

ADMINISTRATIVE REFORMS COMMISSION

Report

ON
RAILWAYS



January, 1970

REPORT ON RAILWAYS



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**Administrative Reforms Commission,
Patei Bhavan, New Delhi.
January 1970**



CHAIRMAN

**ADMINISTRATIVE REFORMS COMMISSION
GOVERNMENT OF INDIA**

**Camp : Kengal Krupa, Bellary Road,
Bangalore-6, dated 30th Jan. 1970.**

My dear Prime Minister,

I am forwarding herewith the Administrative Reforms Commission's Report on the Railways. This is the sixteenth Report of the Commission.

2. To a government like ours, the level of efficiency obtaining in its public enterprises is a true index of the success of its efforts to establish a socialistic pattern of society. Furthermore, the measure of the spirit of service and of dedication to the public good which the employees bring to bear on their tasks, will either vindicate or shake the people's faith in the public sector. The Railways are by far the biggest of our public undertakings employing a capital of Rs. 3,250 crores along with a work force of 13.7 lakhs and, operating a country-wide net-work extending over 59,000 kilometres of railway. The enormous size of material investment and human employment as much as the vital nature of the service provided to the community and to the economy highlight the necessity of their efficient working.

3. Our examination of the subject reveals several deficiencies in the organisation and methods of work adopted as also certain disquieting features in the broad financial picture presented by the Railways. Their performance, both as a commercial proposition and as a public utility patronised by millions every day, leaves much to be desired and has got to be improved. The Railway must find ways and means of better and more rational use of their man-power, and of improving their technical competence. They need to modernise not only their equipment, but their management practices as well. Each operation and each planned investment has to be viewed in the cold light of adequacy of return, either short-term or long-term. Above all, railwaymen must accept that their general betterment or their individual prospects have, necessarily, to follow and not precede their collective efficiency and their dedication to social obligations. In this report, we have made specific recommendations which would, if efficiently implemented, lead to the attainment of these objectives.

4. Uninterrupted and smooth operation is undoubtedly the most crucial factor for achieving better results. Strikes and "go slow" tactics should have no place in a public enterprise. In a Government undertaking, which feeds, and in its turn feeds upon, the whole economy and its means of production, strikes can only be ruinous and self-defeating. When the means

of production are owned by the people, as in public undertakings, strikes must be abjured as a matter of principle. There should, however, be an adequate machinery for redress of grievances and adjudication of disputes. We have, in this report, supported the steps which the Government has already taken in this regard and have also suggested their effective implementation.

5. There should be optimum utilisation of man-power through better training, career development, job analysis and placement. A career planning cell should be established and management development programmes undertaken. Individual performance should be judged more systematically through a new system of performance reports. Advancement must be related more directly to actual performance and demonstrated merit. The promotion quota should be enlarged to 40% of the cadre strength and one half of the promotion posts should be filled on the results of competitive tests, so that the younger elements can move quickly up the ladder on merits.

6. Dealing with the economic aspects of the working of the Railways, we have suggested that ways and means should be devised to ease the financial strain of unremunerative lines which are maintained in the public interest. The multiplicity of gauges presently in use is irrational and wasteful. A policy of progressive conversion of narrow and metre gauges into broad gauge must be adopted. The ultimate objective should be a single gauges (broad) system for the whole country, except in hilly tracts or for special operational reasons. Road and rail transport should neither compete with each other, nor duplicate each other's facilities. There should be closer co-ordination with State Transport Authorities, so as to eliminate any possible conflict of interest between different modes of transport.

7. Project planning and construction work must be made more systematic and efficient. Modern accounting procedures and performance budgeting should be adopted as a measure of control of costs and promotion of efficiency. Decision making should be made easier and quicker by adequate decentralisation and delegation of powers to Zonal heads and to their subordinate Units.

8. Despite phenomenal growth in the last two decades, modern engineering techniques, and mechanisation of operations, have touched only a fringe of the vast railway net-work. Larger funds should be provided for this purpose. The Research Organisation is not strong enough, nor has it received the importance and encouragement it deserves. We have suggested measures to attract and retain men whose talents lie in the direction of research and to ensure that the management of the Research Organisation is placed on a sound footing.

9. The continuing canker of corruption must be combated. We have proposed the streamlining of the vigilance set-up with a view to ensuring

its more effective working. In the Zones, the Vigilance Organisation should work in close consultation with the General Manager and the heads of Departments should be made squarely responsible for checking corruption in their charges. At the same time, we have emphasized the need to guard against demoralisation of honest employees and to ensure that distinction is made between *bona fide* errors of judgment and *mala fide* actions. Public confidence in the Railway Safety Organisation should be improved by making it truly independent. We have recommended that responsibility should be fixed and penalties imposed collectively or individually on the concerned railway staff for the loss of or damage to goods in transit. Finally, we have suggested steps for improving passenger amenities and have urged greater responsiveness on the part of the Railway Administration to the genuine and reasonable needs of their patrons. For the passenger in transit, the supply of cheaper and more wholesome food is called for and is possible.

10. The Study Team on Railways was headed by Shri Hriday Nath Kunzru who has all the time taken abiding interest in the improvement of Railway Administration. He, his colleagues and the staff that assisted them deserve our appreciation and thanks.

Yours sincerely,

Sd :

(K. HANUMANTHAIYA)

Shrimati Indira Gandhi,
Prime Minister of India,
New Delhi-1

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CHAPTER I

INTRODUCTION

The Railways constitute the nation's largest commercial-cum-industrial undertaking with a capital at charge of about Rs. 3250 crores and an estimated revenue budget of about Rs. 950 crores. The current rate of dividend on the capital investment payable by the Railways as contribution to the General Exchequer, is 6%. The Railways operate daily about ten thousand trains to serve 7000 stations distributed throughout the length and breadth of the country and carry about 2200 million passengers and 200 million tonnes of goods in a year. The total strength of railway staff is approximately 13.7 lakhs, making every alternate Central Government employee a railway servant. The efficiency of the Railway has, therefore, a far reaching effect not only on the general transport facilities provided to the community, but also on the general tenor of commercial, industrial and social life of the community. The large number of railway employees cannot but constitute a determining factor in the evolution of the pattern of employer-employee relationship in Government departments. The efficiency of Railway operations is therefore a vital factor in the projection of the Government's image both in the country and abroad. In some respects it may provide the acid test of the general efficiency of Government's commercial undertakings.

2. Although the Railways are run departmentally by the Government, they are public utility of national importance and in that sense can be termed as the largest public sector undertaking in the country. The working of the Railway Department is patterned on lines different from those of other departments. The adoption of the Board system to some extent brings it in line with commercial institutions. In the context of the expanding role of that sector, a study of the major aspects of the Railway administration and an analysis of their strength and weakness would therefore be of great value not only to a better administration of the Railways themselves but also to the running of Public Sector Undertakings in general. The Railways have also under their control three manufacturing units which are run departmentally. In view of the fact that a very big slice of the public funds has been invested on the Railways, a reasonable return on the investment is expected simultaneously with the fulfilment by the Railways of the social and commercial obligations devolving on them as the dominant means of transport available in the country. Even though the social obligations need not always be in line with the commercial outlook, a rational and healthy growth of Railways on sound business principles is a *sine qua non* of the development of cheap and efficient mode of transport in particular and the growth of the economy in general. The Railway finances are already showing signs of strain and unless by efficient management the administration is placed on a sound footing and the loss on Railways is turned into profit, the increasing provision of safe and cheap transport facilities to the public will become more and more difficult.

3. The confidence of the public in safe railway travel has been affected somewhat by a number of serious accidents that have occurred in the recent past. In most of these cases, the failure of the human element has been reported as the main factor. The need to ensure safety of railway travel has to be reconciled with the need to develop fast means of transport in the present age of jet and supersonic air travel. This task involves the quick adaptation of the staff employed on the railways to mechanical speed and sophistication. The problem in the main is that of training, morale and mental resilience. In the circumstances, the inculcation of effective safety consciousness among the operating staff in the face of several disturbing psychological and other factors, some of which may be beyond the control of the management, poses serious and complex problems. As the Railways employ almost fifty per cent of the Central Government staff, the personnel management problems on the Railways have their ramifications and repercussions on other Government departments also.

4. Recognising the special role of the Railways in the transport of passengers and goods, and the impact of the Railway administration on employer-employee relationship in Government, and on the management of public undertakings, the Administrative Reforms Commission appointed, after consulting the Home Minister and the Minister of Railways, a Study Team to examine the administrative and financial arrangements for the working of the Indian Railways, locate the principal problem areas and make recommendations with a view to building an administratively efficient and financially sound system that would provide adequate and economical transport to the country. The Chairman of the Study Team was Dr. H. N. Kunzru, to whom the Railway problems were nothing new. His deep study of their problems and his grasp of Railway statistics have been very useful. The Study Team had as Members the late Shri P. C. Bhattacharya, Shri G. Pande, Shri K. B. Mathur and Shri P. L. Tandon, Shri P. C. Mathews, Additional Member of the Railway Board, worked as Member-Secretary and on his transfer, Shri G. P. Warriar, Additional Member of the Railway Board was appointed as Member-Secretary. The Study Team has, under the inspiration and leadership of Dr. Kunzru, produced a well thoughtout report after going into the various problems of the Railways in great detail and has made many valuable recommendations of practical nature. The Commission have greatly benefited by them and wish to record their grateful appreciation of the work of the Study Team. We have confined ourselves to certain broad and important issues of Railway administration and finance leaving to the Railway Board the consideration of the Study Team's recommendations of a detailed or technical nature. Our recommendations and observations should, therefore, be taken as supplementing those made by the Study Team except where we have differed from it. We, therefore, suggest that our report should be studied along with the report of the Study Team.

CHAPTER II

ORGANISATIONAL SET-UP

The Railways in India are a highly elaborate and complex organisation. Their working spontaneously recalls to the mind a massive and variegated system encompassing anything from a lone employee guarding a railway level crossing in a forlorn place, dealing with an isolated train passing through during the day, to a busy railway terminus where a train is handled every few minutes with the assistance of sophisticated instruments handled by qualified men. Successful railway operations thus require vertical and horizontal coordination of several activities to an extent not generally found in any other industry in the country.

2. The overall assessment of the working of Railways reveals that in recent years the optimum results have not been obtained from the inputs applied. The facts about the performance of the Railways in certain spheres to which the Study Team has drawn our attention reveal scope for improvement. In terms of financial results, the optimum utilisation of assets and manpower, the efficiency of transportation of goods and passengers, etc., the working of the Railways leaves much to be desired. While the capital at charge has increased to Rs. 3,104 crores, *i.e.*, by 375% by 1968-69 as compared to Rs. 827 crores in 1950-51, the gross earnings have increased only to about Rs. 902 crores, *i.e.*, 340% by 1968-69 from about Rs. 265 crores in 1950-51. The increase in the capital-at-charge has also outpaced the growth of traffic during the recent years. The disproportionate increase in the growth of capital-at-charge is no doubt largely due to the higher cost of the assets acquired consequent on price and wage increases while fares and freight rates have not kept pace with the rise in the price and wage levels. The result has been that far from being a support to general revenues as they were earlier, the Railways have had, of late, to lean on general revenues. This is not a satisfactory state of affairs in an undertaking which must be self-reliant and profit-earning. Compared with the increase in the physical assets the staff input has been in excess. While the number of employees has increased from about 9.1 lakhs at the end of 1950-51 to about 13.7 lakhs by 1968-69, it is observed that the route kilometers have increased only from about 54,000 at the end of 1950-51 to about 59,000 by the end of 1968-69, the number of stations from about 6,000 at the end of 1950-51 to a little over 7,000 in 1968-69, and the rolling stock such as locomotives, coaching vehicles, wagons, etc., from 2,34,000 units at the end of 1950-51 to about 4,23,000 units by the end of 1968-69. Thus there has been an increase of about 10 per cent in route kilometers and about 17% increase in the number of stations, but the staff has increased by about 50% over the last 18 years. The inventories in the rolling stock have also increased by about 85% over this period. The net tonne kilometers and the passenger kilometers (in millions) have increased from 44,117 and

66,517, respectively, in 1950-51 to 1,25,140 and 1,06,940 respectively, by 1968-69, i.e., 282% and 160% respectively. It is encouraging that there appears to have been better utilisation of the staff and the assets. Thus the staff input per 1000 traffic units (net tonne kilometers plus passenger kilometers per annum) has come down from 8.2 in 1950-51 to 5.6 in 1968-69. The number of wagons required for moving one million net tonne kilometers per day has declined from 1422 in 1950-51 to 1100 in 1968-69 on the broad gauge and from 2771 to 2070 on the metre gauge. Similarly, the requirements of engines in terms of broad gauge standard steam locos, namely, WGs, have come down from 25 in 1950-51 to 19 in 1968-69 and from 65 YGs on metre gauge in 1950-51 to 40 in 1968-69 for every one million net tonne kilometers per day. The overall index of the operating efficiency which had been steadily improving since 1960-61, received, however, a setback in 1966-67 and has more or less remained stationary since then. This is so despite the fact that the management of the Railways has been almost exclusively in the hands of experienced railwaymen who are highly technically qualified and have worked in various capacities in the field and gained intimate knowledge of the working of the Railway system, and despite a number of labour saving devices and improved types of equipment having been put into use. There may be some extenuating circumstances, e.g., lack of finances and lack of foreign exchange. We are, however, convinced that notwithstanding these limitations, greater attention could have been paid to the needs of modernization and to more technical improvements backed by scientific research, and financial and administrative procedures could have been streamlined to enable the Railways to generate adequate resources themselves. Even now these can be brought about by administrative reorganisation, decentralisation of administrative and financial powers and better husbanding of financial and technical resources supported by accelerated and extensive scientific research.

