. in lakhs)	
			Profit (+)	Loss (-)
1984-85	721	1332	(-)611	
1985-86	690	1544	(-)854	
1986-87	941	1657	(-)716	
1987-88	1058	1834	(-)776	
1988-89	1088	1970	(-)882	
			Total (-)45945.91	
			or Rs.459.46 crores.	

APPENDIX IV
(c.f. Para 82)

Details of bungalow peons provided at residences of Group A Officers on Railways

Railways	No. of Officers Group 'A'	No. of bungalow peons	Percentage of Col.3 to Col.2
(1)	(2)	(3)	(4)
Central	635	249	39.2
Eastern	815	211	25.9
Northern	812	191	23.5
North Eastern	415	90	21.7
Northeast Frontier	372	89	23.9
Southern	560	158	28.2
South Central	481	120	24.9
South Eastern	777	296	38.1
Western	844	146	17.3
RCF	113	43	38.1
DCW	40	24	60.0
RE Allahabad	37	29	78.4
COFMOW	19	17	89.5
ICF	57	22	38.6
CLW	148	35	23.6
DLW	61	36	59.0
WAP	28	15	53.6
Metro Railway Calcutta	46	34	73.9
Total	6260	1805	28.8

There are no bungalow peons provided at the residences of the Group 'A' officers of the Railway Board.

E R R A T A

Page No.	Column No.	Para No. and Line No.	For	Read
(ix)	-	Item 62	Trough	Through
(xiv)	1	11/10 from bottom	nevertheless	nevertheless
(xviii)	1	XIII/9 from bottom	foreseen	foreseen
(xix)	2	XXIV/17 from top	Copuiers	Couplers
(xx)	1	XXIX/1 from bottom	year..	years.
(xx)	2	XXX/9 from top	an amount Rs.	an amount of Rs.
(xx)	2	XXIII/11 from bottom	bunglows	bungalows
23	2	11.7/8 from top	3 and 99 and	3 and 99
33	1	12.6/9 from top	Emnating	Emanating
35	2	12.9/3 from top	persuant	pursuant
41	2	13.7/4 from bottom	motor coaches	motor coaches.
48	2	13.11/21 from bottom	eaupment	equipment
50	2	14/20 from bottom	Esternal	External
54	1	14.5.1/9 from top	blosters	boisters
56	1	14.5.1/21 from bottom	Though 15	Though for 15
59	1	14.6.3/8 from bottom	was under	was as under
60	1	14.7(a)/4 from bottom	concerete	concrete
61	1	14.7(b)/4 from bottom	temparature	temperature
62	1	14.7(c)/10 from bottom	contract	contracts
62	1	14.7(c)/14 from bottom	agrement	agreement
77	2	16.5.3/7 from top	Rs.28	Rs.28 lakhs
77	2	16.5.3/10 from top	small	nominal
81	2	16.9/7 from bottom	for	from
86	1	18.3/6 from top	Rs.4087 crores.	Rs.40.87 crores.
91	2	20/22-23 from top	removed Avoidable expenditure due to from.	removed from
104	2	37/14 from top	Sstate	State
107	2	39/19 from bottom	Phase i	Phase ii
110	1	41/2 from top	expenditre	expenditure
113	1	46/11 from top	tenderers	tenders
115	2	48/7 from top	fpe	for
118	1	52/16-17 from bottom	31/2	3½
118	1	52/13 from bottom	Appiellate	Appellate