3. The Railway Board is the apex body in the Railway administration. The structure and the constitution of the Railway Board have been evolved over a period of time. The Railway Board functions, not only as the Ministry of Railways assisting the Railway Minister in the formulation of policies for the Railways and coordinating its policy activities with the Planning Commission and other Ministries but also as the top executive body for supervising and coordinating the working of the various Zonal Railways and implementing the planned policies and programmes of development of the Railway system. Thus the secretariat and executive functions are combined in the Railway Board. The Board consists of a Chairman and four other Members, excluding the Financial Commissioner, all of whom are of the rank of *ex-officio* Secretary in the Government of India, the Chairman being the Principal Secretary. Normally, the Board's decisions are collective but the Chairman has the right to over-rule his colleagues except the Financial Commissioner, who represents the Finance Ministry and has a right to place any matter in which he disagrees with the policy of the rest of the Board before the Railway Minister and the Finance Minister. The Financial Commissioner has full powers of the Finance Ministry of

the Government of India in all matters pertaining to the Railways and maintains coordination with that Ministry.

4. The Railways are, at present, run on departmental lines. In fact, this was the reason why we did not deal with Railways (and Posts and Telegraphs) in our Report on Public Sector Undertakings (*vide* para 5 of Chapter I of that Report). Attempts have been made in the past to constitute an independent statutory authority for the management of the Railways. The first concrete step taken in this direction was the proposal for the setting up of a Federal Railway Authority under the Government of India Act, 1935. The idea, however, did not eventually materialise.

5. The question of reorganising the Railways was later considered by the Kunzru Committee (1947). This Committee recommended the setting up of a Statutory Railway Authority, primarily to remove the following defects of running the Railways on departmental lines :

- (i) Decisions were often unduly delayed and the steady pursuit of any long range policy scheme was rendered very difficult for the reason that the Railway Board was a part of the secretariat of the Government of India, necessitating consultation with other Ministries before taking decisions on various matters of common interest.
- (ii) The Railways were exposed to undesirable interference in their day to day working.

6. The Estimates Committee, 1955-56 (First Lok Sabha) in their 19th Report, considered the Kunzru Committee's recommendation for the setting up of a Statutory Railway Authority. While accepting that such an authority would assist in overcoming the two defects referred to above, the Estimates Committee felt that "with less than three months left to launch the Second Five Year Plan, any radical change in the Central Controlling Authority of the Railway will have far-reaching repercussions and this would adversely affect the progress of the Second Five Year Plan." The Committee, therefore, did not approve of any radical change of this nature. The question appears to have remained dormant since then.

7. The Study Team has recommended no change in the present structure of the Railway Board which, in its opinion, may continue to combine both the executive and secretariat functions. While recommending that the Chairman, Railway Board, should be relieved of the responsibility of a specific department, which has been allotted to his charge, in order that he may have more time to devote to higher problems of operations, planning, economy and development, the Study Team has made the following comments, among others, with regard to the present working :—

- (i) ".....the policies, practices and procedures in other Departments of the Government, which may not quite suit a commercial-cum-industrial undertaking like the Railway, should not be allowed to infiltrate into the Railway's work.....In a concern where 13.5

lakhs of employees are working and where punctuality and customer satisfaction are of paramount importance, a disciplined staff, owing loyalty to the Administration is an absolute necessity and this can be ensured only if the Railway Ministry has the freedom for regulating the conditions of service and in affording incentives to its staff.

- (ii) "..... the authorities at the higher levels have become too much engrossed in details of minor importance, with the result that they do not get enough time to attend to major issues. Much of it is due to questions raised by Members of Parliament, mostly on personal matters, and the attention that has now to be given to influential parties. Even seat reservations in trains, arrangements for retiring rooms for parties, minor contract affairs, etc. are being attended to by the Railway Board, not in isolated cases but almost regularly. We are also told that the Ministers' in the Railway Ministry receive daily a large number of letters from the Members of Parliament. The bulk of these representations are in respect of individual cases involving transfers, promotion, seniority, etc. or punishments given to them; fifteen per cent of these representations deal with the provision of passenger amenities like platforms, foot over-bridges, level crossings and in a few cases construction of new lines. Only an insignificant number relates to some policy issues. All these have to be dealt with at the highest level in the Railway Board, the Zonal Railways and the Divisions. This results in the decisions taken on minor matters at lower levels being questioned and consequently the authorities at the lower levels lose initiative and look for guidance from above. A lack of confidence entails delay in taking decisions and shirking of responsibility. In our contacts at the various levels of Railway administration, we found an unmistakable evidence of the morale being at a low ebb and a general feeling of frustration."

8. With regard to (i) the Study Team has recommended that "the Railways should not be fettered with modifications or circulars issued by other Ministries from time to time". In respect of (ii) it has sounded a note of warning that "unless the highest sovereign body in the country, namely, Parliament, decides to observe a self-denying ordinance in respect of internal matters, particularly those concerning routine matters, such as staff promotions, transfers, discipline, etc. and the Members of Parliament confine themselves mainly to broad issues of policy emanating from the Ministry, whatever the improvements we may suggest, they are not likely to prove fruitful."

9. The Wanchoo Enquiry Committee on Railway Accidents, 1968, has also made the following observation in its Report :—

"A more radical and fundamental method of eliminating political influence in such matters may be to convert the Railway Board into

an autonomous statutory corporation as is the case in the United Kingdom. It is not, however, within the purview of this Committee to investigate into the pros and cons of this proposal and to pronounce on its desirability."

10. There is thus almost unanimity among these bodies as to the need of avoiding interference in the day-to-day functioning of the Railways. Normally this should be possible if the Railways cease to be a Department and acquire a commercial character. The main arguments in favour of the setting up of a statutory corporation for the management of the Railways are as follows :—

- (i) The corporation would be in a position to exercise its own initiative in day-to-day management without undesirable pressures from different interests being exerted on the management.
- (ii) The corporation would be able to enjoy the maximum practicable freedom of operation in its commercial affairs within the framework of guidelines which may be prescribed by Parliament for its working as respects national economy, social needs, financial policy, etc. It would, thus, be enabled to develop an independent policy of its own, without having to toe the line with other Ministries.
- (iii) Within the unified command which would thus result, it would be easy to pinpoint responsibility.
- (iv) The Ministry of Railways would be relieved of the routine matters concerning the day-to-day working of Railways. The Ministry will then be able to devote itself fully to problems of policy relating to general efficiency, economy, safety, etc.
- (v) The statutory corporation would be a public authority in its own right and would act within the autonomy allowed in the interest of the corporation and without being subjected to undue pressures.
- (vi) The commercial character of Railways would receive greater emphasis if a corporation runs them.
- (vii) A clear demarcation of the functions in respect of the corporation would make for administrative efficiency.
- (viii) The major decisions of the corporation would, to some extent, be taken in the interests of the corporation itself, within the broad policy laid down by Parliament.
- (ix) The Railways would be able to develop independent personnel (including pay) policies, in particular, to suit their own requirements as they would not be rigidly bound by civil service rules and regulations.

- (x) The response from the Railway employees would be more favourable if they know that better working results would ensue if the Railways are run on commercial lines and they could participate in prosperity like the employees in other public sector undertakings.

11. We have given this question our serious consideration. Normally as our approach to the problems of public sector undertakings would indicate, we are in full sympathy with the plea for autonomy for commercial public undertakings. In the very nature of things, having regard to the scale of investment in the Railways and the varied and extensive operations throughout the length and breadth of the country, there has to be maximum of autonomy in the functioning of the Zonal Railways, so that the work at the level of the Ministry of Railways is confined to policy matters. There is thus little scope for interference in the day-to-day conduct of affairs by political or other external authorities. Any reorganisation of the pattern of the Railway administration should allow for this broad requirement whether it functions as a department or as a statutory corporation. If the constitution of the Railways into a statutory corporation in the present context is not considered feasible, we are of the view that the Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, like any other public sector enterprise. Parliament will then exercise control over the Railway finances and policy through the discussions and voting on the Railway Budget and Railway Demands for Grants and also through Parliamentary Committees like the Public Accounts Committee and the Estimates Committee. Discussions on annual reports, audit reports, etc., will provide additional avenues of discussion for the Members of Parliament. While the avenue of interpellations should continue, questions regarding day-to-day management of the Railways will have to be avoided. This approach would be analogous to that prevailing in the United Kingdom with regard to the nationalised transport undertakings. In this connection, Lord Morrison, in the course of the Dorab Tata Memorial Lecture in 1961, stated as follows :

“But when advantage was taken of this power to question Minister on matters of day-to-day requirements, the Government decided that if they answered such questions they would in fact have to run the industry which would be contrary to Parliament’s intention. They therefore, refused to answer any questions dealing with matters of day-to-day administration. This refusal invoked the rule that if a Minister refuses to answer a certain category of questions, no further question in that category could be put down. But although Ministers could thus prevent questions they could not avoid adjournment debates, since they had the power to inform themselves on the circumstances, and to that extent were responsible to the House.....

Later it was ruled that if there was a happening which was of sufficient and fairly widespread public interest, he would allow a Parliament question to be put even though it involved day-to-day management."

We would commend the adoption of this approach to the Parliament exercising its responsibility for Railway Administration

Recommendation 1

We recommend :

The Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, but without any interference in its day-to-day working by political or other external authorities. Parliament in the exercise of its responsibilities may consider the adoption of the approach prevailing in the United Kingdom with regard to the nationalised transport undertakings outlined above.

12. As regards the relationship between the Minister and the Railway Board, we would like to see that between the Minister and the Railway Board, the same relationship subsists as, we have recommended in our Report on Public Sector Undertakings, should subsist between the Ministry and the Sector Corporation. We envisage the Railway Board as more or less analogous to the Sector Corporation of Public Undertakings and the Zonal Administrations as semi-autonomous bodies under the Railway Board. With this approach and keeping in view the need for giving the maximum powers possible to a commercial organisation like that of the Railways, we see no reason why we should depart from the concept of relationship between the Ministry and the Sector Corporation of Public Undertakings, to any material extent. The Minister should, therefore, intervene only where any matters of public policy are involved or in cases which might affect the Government as a whole or which might affect the relationship between the Railway Board and other Departments. Any matters affecting the financial Solvency of Railways should obviously be his concern. If there are differences of opinion in the Board which cannot be resolved by the Chairman or matters in which the Chairman considers it necessary to over-rule his colleagues, these should also claim the Minister's attention. Similarly, appointments to the Board and no others need come to the Minister. If the Minister confines himself to functions of overall supervision and vigilance, of which the above are a few illustrations, he will be able to find time to devote himself to larger issues involving Railways such as improved efficiency of the Railway system, mechanised operations and introduction of new techniques in administration, amenities for the public, canons of financial prudence, planning and budgeting. We

have no doubt that by devoting himself to these broad aspects of the Railway administration, the Minister will be able to make a greater contribution to the maintenance of general efficiency of Railways and to the securing of public interest involved therein than he would by concerning himself with too many details of a routine nature.

Recommendation 2

We recommend :

The relationship of the Railway Board *vis-a-vis* the Minister of Railways should in practice be patterned on the lines of the relationship we have recommended in our report on Public Sector Undertakings as between a Ministry and a Sector Corporation. The Minister should confine himself to matters of overall supervision and vigilance, the larger issues involving improved efficiency of the Railway system and planning and budgeting. He should be able effectively to intervene when matters of public policy are involved or in matters which affect the Government as a whole or relationship between the Board and other Departments.

13. We have referred to the observation of the Study Team that intervention by the higher echelons in matters which have to be settled at lower levels has become a regular feature as a result of receipt of spate of representations not only from the affected persons, but also from influential persons including the Members of Parliament. This has resulted in a lack of self-confidence among the executive officers, the loss of initiative and the shifting of responsibilities on the part of the authorities and the low morale among them. The Study Team feels that the Members of Parliament should confine themselves to broad issues of policy of the Ministry and should avoid taking up routine internal matters of administration, such as cases of promotions, transfers and discipline, etc., of individual members of staff. We have already indicated earlier our approach to this problem. It will not be out of place to mention that if our suggestions for the speedy disposal of public and employees' grievances are implemented, the scope for Members of Parliament taking up such issues may be considerably reduced.

14. In our Report on the Machinery of the Government of India and its Procedures of Work, we have suggested the lines on which proper accountability to Parliament should be ensured by the Ministries and Departments of the Government of India, how the detailed review by Parliament of the working of the administration could be made more effective and purposeful and how the Members of Legislatures and Parliament should be enabled to discharge their legitimate functions under the Constitution. We have recommended in that report that Standing Committees of Parliament may be set up for reviewing the work of Department grouped in

five sectors, namely, Social Services, Economic Administration, Defence and Foreign Affairs, Food and Rural Development, and Transport, and these Standing Committees should function on the lines of the Committee on Public Undertakings, but without taking over the functions of the Public Accounts Committee. The Railways would come within the purview of the Standing Committee of Parliament for the Transport Sector. Though there are Informal Consultative Committees functioning for the Railways, we are of the view that a Standing Committee of Parliament for the transport sector would still be necessary as its scope would be much wider and more comprehensive than that of the Consultative Committees. Further, the Consultative Committees are not comparable to Standing Committees of Parliament because the deliberations of the Consultative Committees would remain informal and no reference to discussions held at the meetings thereof could be made in Parliament. We have also in that report (Machinery of the Government of India and its Procedures of Works) supported the Code of Conduct to regulate the relationship between Members of Parliament and the State Legislatures and the Administration adopted by the All India Whips' Conference, 1967, and placed before Parliament in March, 1967. It prescribed that Members of Legislatures should ask for information only about matters of public interest or national interest and should abstain from taking up individual cases concerning recruitment, promotions, transfers or disciplinary actions, etc., and that they should not seek information which might confer undue advantages on certain individuals against the others. The aforesaid Code has been slightly modified by the Seventh All India Whips' Conference held at Madras in September, 1969 and has also been placed before Parliament in November, 1969. A copy of the Code is given in Appendix I. We would reiterate these recommendations in regard to the working of the Railways as well.

Recommendation 3

We recommend :

- (1) **For ensuring proper and purposeful Parliamentary scrutiny over the working of the transport sector including the Railways, a Standing Committee of Parliament may be set up without in any way affecting the functioning of the existing Informal Consultative Committees for the Zonal Railways.**
- (2) **The Code of Conduct to regulate the relationship between Members of Parliament and of State Legislatures and the Administration, which contains salutary provisions for promoting healthy and smooth relations between the Administration and the Members of Parliament and of State Legislatures, and which was placed before Parliament in November, 1969, should be followed in the case of Railways also.**

15. There should be better coordination between the Railways and the State Governments and other agencies in the matter of different modes of

transport and the use of the road, rail and inland water transport and coastal sea transport services. There has been often a demand on the Railways for the provision of new lines irrespective of considerations of financial returns or traffic justifications. The development of road transport has sometimes been undertaken without adequate coordination with the Railways, generating unhealthy competition and adversely affecting Railway finances. Policies of road transport and Railway transport, thus sometimes tend to disturb the complementary relationship between them. The Transport Development Council, constituted under the Chairmanship of the Minister of Shipping and Transport, which includes the Minister of Railways, Minister of Tourism and Civil Aviation, Minister of Industrial Development, Internal Trade and Company Affairs, Member in the Planning Commission in charge of Transport, Deputy Minister of Shipping and Transport and State Ministers in charge of Road transport as its Members, advises on the problems relating to coordination between different forms of transport referred to it by Government. This Council meets generally once a year. Full advantage has not been taken of this Council in evolving a national transport policy keeping in view the long term requirements in the field of all modes of transport which are to be pressed into service in our national economy. We would recommend that this Council should function more regularly and systematically in order to achieve a coordinated approach to the problems of transport and ensure complementary, rather than competitive, operations of the different transport systems in the country. This would mean that the different transport systems should be motivated to serve the wider public interests rather than exclusively their own particular interest.

Recommendation 4

We recommend :

The Transport Development Council should function more regularly and systematically in order to secure the evolution and implementation of a national transport policy keeping in view the long-term requirements in the field of transport and to obtain a coordinated approach to the problems of transport on the part of different transport systems in the country.

16. There are forums like the National Railway Users' Consultative Council, the Zonal Railway Users' Consultative Committees, Regional/Divisional Railway Users' Consultative Committees and the Consultative Committees at the station level for the purpose of discussion of railway matters affecting the public and the major users. There are also separate Committees for looking into the passenger amenities, catering, book-stall amenities, time-table revisions, etc. These Committees include Members of Parliament and State Legislatures, the representatives of State Governments, the Chambers of Commerce, the persons nominated under special interests, etc., as Members. The National Railway Users' Consultative Council is presided over by the Minister of Railways and includes amongst its members

Secretaries of selected Ministries of the Government of India, the Chairman and Members of the Railway Board, Members of Parliament, the representatives of different industries and the Chambers of Commerce, etc., besides the representatives of Zonal Railway Users' Consultative Committees. Thus, the Railways have taken steps to associate public opinion with themselves on matters relating to the provision of services and the improvement of the efficiency of such services. The Council and the Committees meet, on an average, twice a year. The number of items received for these Committees is too large and only a small proportion of them gets included in the agenda for the meetings. We would recommend that these forums should be utilised in a more purposeful manner so that the Railways are in a position to anticipate the public requirements of railway facilities and take expeditious action to meet them.

Recommendation 5

We recommend :

The existing forums like the National Railway Users' Consultative Council, the Zonal Railway Users' Consultative Committees, and the Regional/Divisional Railway Users' Consultative Committees, etc., should be utilised in a more purposeful manner so that the Railways are in a position to anticipate the public requirements of railway facilities and take expeditious action to meet them. They should meet more frequently to dispose of the large number of items referred to them.

17. At the top level, the functioning of the Railway Board should be streamlined for a more purposeful and efficient direction of the Railway's working. The Railway Board should, in our opinion, be compact and small in size and should confine itself mainly to the questions of policy, planning, coordination and supervision of the working of the Zonal Railways and other field organisations of the Railways, without being burdened with the work of routine nature and the day-to-day administrative details. In recent years certain departments have acquired increased importance and from the point of view of operational efficiency, modernisation and sophistication, they will continue to do so. We would specifically mention Electrical Engineering, Signalling and Telecommunication. We also consider that Stores should not be combined with a consuming department. We would, therefore, suggest that the number of Members of the Railway Board excluding the Chairman and the Financial Commissioner should not normally exceed six and the work may be distributed among them somewhat on the following lines:

Chairman :	General administration (including Management Development), Planning, Public Relations, Security, Vigilance and Research, Designs and Standards Organisation.
Member : (Finance)	Finance, Budget, Efficiency Bureau, Statistical and Economic Cell.

Member : (Engineering)	Civil Engineering
Member : (Mechanical)	Mechanical
Member : (Transportation and Commercial)	Transportation, Traffic and Commercial Branches, Rail- way Safety.
Member : (Electrical and Electronic)	Electrical, Signalling and Telecommunications.
Member : (Staff)	Personnel matters, Manpower and Personnel Planning, Organisation and Methods, recruitment and training of Gazetted officers, Stores.

The Chairman may have the power to over-rule the other Members of the Railway Board but where he does so, he should bring the matter to the notice of the Minister. There are at present not only full-fledged but also Additional Members in the Board who function more or less independently in respect of the subjects assigned to them. We do not think that this is desirable. The responsibility of the Members of the Board should be undivided and undiluted. With the redistribution we have suggested, some relief would be afforded to two Members and the proposed new Member would have a load of work which he should be able to manage without difficulty. In the circumstances, the Board should not need any Additional Members, which designation is in any case a misnomer as these officers have no right of vote in the Railway Board; perhaps the posts have been created on the analogy of Additional Secretaries, but the analogy is hardly apposite as the Board concept is different from the Secretariat concept. If any Members need additional aid or help due to heavy workload, it may be provided by having advisers with certain powers of disposal delegated to them. Their scale and status may be intermediate between that of Directors and Members. We would, therefore, suggest that the additional membership may be abolished and to the extent Members require help in the discharge of their duties, they may have sufficient number of aides or deputies, designated as Advisers, who could be invited to attend the meetings of the Board when the Member concerned needs their assistance. Nor do we see the need for the proliferation of posts carrying secretariat status. Even though a departmental undertaking there is no reason why the functioning of Railways should not be regulated on the pattern of Public undertakings, the Railway Board being virtually the Board of Directors. Its Members can acquire the appropriate status, on the basis of their standing and pay. So long as the Railways are both an executive authority and a Ministry the Chairman may be given the *ex-officio* status of Secretary to Government. The other members of the Board and specified officers under them need not have secretariat status and may in the Rules of Business be given the necessary authority to sign or authenticate documents, orders etc., for the President. This will be in conform with our observations in para 250 of our report on the Machinery of the Government of India and its Procedures of Work that we do

not favour the practice of having a Principal Secretary or Secretary-General for purposes of coordination in Ministries having a number of Secretaries. The other Members should also have direct access to the Minister. The Constitution provides that orders etc., made and executed in the name of the President of India shall be authenticated in such manner as may be specified in the rules made by the President and this provision can be resorted to for meeting such requirements. We agree with the Study Team that the Chairman of the Board should be relieved of his departmental responsibilities in order to enable him to devote himself adequately to the task of overall supervision, direction and coordination of the activities of the Railway Board. However, we consider that service organisations or agencies such as Research and Vigilance should be the specific responsibility of the Chairman of the Railway Board in addition to his functions as the Chairman.

Recommendation 6

We recommend :

- (1) **For efficient functioning, the Railway Board should be compact in size. The number of Members of the Board, excluding the Chairman and the Member-Finance (Financial Commissioner) should not normally exceed six.**
- (2) **The posts of Additional Members of the Board may be abolished. If the Members of the Board require help in the discharge of their duties, the requisite number of aides designated as Advisers may be appointed. Their functions and the powers of disposal that may be entrusted to them may be provided for in the Rules of Business in the Railway Board.**
- (3) **The Chairman of the Railway Board may be given the *ex-officio* status of Secretary to the Government of India and the other Members and specified officers under them may be given the necessary authority to authenticate orders etc., for and on behalf of the President of India.**

18. We agree with recommendations of the Study Team that the posts of Chairman and the Members should be treated as selection posts and merit should be the main criterion for the selection. The Chairman of the Railway Board should be selected on merit from among the Members of the Board and, similarly, the selection of the Members should be made on merit from among the General Managers of the Railways. We are also in agreement with the suggestion of the Study Team that for key posts, selection should be made from outstanding and promising officers and placement procedures should be such that the posts of the Chairman and Members of the Board come to be occupied by incumbents for the full period of tenure prescribed for these posts, avoiding generally the need for the grant of an extension. We feel that the Chairman should have a tenure of three years at least and the Members should normally have a tenure of 5 years. We consider that for one who works as Chairman after having worked as

a Member of the Railway Board, both the tenures put together may be for a period of at least 7 years. In exceptional circumstances where a person superannuates before the completion of tenure, an extension of service may be granted, in terms of the existing policy for grant of extension to enable a deserving person to complete the tenure. In this connection, we would invite a reference to the recommendations made by us in our Report on Personnel Administration that the selection procedure for entry into senior management posts should be based on rigorous standards so that only the most competent get in and that there need be no fixed tenure in senior management posts should be based on rigorous standards so that only the most competent get in and that there need be no fixed tenure in senior management posts for purposes of allowing a competent person to occupy such posts.

Recommendation 7

We recommend :

- (1) **The posts of Chairman and Members should be treated as selection posts and merit should be the criterion for selection. The Chairman of the Railway Board should be selected on merit from among the Members of the Board and the Members of the Board should be selected on merit from among the General Managers.**
- (2) **The Chairman should have a tenure of at least three years and the Members should normally have a tenure of five years. The total period of tenure both as a Chairman and as a Member should be at least seven years.**

19. We would refer to the special position of the Financial Commissioner of Railways. The Study Team has suggested that the Financial Commissioner should be designated as Member-Finance and that he should continue to have his existing powers of vetoing any new item of expenditure and of placing financial matters, in which he has differences of opinion with the other Members of the Board, before the Railway Minister and the Finance Minister. We agree with the suggestions of the Study Team. We have felt that though the Railways are a Department of the Government of India, in actual operations it should function, more or less, on the lines of a public sector undertaking. The financial management of the Railways should accordingly be patterned on the lines, from the Railway Board downwards to the Divisional and District levels, as recommended by us for the Public Sector Undertakings. We have stated in our report on Public Sector Undertakings that the essential role of the Financial Adviser of a Public Sector Undertaking should be that of the principal adviser to the chief executive in all financial matters. The main aim of the finance branch should be to:

- (1) feed management with timely information on the utilisation of resources;

- (2) make statistical analyses to bring out what the performance data truly signify;
- (3) explore and recommend possibilities of reducing costs, with due regard to the maintenance of efficiency and quality; and
- (4) generally advise on financial policies to be pursued and in particular the economics of new schemes.

We have recommended in that report that it is of the utmost importance that the Financial Adviser of an enterprise should regard himself as an integral part of the management team and should place greater emphasis on the management accounting aspects of the working. Accordingly, the Member-Finance, the Financial Adviser and Chief Accounts Officer of the Zonal Railways and the Divisional Accounts Officers in the Divisions should function in a like manner. The Member-Finance should function as a fully integrated Member of the Railway Board in respect of financial matters affecting the Railways except in cases where the decisions might be in conflict with the financial policy laid down by the Ministry of Finance or affect adversely the financial interests of Government as a whole. In such cases or where he differs with his colleagues on any policy question affecting financial matters, he may refer the case to the Railway Minister who may over-rule him on his own if the matter concerns the Railways exclusively or after consulting the Finance Minister if it impinges on the financial policy of the Government of India or has repercussions on such policy.

Recommendation 8

We recommend :

The officers of the Finance Branch of the Railways including the Member—Finance of the Railway Board should function as fully integrated members of the management team at the various levels in respect of financial matters affecting the Railway Board. If the Member—Finance differs with his colleagues on any policy question affecting financial matters, he may refer the case to the Railway Minister who may over-rule him on his own if the matter concerns Railways exclusively or after consulting the Finance Minister if it impinges on the financial policy of the Government of India or has repercussions on such policy.

20. We agree with the recommendations of the Study Team regarding the broad functions of the Railway Board and the delegation of more financial and administrative powers to the Zonal Railways consistent with the functions laid down for the Railway Board. We would also support the suggestion of the Study Team for introducing an officer-oriented pattern of

working in the Railways after a detailed study of the matter by an expert study team composed of persons having experience of work in a modern commercial organisation. In line with the approach adopted by us in our report on the Machinery of Government of India and its Procedures of Work, the number of levels of consideration should not generally be more than two, and the work should be assigned to each of these two levels on the lines of 'desk officer' system. The suggestions of the Study Team that the Railway Board should be manned largely by experienced officers who have first-hand knowledge of the working of the Railways in the field and that those who do not have such field experience should be given an opportunity to acquire it in the field are in line with the recommendations we have made in our reports on Finance, Accounts and Audit and on Personnel Administration. In the latter we have observed *inter alia* that the skills and the training of personnel should be matched to the job-requirements. We support the recommendation of the Study Team that the proliferation of the posts of Deputy Directors in the Railway Board should be avoided and that Railway officers should be drafted to the Board preferably after sufficient experience in the field and that proposals from the Zonal Railways should be examined at a level not lower than that of Joint Director.

Recommendation 9

We recommend :

The suggestions made by the Study Team with regard to (a) the broad functions of the Railway Board, (b) the delegation of more financial and administrative powers to the Zonal Railways, (c) the adoption of an officer-oriented pattern of working on the Railway, and (d) the staffing of the Railway Board with experienced and competent officers may be adopted.

21. The Study Team has also made certain recommendations in regard to the reduction of the strength of officers in various Directorates of the Railway Board (in Annexure II of their Report). The Railway Board may examine those and take necessary action.

22. In regard to the set-up of the Zonal Railways, the Study Team has suggested certain measures to strengthen the position of the General Managers and also certain organisational changes to reduce the burden of routine work on them. Following the pattern of the structure of public sector undertakings recommended in our Report on Public Sector Undertakings, we feel that the Railway Board should virtually have the same position *vis-a-vis* the Zonal Railways which the Sector Corporation would have in relation to semi-autonomous corporations under it. In accordance with this approach, the Zonal Railways should be given wide latitude with adequate powers, both administrative and financial, to function as sound commercial transport undertakings within the framework of policies laid down in this behalf by the Railway Board. We agree with the Study Team that the powers of the General Manager should be enhanced, so that he is enabled

to dispose of a substantial amount of work at the Zonal level itself. We also agree with the suggestion that the powers of the General Manager should be redelegated to the lower authorities and formations. In regard to the position of Financial Adviser and Chief Accounts Officer, we agree with the Study Team that in the matters in which he has been over-ruled by the General-Manager, a reference to the Board for their orders should be made by the General Manager at the instance of the Financial Adviser and Chief Accounts Officer. By way of abundant caution it should, however, be made clear that the General Manager should consider himself under an obligation to make such a reference when so requested-by the Financial Adviser and Chief Accounts Officer and that while doing so, he must incorporate fairly and fully the comments and views of the Financial Adviser and Chief Accounts Officer in the said reference.

Recommendation 10

We recommend :

- (1) The delegation of administrative and financial powers by the Board to the General Manager should be the maximum possible ;**
- (2) The administrative and financial powers should in turn, be redelegated to the lower authorities and organisations ; and**
- (3) The Financial Adviser and Chief Accounts Officer should not make references direct to the Board on those matters on which he has been over-ruled by the General Manager. Such a reference to the Board should be made by the General Manager at the instance of the Financial Adviser. The General Manager while making such a reference should incorporate fairly and fully the comments and views of the Financial Adviser and Chief Accounts Officer.**

23. The Study Team has recommended that certain major Heads of Departments, like the Chief Engineer, Chief Mechanical Engineer, etc., may be designated as Principal Officers and should report direct to the General Manager, while the other Heads of Departments, like the Chief Signal and Telecommunication Engineer and Chief Electrical Engineer, should be attached to the Principal Officers. This recommendation has been made with a view to reducing the number of Departmental Heads reporting direct to the General Manager. We are of the view that this is not a sound arrangement as it introduces another level between the Heads of Departments and the General Manager. There should be no invidious distinction made between one Head of Department and another. The rank and status of Heads of Departments should be determined on the basis of duties and responsibilities devolving on them. There should, therefore, be no objection to all the Heads of Departments reporting direct to the General Manager wherever necessary. We also recommend that the existing distinction

between major and minor departments should be abolished. The General Manager should be in close touch with all the Heads of Departments for discharging effectively his functions of general coordination and supervision. There should also be adequate delegation of powers to the various Heads of Departments in order to give relief to the General Manager, and, in their turn, the Heads of the Departments should fully utilise these powers. Moreover, the post of Senior Deputy General Manager of the Zonal Railway, instead of being treated as one providing berth to a not so meritorious officer should be filled on considerations of merit and should be fully utilised for giving relief to the General Manager in respect of matters of comparatively minor import. If this is done, the General Manager would get adequate relief which will thus enable him to devote more time and attention to his important functions and responsibilities of overall supervision and coordination of the working of the different wings of the Zonal Railways.

24. The general public comes into close contact with the Railway administration at the level of the Divisions. The Divisional Superintendents and his officers should accordingly be enabled to dispose of the bulk of the work at their level. The Divisional Organisation should, therefore, be strengthened with adequate delegation of administrative and financial powers, and, particularly in the matter of settling the claims and dues of the public, there should be large discretionary powers left to the Divisional Superintendents and other officers on the spot so as to avoid needless trouble and inconvenience to the general public.

Recommendation 11

We recommend :

- (1) **The existing distinction between major and minor Heads of Departments in the Zonal administration should be abolished. All Heads of Departments should report direct to the General Manager.**
- (2) **The post of Senior Deputy General Manager should be effectively utilised to relieve the General Manager of the burden of dealing with matters of minor import.**
- (3) **The Divisional Organisation should be strengthened and adequate delegation of financial and administrative powers should be made to the Divisional Superintendent and his officers in order to enable them to dispose of the bulk of their work at their level.**

25. The Study Team has made certain other suggestions (in paragraph 3.15) for improving the efficiency of Zonal Railway administration. The Study Team has also made certain specific suggestions in regard to individual Railways in Annexure III/5. These suggestions may be considered

by the Railway Board and appropriate action taken. In considering these suggestions, the Railway Board should follow the approach of giving as large a measure, as possible, of autonomous working to the Zones and sufficient powers should devolve on the Divisions down the line thus inducing in them a greater inclination to display initiative and responsibility, so vital to the efficiency of a commercial undertaking.

CHAPTER III

PERSONNEL

On the various aspects of personnel administration applicable to all Government organisations, we have already made several recommendations in our Report on Personnel Administration. We would suggest that these should be applied in the case of the Railway employees including those belonging to the Railway Secretariat Service unless exceptional circumstances clearly warrant a departure therefrom. Some of the more important items are dealt with below.

2. The Railways are the largest single employer of the Central Government employees in the country. The following table gives at a glance the picture about the strength of railway employees since 1961 :—

TABLE

As on March 31	Class I	Class II	Class III	Class IV	Un-classi- fied	Total
1	2	3	4	5	6	7
1961	1,567	1,506	4,58,024	6,84,326	1,498	11,46,921
1962	1,868	1,848	4,72,385	7,02,740	1,126	11,79,967
1963	2,037	1,975	4,96,240	7,27,405	1,111	18,28,768
1964	3,513	2,324	5,15,311	7,52,106	7,462	12,80,716
1965	3,075	3,122	5,33,306	7,75,365	39	13,14,907
1966	2,992	3,447	5,52,562	7,93,829		13,50,830
1967	3,003	4,287	5,54,424	7,97,416		13,59,130
1968		7,532		13,60,078		13,67,610
1969		7,601		13,51,252		13,58,853

Source : The figures for the years 1961 to 1967 have been taken from the Reports on the Censuses of Central Government Employees brought out by the Director General of Employment and Training, Ministry of Labour, Government of India, and those for 1968 and 1969 have been taken from the Supplements to the Report by the Railway Board for the years 1967-68 and 1968-69.)

The total number of employees has registered an increase at the rate of about 2.3 per cent per annum during 1961 to 1969. Though the rate of increase of staff in Class I and Class II categories appears to be higher, it is mainly due to the fact that the Railways have expanded the medical facilities and the medical officers and surgeons alone number about

2250. Further, with the increasing emphasis on modernisation and with the introduction of improved technological and scientific improvements in the Railway operations, the ratio of increase of higher paid technical and operational staff in Class I and Class II categories cannot but be high as compared to the staff in Class III and Class IV. The rate of increase in the employment of the staff in unskilled and semi-skilled categories, which account for the bulk of the Railways staff in Class III and Class IV cadres, will have to taper off as and when modernisation programmes are put through. However, the pace of the modernisation programme of the Railways has to be adjusted because of the problem of absorption of the unskilled and semi-skilled staff that may be rendered surplus in the process.

3. The established Class I services on the Railways relate to Civil, Mechanical, Electrical, Signals and Telecommunications and Stores Engineering, and Accounts and Traffic. Recruitment to the above-mentioned five Engineering Services is held through a common competitive examination conducted by the Union Public Service Commission, while that to the remaining two services, viz., Accounts and Traffic, is held along with other Class I Central Services, through the Union Public Service Commission. A small number of Special Class Railway Apprentices is also recruited for the Mechanical Engineering Department after selection through the Union Public Service Commission and training at the Indian Railway Mechanical and Electrical Engineering Institute at Jamalpur. The Medical cadre is a specialised one and is staffed through direct recruitment to the senior scale. The senior positions in the Railway Protection Force are filled in the main by deputationists from the Police Services in the States. The career prospects are more or less similar in the Traffic, Transportation and Commercial and the Mechanical and Civil Engineering Cadres of the Railways and these form the major departments containing the bulk of the officers' strength.

4. The present ratio of officers to the staff in the Railways in many of the Departments is very low. This cannot but be so, considering the fact that against a total strength of about 7,500 officers, the strength of the staff is about 13.6 lakhs. Even then in some Departments of the Railways, the proportion of officers to staff is lower than the general average. In an executive organisation like the Railways, with units distributed throughout the length and breadth of the country, where the operations are mostly repetitive and routinised, the employment of a large proportion of operative staff is unavoidable. With the progress of dieselisation and electrification programmes and with the introduction of improved signalling systems and modernised methods of operation, the ratio of supervisory staff to the operative staff should improve. In any case, the strength of a category or class of employees must depend on the workload and norms of work per unit considered necessary and promotion or career prospects can be provided only by appropriate adjustments, subject to the requirements

of work. Better opportunities can, however, be made available by providing a wider field of promotion to outstanding or able officials and our recommendations regarding changes in the methods of recruitment or promotion are intended to provide this.

5. Incidentally, we consider that any comparison based on the proportion of officers to staff in the various departments, is inappropriate. The nature of work performed by an organisation determines the mix of personnel suited to its needs. Moreover, a general comparison on the basis of the ratio of the officers to the staff would be misleading or erroneous. Naturally the nature of job performed in the lower rungs makes all the difference so far as the nature of supervision required at higher levels, is concerned. The percentage of Class IV employees on the Railways is almost 60. The major share of burden of direct supervision of these Class IV personnel would mostly be distributed among officers in the Class III, Class II and Class I categories. The proportion of officers in the Class I and Class II categories would naturally be low. There has been considerable addition to their strength over a period of time also. Their number has gone up from 3,073 in 1960-61 to 7,601 in 1968-69, thus registering an increase of about 147 per cent within a space of eight years. If the phenomenal increase in the strength of Medical officers, the majority of whom fall in Class I and Class II categories is considered, this increase is not excessive.

6. There is always a way in which a specific job can best be done. So also, it is possible to determine what is the best material economically that could be used for doing that job. And, it should be easy to determine with reasonable precision the kind of personnel and their number which are required to handle that job. What is required is a scientific approach to these problems. The present-day management techniques includes a whole array of tools like work study, job evaluation techniques, operations research, etc. Though the Railways are making use of these modern techniques of administration, only a beginning has been made. What is required in the present circumstances is something like a crash programme in this direction. In our view, the present Efficiency Bureau and Work Study Units are wholly inadequate for the job. They should be strengthened considerably to include all disciplines. This would, no doubt, mean added cost, but, in our view, the savings and streamlining which would result from rationalisation would be far greater than the amount spent. Not all the branches can be tackled all at once. A schedule of all important railway operations in different branches may be drawn up and then a programme worked out for detailed study by the Efficiency Bureau and Work Study Units according to the priorities settled, and their recommendations implemented.

7. An exceedingly important item of work to be done in this connection would be the determination of norms with reference to which the performance of employees can be determined as good, average, poor or outstanding, and rewarded accordingly. Corrective measures could then easily be

taken to improve the efficiency. We understand that work standards have been evolved for only a small sector on the Railways and would, therefore, commend for consideration the recommendation in paragraph 22 of Chapter X of our Report on Personnel Administration reproduced below :—

“22. We would emphasise here, the urgent need for evolving work norms for various posts in Government, especially at the Class III and Class IV levels which account for 98% of the Government personnel. Work at these levels is largely routine and repetitive and it should be easy to evolve suitable work standards and strictly adhere to them. Yet, this work has not been taken up on an appreciable scale, except for a small sector in the Railways and in the Posts & Telegraphs Departments. Evolving of such norms will result in a good deal of economy besides higher overall efficiency in the Departments. We, therefore, recommend that a target date for completing this work should be fixed for each Department and the resources of all units concerned with this work, namely, the O&M Units, the Staff Inspection Unit and the Department of Administrative Reforms should be pressed into service.”

Recommendation 12

We recommend :

- (1) **A crash programme may be launched by the Efficiency Bureau and Work Study Units to introduce modern, scientific management techniques to determine the most efficient method of accomplishing the various jobs, the inputs required and the quality and quantum of personnel who should handle them to achieve the best results. If necessary, the Efficiency Bureau and Work Study Units may be strengthened for the purpose.**
- (2) **The actual performance of employees should, as far as possible, be judged with reference to the norms which emerge as a result of the study referred to above.**

8. Then there is the necessity to rationalise the personnel structures in the different Departments of the Railways and to bring about not only comparability in career prospects of the officials of the different Departments of the Railways but also between the Railways and other Government Departments where the nature of work is comparable. The Study Team has recommended certain measures to attract and retain competent and talented persons in the Railway services and to reduce the disparities in the prospects of officers between the Railways and other Central Government Departments. One of the recommendations is that the starting salary of officers in the senior scale on the Railways should be Rs. 900 for officers with service of 6 years or under. The Study Team has suggested, *inter alia*, the revision of pay scales of the Divisional Superintendents, Heads of Departments and other senior officers of Railways, the upgradation of the

posts of all Directors in the Railway Board to the grade of Joint Secretaries, the maintenance of parity in the scales of pay for the posts of General Managers and Chairman of the Railway Board with those obtaining in the Public Sector Undertakings on the basis of a comparison of duties and responsibilities etc. In this connection, we would invite attention to our recommendation in our Report on Personnel Administration (Recommendation No. 8) where we have stressed the need for the rationalisation of pay structures of posts in different departments of Government on an evaluation of the duties and responsibilities and of the qualifications required for holding the posts. Such an evaluation and classification into grades of posts taking into account the distinct levels of work and responsibility and the matching of appropriate pay scales would even out the disparities in the pay scales in the different departments and disciplines. We, therefore, agree with the Study Team that Government should consider this question of reducing, as far as possible, the disparities of pay scales for comparable posts in the Railways and other Departments on the basis of an evaluation of duties, responsibilities, and qualification requirements provided the conditions of service are not materially different. We agree with the Study Team that all Directors in the Railway Board should be placed in the same grade to avoid irksome anomalies.

Recommendation 13

We, therefore, recommend :

- (1) Government should consider the question of reducing the disparities of pay scales for comparable posts in the Railways and other Departments on the basis of an evaluation of duties, responsibilities and qualification requirements, in the light of the recommendations made by us in our Report on Personnel Administration, vide Recommendations Nos. 8 and 9 therein; and**
- (2) All Directors in the Railway Board should be placed in the same grade.**

9. The Study Team has also suggested the upgradation of certain posts in the division to junior administrative grade in view of the present low percentage of higher grade posts in the Railways and the increasing responsibilities devolving on the divisions with the increased delegation of powers.

- (i) One Divisional Mechanical Engineer's post to be upgraded to the Junior Administrative grade.**
- (ii) One Divisional Engineer's post to be upgraded to the Junior Administrative grade.**
- (iii) One Divisional Operating Superintendent's post to be upgraded to the Junior Administrative grade.**

- (iv) In addition, the Works Managers of all the Workshops, employing more than 2000 men, should be upgraded to the Junior Administrative cadre.
- (v) Track Supply Officers at the Headquarters of major Railways should also be in the Junior Administrative grade.

These recommendations may be considered by the Railway Board.

10. The Study Team has recommended that the work of selection of officers to the Junior Administrative Grade in the Zonal Railways should devolve on the Zonal Railways themselves. To avoid undue disparities of promotion prospects between one Zonal Railway and the other, the Study Team has suggested that cadre adjustments may be made by the Board by inter-railway transfer of officers at the early senior scale stage. We agree with this recommendation provided that a senior officer of the Railway Board is associated with the Selection Board constituted to make the recommendations for promotion to this grade.

Recommendation 14

We recommend :

- (1) **The task of selecting officers and making recommendations for promotion to the Junior Administrative Grade in each Zonal Railway should devolve on the Zonal Railways.**
- (2) **Recommendations for promotion of officers to the Junior Administrative Grade may be made by a Selection Committee constituted by the Zonal Railways but a senior officer of the Railway Board should be associated with this Selection Committee.**
- (3) **Cadre adjustments may be made by the Railway Board by inter-railway transfers of officers at the early senior scale stage.**

11. We have outlined in our Report on Personnel Administration the principles which should govern the selection for higher appointments. The senior appointments in the Railways may broadly be classified into two categories : (i) appointments where specialised or technical functions have to be performed; for example, jobs involving research, design and development work as in the Research, Designs and Standards Organisations or jobs in the field relating to civil, electrical, mechanical, signalling and other specialised work, e.g., stores, costing, work studies, operational research, training programmes, labour relations, legal work relating to claims etc. and (ii) appointments, which in addition to requiring a background of experience and training in some specialised or technical function mentioned above, involve planning, organising and coordinating the work of several persons of different disciplines and achieving the results aimed at, and which are thus mainly managerial in nature. Examples of the first category of

appointments in the Zonal Railways are Senior Mechanical Engineer, District Electrical Engineer, Senior Commercial Officer, Senior Civil Engineer, Senior Transportation Officer, the Heads and Deputy Heads of Departments like the Chief Engineer, Chief Mechanical Engineer, Chief Signalling and Telecommunication Engineer, Chief Commercial Superintendent, Chief, Operating Superintendent, etc., and Member (Engineering), Directors, Joint Directors, Deputy Directors, in charge of specific functions etc. in the Railway Board. Examples of the second category are posts of Divisional Superintendents, Deputy Divisional Superintendents, etc. in the Division, the General Manager, Deputy General Manager, Chief Personnel Officer, etc., in the Zonal Railways and the Chairman and Members, Railway Board, the Secretary to the Railway Board, Director, Railway Planning, etc., in the Railway Board. Though the subject matter knowledge remains essential for holding the posts of the first category, the managerial nature of the duties increases progressively at each successive higher level of the hierarchy, requiring a varying mixture of managerial and specialised skills.

12. The appointments falling under the two categories should be identified. The qualifications, the training, and the job experience required for holding these posts should be laid down. While the posts in the first category should be manned by the respective cadres having the requisite subject matter knowledge or after they have been given the necessary training in the relevant subject, selections for the appointments to posts in the second category should be made from among the members of various Railway cadres, possessing intimate knowledge and experience of railway working, a high standard of ability in their respective disciplines, a sound knowledge of modern management techniques and qualities of leadership etc.

13. It is desirable that there should not be very frequent transfers in key management posts of General Managers, Heads of Departments, Divisional Superintendents, etc. In these posts a minimum period of stay of three to five years for an incumbent is essential so that the latter could be in a position to make effective contribution to the administration. The officers who have completed eight years of service should be watched more closely and the outstanding ones should be chosen at an early stage of their career through a method prescribed for this purpose, for being exposed to a variety of experience and training on a programmed basis in order to develop their management potential. For this purpose, management courses of varying duration may be arranged at the Railway Staff College. The officers may also be deputed with advantage to courses of training in the management training institutions like the Administrative Staff College, Hyderabad, and the Institute of Management in Calcutta and Ahmedabad. Foreign training according to the requirements may also be arranged for some of these officers. The trained personnel should be deployed in various management positions on a planned basis. For this purpose, the Railways should have a management development programme and should organise a career planning cell. In the Railway Board, the

Chairman should pay special attention to Management Development Programme and career planning whereas in the Zonal Railways, the General Manager should be charged with a similar responsibility.

Recommendation 15

We, therefore, recommend :

- (1) Posts in the Railways primarily calling for subject matter specialization and those mainly managerial in character should be identified.**
- (2) The qualifications, training and job experience required for manning the posts in the two categories should be prescribed by the Railway Board.**
- (3) A career planning cell should be established and a management development programme be developed ; the general responsibility for implementation of this programme should devolve on the Chairman, Railway Board, at the Board level and on the General Managers at the Zonal level.**
- (4) Officers who have completed eight years of service should be watched more closely and the outstanding ones should be selected at an early stage and exposed to a variety of work experience and training programmes in order to fit them to hold positions of management.**

14. The Study Team has recommended that the form and procedure adopted in the British Railways for appraisal of performance of officials may be followed with suitable modifications. In our Report on Personnel Administration we have suggested a detailed procedure for writing the Annual Report on the performance of an official. Our suggestion is calculated to ensure that an objective assessment of the performance of the official is obtained and at the same time the official reported upon is given an opportunity to have a say in the writing of the report. We would recommend that our recommendation in the Report on personnel Administration in this respect may be adopted by the Railways also (*vide* Annexure II).

Recommendation 16

We recommend :

The procedure suggested by us in our Report on Personnel Administration regarding the writing of annual confidential reports may be adopted by the Railways.

15. We have in our Report on Personnel Administration suggested that Departmental Promotion Committees may be formed for appraising the merits of the persons concerned for promotion at all levels, wherever such committees are not constituted. This method may be adopted by the Railways for the preparation of panels for promotions made to the posts on

the basis of merit. The composition of the Departmental Promotion Committees would vary depending upon the posts for which panels are to be prepared.

Recommendation 17

We recommend :

The Departmental Promotion Committees may be formed on the lines suggested by us in our Report on Personnel Administration, wherever such committees do not exist at present.

16. Regarding the improvement in the avenues of promotion available to Class II and Class III staff, we recommend that the promotion quota may be increased to a maximum of forty per cent where it is now less than that percentage. We also recommend that, in order to provide an incentive to those who are comparatively junior but are exceptionally talented, fifty per cent of the vacancies reserved for promotion from the lower grades, may be filled on the basis of an examination. The number of chances for taking the examination may be limited to two. The Railway Board may prescribe the rules and regulations in regard to eligibility, age and other qualifications of candidates at the said examination. Wherever the staff, particularly in Class IV, improve their educational and other qualifications, they should be permitted to take part in the trade tests prescribed for promotion to higher grades by relaxing other restrictions and conditions, if any, regarding age, etc.

Recommendation 18

We recommend :

- (1) **The quota of vacancies available to Class II and Class III staff by promotion may be increased upto a maximum of 40 per cent where the existing quota falls short of that percentage ;**
- (2) **Of the quota of vacancies in the higher grades which are reserved for promotion from the lower grades, fifty per cent should be filled by the method of examination, where no examinations are held at present. The number of chances for taking the examination may be limited to two ;**
- (3) **Where the staff, particularly Class IV staff, improve their educational and other qualifications, they should be permitted to take the prescribed tests for promotion by relaxing restrictions and conditions as to age, etc.**

17. The Study Team has observed that there is a general feeling of frustration amongst all the cadres of officers and supervisory staff, which is gradually undermining their morale. This has been ascribed to several factors. One of the factors has already been referred to, namely, the constant

questioning of the decisions of the officers in field at higher levels in a democratic set up, through Members of Parliament and other influential persons. The other major contributing factors are the difficulties in enforcing discipline in the face of certain undesirable activities of some staff unions and other influential pressure groups, the vulnerability of the railway property and rolling stock to attack in any agitation or critical situation by sections of the community, the dissatisfaction with the pay structures which are considered to be not on a par with those of their counterparts in other Government Departments, career prospects and other working conditions, and a general feeling that favouritism prevails over fair play in regard to promotions and even postings. We have suggested guidelines for a healthy and purposeful direction and scrutiny by Parliament of the working of the Railways, which will, we trust, have a salutary effect on administration and the officers' morale. We would now deal with other specific aspects of personnel management and would discuss elsewhere the question regarding discipline and other conditions of service.

18. The important training institutions for the Class I and Class II officers and probationers are :

- (a) the Railway Staff College, Baroda;
- (b) Indian Railway School of Advanced Permanent Way Engineering, Poona ;
- (c) Indian Railway School of Signalling, Engineering and Telecommunication, Secunderabad ; and
- (d) Indian Railway School of Mechanical and Electrical Engineering, Jamalpur.

There are several other training institutions dispersed throughout the country under each Zonal Railway for the various trades and disciplines for Class III and Class IV staff. The training facilities in these institutions have to be considerably expanded, considering the strength of officers and staff and the diversity of the trades and skills in which training is to be imparted. Mostly the training courses cater to the needs of post-entry training on recruitment to the different services. Refresher courses and mid-career training to equip the officials for taking up higher responsibilities and for performing more difficult and skilled tasks have yet to be adequately provided for in these institutions. There should be special training courses arranged for the Railway staff for training in railway safety. The Railway Board and the Zonal Railways should review the existing training arrangements for meeting these requirements, rationalise the training facilities and set up additional institutions, where necessary, for this purpose.

Recommendation 19

We recommend :

The Railway Board and the Zonal Railways should review the existing training arrangements in the light of requirements and rationalise the training facilities where necessary.

19. While recruitment of Class IV staff is made by the divisions, that of Class III categories is done by the Railway Service Commissions. There are four Service Commissions to cover the requirements of all the zones except the N. F. Railway. Even in pre-independence days, the move was initiated to take away the recruitment of Class III staff out of the hands of the Zonal Railways and a beginning was made on the then North Western Railway, for which it was decided to have a separate Service Commission manned by retired railway officers directly under the Railway Board, so as to create an impression in the public mind that there need be no suspicion about the fairness of recruitment and that the interests of the minority communities would be protected. The Indian Railway Enquiry Committee (1947) was in favour of this process. The Railway Corruption Enquiry Committee (1954) made a recommendation that the Chairman should not be a retired Government officer. This was not accepted by the Government, who felt a flexible policy was desirable. Some chairmen and members have been outsiders while others were retired Government/railway officials.

20. The working of the Railway Service Commissions has not been free from shortcomings. There have sometimes been complaints about serious irregularities in the offices of the Service Commissions. The Service Commissions have not always been successful in making the recruitment in full to certain categories, e.g., doctors, nurses and teachers. This is by no means peculiar to the Railways. Even recruitment to the general categories of clerks has at times not been prompt. In respect of the North-East Frontier Railway it has been found necessary to ask the Railway itself to recruit all class III categories. Besides, there are at times pressures on the Service Commissions from the State Governments to confine recruitment on linguistic basis to certain regions. We recommend that the recruitment to Class III posts may be made in the Zonal Railways by an independent Recruitment Board consisting of an eminent non-Railway man as Chairman and a senior officer from the Zonal Railway concerned as a Member. The Recruitment Board may coopt an officer of the concerned discipline when any *ad hoc* need rises. The Chairman of the Recruitment Board may be appointed by the Railway Board. Such a Recruitment Board may be set up in a zone where the volume of work clearly warrants the need for it. In other cases, the work of recruitment relating to two or more zones may be combined and dealt with by a single Recruitment Board on which the Zonal Railways concerned may be given a representation.

Recommendation 20

We recommend :

- (1) **The recruitment to all Class III posts in the Zonal Railways should be made by an independent Recruitment Board consisting of a non-Railwayman as Chairman and a senior officer of the Zonal Railway as member for each Zonal Railway. The**

Chairman of the Recruitment Board may be appointed by the Railway Board.

- (2) **The work of recruitment relating to two or more zones may be dealt with by a single recruitment board unless the quantum of work clearly warrants the need for a separate recruitment board for a particular Zonal Railway.**

21. There has been a demand that preference in the matter of employment in the Railways to the children of Railway employees, which had been the practice in the past and had been abolished, should now be restored to at least in the lower categories of drivers, guards, clerks, permanent waymen, etc., to a certain percentage of the vacancies. Such a step would, it has been urged, earn the loyalty of the staff and help boost morale. We do not think this practicable as it is likely to constitute a discriminatory practice for which there would be no warrant under the Constitution. It is not unlikely that the sons and daughters of railway officials develop a special aptitude for work in the railways owing to their environment and general familiarity with railway matters; if so, there should be no difficulty in their securing an adequate share of the employment opportunities in the Railways on merits in the normal way.

22. An atmosphere of general indiscipline and scant respect for authority prevalent in the country and the noisy, often violent, demonstrations indulged in by several sections of the people have their impact on the Railway workers in their approach to their daily work. Laxity, indifference and defiance of authority are steadily growing. The Railways being a public utility service and the majority of its staff being workers governed by the Industrial Disputes Act, the staff have formed Unions registered under the Trade Unions Act. The agitational approach to problems by the Unions has made the task of enforcing discipline extremely difficult. The Railway employees form almost 50% of the Central Government staff and almost 99% of them are in the Class III and Class IV categories. The employee-employer relationship in the Railways constitutes, therefore, an important factor to be reckoned with in the general policy for Government staff unions.

23. The existence of a multiplicity of Unions under the Presidentship of a Member of Parliament or some other important person, even if they are not recognised, makes for inter-union rivalries and disrupts the smooth working of administration, the Unions acting as pressure groups. Representations are made by them on individual cases and often to the higher authorities, Members of Parliament and the Minister. Often these representations find support from Members of Parliament and other influential persons. These activities of the Unions do not make for proper enforcement of discipline and defeat the purposive working of the Unions for the common good of the largest numbers and the improvements of efficiency of administration. We stress the paramount need for the maintenance of discipline among the Railway staff, and of the authority of the immediate

supervisor without which all attempts at improving the efficiency of the railway working and the safety of the railway travel will be rendered ineffective. The reports of the Study Team and the Railway Accidents Enquiry Committee have pointed to the adverse effects on discipline and the loss of morale due to interference in individual cases, during their pendency, by the higher departmental authorities as a result of extraneous pressures. We are not in agreement with the suggestion of the Study Team that the Railway staff concerned with the running of the trains should be excluded from the purview of Article 311 of the Constitution. If proper conditions are ensured for the enforcement of the authority of the immediate supervisor, it will be possible to maintain effective discipline in accordance with the present procedures.

24. The slow and steady erosion of discipline in Government offices and the disregard of authority culminated in the strike of the Central Government employees in September 1968 and the Central Government had to bring an Essential Services Maintenance Ordinance, 1968 (later passed into an Act of Parliament) to prohibit strikes in essential services and to maintain uninterrupted the functioning of these services. A Bill is under formulation for giving a statutory basis to the Joint Consultative Machinery, on which the staff are represented through the recognized Unions. We have recommended in our Report on Personnel Administration that the employees' representatives in the Joint Consultative Bodies at the lowest levels, Regional or departmental, as the case may be, should be directly elected by the employees, and, for the bodies at the higher levels, representatives should be chosen through indirect election. We have proposed this so that the tendency to settle issues outside the Joint Consultative Body through pressure groups and unhealthy practices may disappear. We have also recommended therein that no person who is not serving under Government or who is not an honourably retired employee of Government should be eligible for election to the Joint Consultative Bodies. These suggestions will help promote harmonious relations and secure the greatest measure of cooperation between the Government and the general body of its employees in matters of common concern.

Recommendation 21

We recommend :

- (1) The employees' representatives in the Joint Consultative Bodies at the regional and departmental levels should be directly elected by the employees, while at the higher levels, representatives should be chosen through indirect elections ; and**
- (2) No person who is not serving under Government or who is not an honourably retired employee of Government should be eligible for election to Joint Consultative Bodies, provided, however, that Government may permit an ex-employee to seek election to the Joint Consultative Bodies.**

25. The Study Team has suggested the adoption of the "Brown System of Discipline" (*vide* Annexure III) on the Indian Railways. Under the system, which is in operation in the Canadian Pacific Railways, merit marks and demerit marks are awarded for specific acts of omission and commission such as assistance in clearance of obstructions from track, discovery of defects and their rectification, disregard of instructions, failure to make brake tests as per regulations, reckless running, careless handling, etc., and if the employee has accumulated a prescribed number of demerit marks after allowing for deduction on account of merit marks, he is liable to be dismissed. We recommend the adoption, with suitable modification, of this suggestion of the Study Team, so far as the running staff on the Indian Railways are concerned. The prescribed disciplinary procedures should, however, continue to be observed.

Recommendation 22

We recommend :

The "Brown System of Discipline" prevailing in the Canadian Pacific Railways may be adopted by the Railways with suitable modifications, in the light of conditions in India and subject to the observance of the prescribed procedures regarding disciplinary cases.

26. We have already outlined measures for streamlining the procedures for taking disciplinary action, and the setting up of Civil Service Tribunals for hearing appeals in our Report on Personnel Administration. These recommendations may be adopted by the Railways also in respect of their employees.

Recommendation 23

We recommend :

The measures suggested by us in our Report on Personnel Administration for streamlining the procedures for taking disciplinary action and the setting up of Civil Service Tribunals for hearing appeals may be adopted by the Railways also.

27. The Welfare organisation working under the Divisional Personnel Officer attends to the settlement of grievances of employees. The practice is to allot specific sections to each Welfare Inspector, whose main function is to contact the staff, ascertain the nature of the grievances, place the grievances before the officers concerned and get the cases looked into. There has been dissatisfaction expressed with the working of this machinery. While the matters regarding delays in payment of wages, allowances, sanction of leave, increment, passes, etc., and grievances of the staff relating thereto are attended to by this organisation, it is not used as a feed-back to improve the methods of personnel administration in these matters so as to improve the welfare of the employees. We feel that the present welfare organisation

should continue to function under the Department of Personnel and should attend to the settlement of the grievances of the staff. It should be manned by selected persons with special training. These persons should not be frequently changed so as to ensure that they become familiar with the problems of the staff in a particular District or Division.

Recommendation 24

We recommend :

The welfare organisation should continue to function under the Department of Personnel and continue to attend to the settlement of grievances of employees. It should be manned by selected persons with special training. These persons should not be frequently changed so as to ensure that they become familiar with the problems of the staff in a particular District or Division.

28. A Vigilance Organisation has been functioning in the Railways since 1955 in pursuance of the recommendation of the Railway Corruption Enquiry Committee (Kripalani Committee). As a result of the recommendations made by the Santhanam Committee, the Vigilance Department of the Railways was strengthened in 1964. The Study Team has felt that the Vigilance Organisation in the present form is top heavy and that it should be converted into a Directorate with a Director-in-Charge in the Railway Board and a corresponding reduction in size effected. The efficiency of the organisation will not, the Study Team feels, suffer thereby. We feel that the Vigilance Organisation should work under the overall supervision of the Chairman of the Railway Board. There is, therefore, no need for a separate Member to be in charge of Vigilance at the Board level. Instead it would suffice if the Director General (Vigilance) is given the rank above a Director but below a Member. He should function under the overall direction of the Chairman. The person selected should, however, be such that he would normally not look for rewards or further promotion in the organisation or for re-employment after retirement and thus would be able to discharge his duties effectively and impartially. The Vigilance organisation in the Zonal Railways should similarly work in close consultation with the General Manager. There can be no objection to its having direct dealings with the Director General of Vigilance in the Board, provided the General Manager is kept duly informed of all such matters.

Recommendation 25

We recommend :

- (1) The Director General of Vigilance Organisation at the Board level may work directly under the Chairman of the Railway Board and report to him.**
- (2) In the Zonal Railways, the Vigilance Organisation should work in close consultation with the General Manager of the**

Zonal Railway. There is no objection, however, to his having direct dealings with the Director-General of Vigilance in the Railway Board, provided the General Manager is kept duly informed of all such matters.

29. There is need for close liaison between the Heads of Departments and the special vigilance set-up for the prevention of corruption. The responsibility for checking corruption should be laid on the Heads of Departments and the Vigilance Organisation should keep the Heads of Departments informed of matters connected with vigilance. The practice of taking the Head of the Department into confidence while initiating enquiries into cases of corruption, which was recommended by the Kripalani Committee, should be restored. In cases of difference of opinion between the Chief Vigilance Officer and the Head of the Department, the matter could be referred to the General Manager or the Chairman as the case may be.

Recommendation 26

We recommend :

The responsibility for checking corruption should vest in the Heads of Departments. The Vigilance Organisation should work in close consultation with the Heads of Departments and keep them informed from time to time of matters connected with vigilance, in their charges.

30. The mechanical working of the Vigilance Organisation without making any distinction between *bona fide* actions, unintentional lapses or errors of judgment arising out of discretionary powers and deliberately *malafide* actions has inhibited the initiative of the supervisory staff and exercise of discretionary powers vested in them, and has generated a tendency of referring matters for decision to the higher authorities. Thus decisions are postponed leading to delays and uneconomical and inefficient working. Cases of alleged misuse of discretionary powers should, therefore, be left to be handled by the concerned executive authority and only when it is satisfied that there has been a deliberate misuse of powers, the cases should be handed over to the Vigilance Organisation.

31. Unless the Vigilance machinery moves quickly, its effectiveness and deterrent character are greatly reduced. During the pendency of the enquiry, the employees concerned are debarred from promotion, if due, and if about to retire, they are not allowed the retiring benefits. If they are fully exonerated, the loss of promotion and of other benefits which would have accrued to them during the intervening period rankles in their mind, generates frustration and gives rise to endless representations, and even litigation. In order, therefore, to introduce a sense of urgency in dealing with these cases, there should be a time limit prescribed for completion of investigation of vigilance

cases by the Special Police Establishment and the Central Bureau of Investigation. The cases pending for more than three months should be scrutinised to ensure that there are no avoidable delays. The Heads of Departments should review every six months all such cases in consultation with the investigating authority and cases of inordinate delay should be brought to the notice of the Railway Board for necessary remedial action.

Recommendation 27

We recommend :

- (1) A time limit should be prescribed for the completion of investigation of vigilance cases by the Special Police Establishment and the Central Bureau of Investigation.**
- (2) The Heads of Departments should review, every six months, in consultation with the concerned investigating authority, all such cases. In the course of this review, where the disposal of a case has been delayed beyond three months, the reasons for such delay should be specifically looked into and decisions should be taken as to the best method of accelerating disposal.**

CHAPTER IV

RAILWAY OPERATIONS

If the Railways are to fulfil their various public service obligations and to work at a profit, the efficiency with which they are run is a major determining factor in achieving the objectives. The operational efficiency of the Railways should be brought to a level where adequate revenues are earned to meet the working expenses, to cover the obligations for development and renewal of the railway assets and to yield a reasonable profit. The basic steps for achieving these are (a) running the railways with businesslike efficiency, (b) scientific planning, (c) effecting all practicable economies, (d) improving passenger appeal, (e) scientific approach to personnel problems, (f) rationalisation of rates and fares to maximise earnings, (g) managing the railways as far as possible on commercial and business principles and not utilising them as a means of subsidising certain programmes and activities on the ground of public interest.

2. Operational facilities of the Railways have of late been considerably enlarged, such as doubling of lines, provision of additional crossing stations, modernisation of yards, introduction of route relay interlocking and centralised traffic control, automatic signalling, electrification of lines, conversion of metre gauge into broad gauge, addition to rolling stock, phased replacement of four wheelers by bogie stock, etc. But these improvements barely touch the fringe of the vast coverage of Railways and by and large in many areas modern latest technologies have yet to be adopted. The pace of modernization has been tardy and sporadic; it has remained confined to a small sector and has not in all cases succeeded in ensuring efficiency and economy and reducing over-all costs in any significant measure. The performance of the Railways in terms of operational efficiency is, therefore, not at the optimum level. The index of wagon kilometers per wagon day (B. G) has declined to 72.7 in 1968-69 against 76.9 in 1960-61. Individually the best performance shown by the Western Railway of 126.3 in 1962-63 came down to 89.7 in 1968-69.

3. The Study Team has suggested in detail several measures for the better utilisation of the wagon stock for goods traffic. We recommend that they may be considered by the Railway Board and action taken early. We would observe that the inventories of wagon stock should be drastically cut down as excessive stocks lead to slackness in utilisation and poor out-turn. Unreasonable detention of wagons by customers should be discouraged through appropriate administrative measures, marshalling arrangements for freight traffic should be streamlined, the number of intermediate points for examining, checking and other handling operations of through goods trains should be rationalised, reducing them to the unavoidable minimum, and important yards should be mechanised depending on the traffic.

4. The figures of net ton kilometers per wagon day also show a noticeable deterioration in performance. Action for stepping up the net tonne kilometers per wagon day should, *inter alia*, be taken up by having larger and heavier goods trains. Attempts should also be made to reduce empty haulages.

5. The Study Team has made several recommendations regarding the interests in the output of engine kilometers per engine day on lines. These recommendations should be examined by the Railway Board and action taken accordingly. The rational use of diesel and electric locomotives must result in better output and it should be the policy of the Railways to make the most of the existing steam engines. It would be more profitable if some of the steam engines were taken off and stabled for future use in emergencies. In order to get the optimum tonne kilometers per engine day and engine turn-round in respect of freight traffic, it is necessary to reduce intermediate shunting and load adjustments en route. The allocation of engines according to their hauling capacities and the regulation of the wagons should be judiciously made keeping in view the traffic requirements, the hauling power of the engines, gradient of the route, etc.

6. The Study Team has suggested several steps for increasing the speed of goods trains. The Railway Board should examine them and take necessary action. Unless the Railways speed up the movement of goods train, it will not be possible to regain the traffic in competition with the road transport. It is also a waste of potential if the maximum permissible speed is not attained with the highpowered diesel and electric engines.

7. Unremunerative investments are made and heavy revenue expenditure is incurred by the Railways in several instances like—

- (a) New lines are laid for opening up new areas not served by the Railways hitherto. These lines do not develop sufficient traffic and remain unremunerative for a number of years.
- (b) Unremunerative branch lines are continued to be run often at the instance of State Governments even though adequate alternative road transport services exist in these areas.
- (c) Cost of provision of over/under bridges in replacement of level crossings are partly borne by the Railways casting an increasing burden as the requests for provision of such bridges are going up every year.
- (d) Heavy expenditure is incurred on security patrolling of the tracks in certain vulnerable areas on the advice of the State Governments.

Ways and means should be devised to ease the financial strain on the Railways due to the running of the unremunerative lines. The question of closure of such unremunerative lines should be reviewed, wherever alternative modes of cheaper transport have adequately developed and where

such closure will not adversely affect the public interest. Certain lines may have to continue for operational or technical reasons, such as, hilly terrain, requirements of strategic areas, etc. Certain lines serve to promote industrial and mining activities. Lines which show promise of becoming remunerative, in due course, need not be closed. There is no reason why the cost of running railways on lines which are not justified on commercial considerations in terms of actual results or potentialities should fall on the Railways which are a commercial undertaking. Where the running of such lines is considered unavoidable in the public interest, the appropriate course could be to meet the losses out of public revenues. This could be effected by reduction, to the extent required, in the contribution to the general revenue on the prescribed basis. In cases where State Governments insist on the continuance of such facilities, suitable arrangements should be made with the State Governments concerned to share the expenditure or the losses, as the case may be. The representatives of the State Governments and the Railway authorities should have high-level discussion to settle such issues. Construction of over/under bridges in replacement of level crossings in cities and on roads having heavy traffic should be met out of a special fund and the expenditure on this account should be taken into account in respect of the commitment of the Railways to contribute to the general exchequer. Such construction of over/under bridges helps reduce not only the congestion of road traffic, but also facilitates the speedy, safe and economical operation of rail traffic in the long run.

Recommendation 28

We recommend :

- (1) The question of continuing unremunerative lines should be constantly reviewed by the Railway Board so as to ensure that as far as practicable, Railway finances are utilised for the running of commercially acceptable or potentially profitable lines.
- (2) As a first step, the Railway Board should consider the closure of unremunerative lines where adequate alternative modes of cheaper transport exist and where such closure will not adversely affect public interest, including any important economic activity of the area, such as industrial or mining activity.
- (3) There should be high level discussions between the representatives of the State Governments and the Railway authorities to settle the question of continued running of uneconomic lines, so as to ensure that local considerations are duly taken into account in deciding the question of closure.
- (4) Where running of uneconomic lines is continued in the public interest, the losses may be met out of public revenues, State or Central.

- (5) The expenditure on the construction of over/under bridges in replacement of level crossings which may be undertaken in the interest of smooth running of rail and road traffic should be met out of a special fund to which contributions should be made not only from the Railway finances but from the Central and State finances, for example, the Road Fund.**

8. The Study Team has referred to the increasing strain on the Railways thrown up by the sub-urban traffic in metropolitan areas and the highly unremunerative nature of such sub-urban rail traffic. On account of the disproportionately high level of expenditure in relation to earnings, involved in short distance rail traffic the railways suffer heavy losses. Further due to the congestion at the metropolitan terminals caused by the heavy pressure of sub-urban traffic, the provision of adequate facilities for long distance passenger traffic is hampered. It is, therefore, necessary that alternative schemes for dealing with the sub-urban traffic like the construction of underground and/or elevated railways be considered. The diversion of the sub-urban traffic to the road services in metropolitan areas is also difficult because the road services are already heavily congested. Laying of new tracks or roads in metropolitan areas is not easy in view of the usually prohibitive cost of the acquisition of land for this purpose. The operation of underground and/or elevated railways for the sub-urban traffic should preferably be entrusted to a separate transport authority to be specifically created for this purpose.

Recommendation 29

We recommend :

The question of developing underground and/or elevated Railways for dealing with the sub-urban traffic may be considered. A separate transport authority specifically created for this purpose may be entrusted with this work.

9. The co-ordination of the rail traffic with the road transport should be attempted to tackle not only the problem of short distance traffic but also the problem of rail road competition. With a view to dealing with short distance traffic economically, a rationalisation of the train schedules should be undertaken by the Railways in consultation with the road transport authorities. The repercussions of the rail-road competition on the economic running of the existing railway lines may suitably be impressed on the State Governments. While giving permits or licences for road transport, or while introducing new routes for the operation of State road transport services, which would affect adversely the remunerativeness of the existing railway routes, the State Governments should be requested to keep the overall national interests in view and to avoid any possible conflict of interests between the different modes of transport. For this purpose, a representative of the Railways may be associated by the State Government with the State Transport Authority or other bodies which are in charge of the grant of licences or permits for the operation of road transport services.

Recommendation 30

We recommend :

- (1) With a view to dealing with the short-distance traffic economically, rationalisation of train schedules may be undertaken in consultation with the State Transport Authorities.**
- (2) The State Government may be requested to regulate the grant of licences and permits for the operation of road transport services or the introduction of new road services so as to eliminate any possible conflict of interest between different modes of transport.**
- (3) A representative of the Railways may be associated with the State Transport Authority or other bodies which are in charge of the grant of licences or permits for operation of road transport services.**

10. On the question of conversion of metre gauge into broad gauge, we would commend the suggestions of the Study Team for consideration. A single gauge makes for economy and efficiency and broad gauge running is distinctly more economical than metre gauge running. The rationalisation of the gauge system has to be taken up on a planned basis. However, the actual process of conversion must proceed cautiously so that all the pros and cons of the conversion in each case are properly studied. In some cases, e.g., hilly regions, mining areas, etc., such conversion may be detrimental to the economy of the particular area or may not be conducive to public welfare. In other cases, some practical difficulties may be involved e.g., the existing transshipment facilities. Also the process of conversion must be regulated in accordance with a scheme carefully prepared and properly phased. As a first step, the question of closing the metre gauge sections which connect two broad-gauge lines or which run parallel to broad gauge sections may be considered. Wherever the traffic justifies it, an additional broad gauge line may be laid in place of the existing parallel metre gauge line. A similar procedure may be adopted in respect of the narrow gauge lines. We need hardly emphasise that whether in this respect or others, where the losses can be demonstrably avoided or economy improved there should be neither hesitation, nor delay, and the Railway Board should act on strict commercial considerations.

Recommendation 31

We recommend :

- (1) Early attention should be given to the question of achieving single gauge system, as far as practicable, throughout the country.**
- (2) As a first step, the Railway Board should take in hand the conversion into broad gauge the metre-gauge or narrow gauge**

sections which cover comparatively short distances and which connect two broad gauge sections or which run parallel to broad gauge sections.

- (3) Before taking a decision on the conversion of a particular metre gauge line into broad gauge, the Board should take into consideration and explore all possibilities of making the existing metre gauge line more economical and efficient by improved techniques of operation and modernisation.
- (4) From the schemes of conversion areas for which metre or narrow gauges are more suitable, such as hilly regions, strategic areas, should be excluded.
- (5) In the light of these considerations, a phased programme of conversion should be drawn up with due regard to the funds available and the economies of conversion, and implemented with the object of completing the process as early as possible.

11. An increasing trend is observed in fuel consumption, both in respect of coal and diesel oil per thousand gross tonne kilometers. There are various factors affecting the consumption of fuel, such as low calorific value of coal, varying train loads, waiting periods during crossings, variations in shunting engine hours, poor maintenance, etc. But it appears that considerable loss is also caused by thefts and the pilferage of fuel. A regular analysis of fuel consumption is essential to ascertain the possibilities of effecting economy in this regard. Some *ad hoc* studies made in the past by Railways revealed great scope for improvement, but no follow-up action appears to have been taken. The existing arrangements for watching fuel consumption are weak. The officers in the Mechanical Engineering Branch are far too busy in various operating and maintenance duties with the result that no proper attention is paid to this important work. It is, therefore, necessary that Railways should take adequate administrative measures to study the pattern of consumption of fuel and to ensure economical and proper utilisation. Similar action should also be taken separately in regard to lubricating oil consumption.

Recommendation 32

We recommend :

The Railways should take adequate administrative measures to study the pattern of consumption of fuel and to ensure economical and proper utilisation.

12. By the strengthening of the track and better standards of track maintenance and by introduction of mechanisation, automatic signalling, route relay interlocking and centralised traffic control, etc., a better utilisation of the existing track could be made and the need for laying double tracks which calls for heavy investments on track as far as possible would be avoided, and at the same time, better railway operations could be ensured. In fact, the investments on Railway tracks alone account for about 60% of the total assets

of the Railways. The Study Team has made several recommendations for the improvement of the efficiency of the Civil Engineering Department on the Railways. These recommendations are salutary and may be considered by the Railway Board.

13. The repair and maintenance of the rolling stock constitute one of the important duties of the Railways. The Railways have developed many major and minor mechanical workshop facilities for the repair and overhaul of the rolling stock all over the country. The problem of workshop reorganisation to reduce the multiplication of repair arrangements, the multiplicity of costly equipment and the stocking of spare parts, materials, etc., therefore, assumes great significance. The Study Team has referred to the recommendations made in the report of Mr. Michael Dehm, Director of Productivity, German Federal Railways, who was commissioned by the Railway Board in 1958 to examine the functioning of the repair workshops of the Railways and to submit his recommendations. It has urged that the report of Mr. Dehm should be quickly re-examined and implemented to the extent found feasible. Mention in this connection may be made of the Parel Loco Workshop which can specialise in overhaul of electric and diesel locomotives. This does not mean that the Zonal Railways should depend only on the centralised principal repair workshops for their routine overhaul and maintenance. The other existing workshops which do not come under the category of principal repair workshops should be utilised for the minor repairs. While each Zonal Railway may try to achieve self sufficiency in respect of minor repairs and overhauls, major repairs and large-scale overhauls should be carried out in the special workshops having the necessary facilities. The attempt to make each zonal Railway self-sufficient in respect of all types of repairs and overhauls may, as far as possible, be avoided, after considering the needs for operational convenience and economy. The recommendations made by the Study Team in this regard are worthy of careful consideration by the Railway Board. The Railway Accidents Enquiry Committee (1968) has also made many detailed recommendations in this regard which may be considered by the Ministry. There should be healthy competition among the workshops doing the same type of repair work, so that the unit cost of repairs is reduced to the minimum. We agree with the recommendations of the Study Team for improving the methods of maintenance of electric locomotives and electrical components of the diesel locomotives by the centralisation in the Zone of all work under one authority who may be designated as the Chief Traction Engineer and who may be either a mechanical or an electrical engineer. This authority will have senior mechanical and electrical engineers to assist him and in due course a cadre of well-qualified and trained traction engineers would no doubt be built up.

Recommendation 33

We recommend :

- (1) The major repair workshops of inter-Zonal importance, e.g., Kharagpur, Kanchrapara workshops, should be placed under centralised control.**

- (2) The workshop facilities in respect of major repairs and overhauls should, as far as possible, be so distributed among Zonal Railways that each workshop specialises in particular fields avoiding duplication.**

14. Modern methods of working, mechanised aids, computerisation, automation and the latest technological and scientific advances in Railway engineering and operations should all be pressed into service by the Railway administration wherever possible and the staff rendered surplus should be usefully employed after training them afresh in new skills and trades which will emerge as a consequence of adoption of these new methods and innovations. Adjustments of surplus staff should also be made against vacancies accruing on account of retrenchments, promotions, etc. A programme of mechanisation should be carefully drawn up and implemented so that no dislocation of work is caused in the process of change-over to the new methods.

Recommendation 34

We recommend :

The Railways should develop and implement a phased programme for introduction of the latest techniques in Railway engineering and operations.

15. Our Study Team, and recently the Railway Accidents Enquiry Committee (1968) have made many suggestions in regard to improvements in signalling and telecommunication departments. These recommendations should be carefully considered and implemented by the Railway Ministry. Modernisation of the signalling and communication arrangements, non-dependence on foreign sources and self-sufficiency in the requisite equipment for this purpose should be the aim of the Railways and all steps should be directed towards achieving these objectives with speed and efficiency. These are essential not only for the safe operation of the Railways, but also for bringing about economies in the Railway operations.

Recommendation 35

We recommend :

The Railways should aim at modernisation of signalling and communication systems. Steps should be taken by them to progressively achieve self-sufficiency in the requisite equipment for this purpose, cutting down imports from foreign countries.

16. In regard to the Stores Organisation, the Study Team has pointed out the serious shortcomings in the procedures adopted for procuring Railway stores valued at over Rs. 320 crores per annum. The uncertainty of supplies and the present antiquated system of inventory control have also come in for serious criticism. We agree that radical changes are necessary in the procedures for procurement of stores by the Railways. The Railways

should be allowed to purchase the stores special to them without the intervention of the Directorate General of Supplies & Disposals. There should be decentralisation of the work of purchase in favour of the Zonal Railways in matters of local purchase of stores in respect of which an all-India procedure of supplies would not be advantageous. Powers of local purchase should be enlarged so as to give more latitude to fulfil urgent needs and, where necessary, monetary limits should be increased. Modern techniques of inventory control should be introduced. The Railway Accidents Enquiry Committee has also come to similar conclusions.

Recommendation 36

We recommend :

- (1) There should be greater decentralisation of the work of purchase of stores in favour of the Zonal Railways.**
- (2) The Railways should be permitted to procure the stores special to them through their own organisations.**
- (3) Modern techniques of inventory control should be introduced.**

17. Thefts of copper wires and railway coal from loco-sheds and stores, of material from workshops and godowns and of railway fittings, etc. and the pilferage of goods entrusted for transportation have caused huge losses to the Railways. These persist despite the existence of a sizeable Railway Protection Force, costing the Railways about Rs. 10 crores annually and the creation of an elaborate vigilance set-up. The Study Team has suggested the need for close cooperation between the Railway Protection Force and the officers and staff of the operating and commercial officers of the Railways and for the Chief Security Officer being placed under the effective control of the General Manager for functional working. They have further recommended that the appeals against the orders of the Chief Security Officer should be dealt with by the General Manager. We have given very careful consideration to these suggestions of the Study Team. We notice that under the existing provisions of the statute, the Chief Security Officer is required to discharge his functions under the general supervision of the General Manager of the Railways. The existing provisions of the law about the general supervision over the Chief Security Officer would, therefore, seem to be adequate. Moreover, since the Railway Protection Force is a statutory armed force, it is axiomatic that any quality of control would undermine the discipline of the Force and would, therefore, be detrimental to its effectiveness and efficiency. The appeals against the orders of the Chief Security Officer i.e., at present, with the Inspector General, Railway Protection Force, who is the final authority in administrative and disciplinary matters and this, in our opinion, is rightly so. Incidentally, we notice that another committee, namely, the High-Powered Committee on Security and Policing on the Railways which has gone into this matter, has also taken a similar view and recommended that appeals against the orders of the Chief Security Officer should continue to lie, as at present, with the Inspector General, Railway Protection Force.

Recommendation 37**We recommend :**

The Chief Security Officer, Railway Protection Force, should, as provided in the Statute, discharge his functions under the general supervision of the General Manager of the Railways. However, the appeal against his orders should lie, as at present, with the Inspector General, Railway Protection Force, who should be the final authority in all administrative and disciplinary matters.

18. There is need for a clear-cut demarcation of the areas of operation between the Railway Protection Force and the Government Railway Police in the matter of prevention, investigation and prosecution of crimes in the Railways. Besides the general powers of arrest and search, the Railway Protection Force is at present authorised to investigate into and initiate prosecution of the offences under the Railway Property (Unlawful Possession) Act, 1966, only. The Government Railway Police, which is an integral part of the State Police, is responsible for investigation and prosecution in respect of the offences under the Indian Railways Act as also the offences under the criminal law of the land committed on, or within the premises of, the Railways. The jurisdiction of the Railway Protection Force in relation to offences against the railway property is, in our view, unduly constricted. In the circumstances, it will be in the public interest if the existing jurisdiction of the Railway Protection Force for investigation and prosecution in respect of the offences against the Railway property be enlarged so as to cover the other offences against the Railway property, *e.g.*, theft, receiving or habitually dealing in or cheating in respect of Railway property, and not only the unlawful possession of such property. After this is done, the Government Railway Police will be responsible for the investigation and prosecution of the offences under the Indian Railways Act (except those specifically coming within the jurisdiction of the Railway Protection Force, and all other offences under the criminal law of the land.

19. Since the scope of the functions and responsibilities of the Railway Protection Force will be enlarged and the nature of their duties will undergo transformation in certain respects it is essential that the Force should be streamlined with a view to enabling them to discharge their duties more efficiently. Besides the duties for the protection and security of the railway property, they will have powers and duties in the matter of investigation of offences against the Railway property and thus their jurisdiction and functions will extend over a wider sphere. It is desirable, therefore, that those of the Force who perform merely the watch and ward duties should be separated from those deployed on the investigation and prosecution of offences. This separation should be more or less on the lines already operating in the Government Railway Police and on the analogy of the latter, this system should be introduced in the Railway Protection Force also.

20. The Railways bear at present a sizeable proportion of the expenditure on the Government Railway Police. The latter is divided into two wings, namely, the 'Crime Wing' and the 'Order Wing'. The Crime Wing is concerned with the detection and investigation of the offences cognizable by the Railway Police and the arrest, search and prosecution, etc., in all such cases and the Order Wing is deployed on the control of passengers, vehicular traffic etc. within the Railway premises and on the maintenance of law and order in standing passenger trains. The entire expenditure of the Crime Wing is met by the State Governments, whereas the Railways have to bear the entire cost of the Order Wing, besides meeting 25% of the cost of the supervisory staff of the Railway Police. The present arrangement of sharing the expenditure leads to considerable difficulties and engenders controversy between the Railways and the State Governments whenever the question of apportionment of the expenditure on account of any new item or new service arises. It should be conducive to all-round convenience and will obviate many a controversy if the apportionment of the cost between Railways and the State Governments be done on a basis to be determined in consultation with the State Governments.

Recommendation 38

We recommend :

- (1) **The powers of the Railway Protection Force for investigation and prosecution should be enlarged to cover offences of theft etc., in respect of the Railway property, and not merely those relating to the unlawful possession of such property. Their jurisdiction should be clearly demarcated.**
- (2) **The Government Railway Police should be responsible for investigation, search and prosecution of all other offences under the Indian Railways Act and also the offences under the criminal law of the land.**
- (3) **Within the Railway Protection Force, the staff employed on watch and ward duties should be separated from the staff employed on the investigation and prosecution of offences.**

21. While everything possible has to be done to ensure that the costs of operation of Railways are kept to the lowest, efforts have to be simultaneously made to increase the revenues. In the matter of fare and freight structures, Railways are, no doubt, bound by public policy and economic considerations and there are limits beyond which revenues on that score cannot go. The obligations of the Railways as a common carrier of goods restrict to a certain extent the commercial freedom of the Railways in the determination of the freight rates. The Railways are also required to give concessions in fares and freight rates for certain purposes in the larger public interests. There is, however, in limit to exploring the avenues of attracting freight on such sectors where the intensity of traffic is below optimum and these should be fully explored. The problem of the increasing pilferage of goods entrusted to the Railway has to be adequately tackled and responsibility for the loss of goods enroute must be fixed.

Recommendation 39

We recommend :

The Railway Administration should be held responsible for loss of or damage to goods en route. Where Railway Administration is held responsible for loss of, or damage to, goods, it should evolve a system under which responsibility can be fixed on the Railway staff concerned collectively or individually and appropriate penalties imposed for the loss suffered.

22. It should also be possible to explore or intensify gains from other avenues. The Railways should consider the possibility of running road services in combination with train services both for passengers and goods where such service do not exist. Such services may be operated between the railway stations and important centres within a city or outlying satellite towns around metropolitan cities and State capitals or between the railway stations and outstations not connected by Railways. The Railways should take steps to enhance their revenues from advertising. In fact, surveys could be carried out in the matter, in order that this source should be tapped more fruitfully. As an example, we may mention the display of advertisements on the trains carrying passengers, which is quite common in some foreign countries.

Recommendation 40

We recommend :

- (1) **The Railways should, in consultation with the State Government authorities concerned, explore the possibilities of running road services in combination with the train services for conveyance of passengers, between the railway stations and important centres within a city, or outlying satellite towns around important cities and State capitals, or between railway stations and outstations not connected by rail, where such services do not exist.**
- (2) **The Railways should take steps to augment their revenues from advertisements on the Railways, surveys being undertaken, wherever necessary.**

23. Better utilisation of assets and increase in productivity are called for to offset the increase in the working expenses and to step up the earnings. Intensive market research and traffic surveys should also be undertaken. The Railways have several channels of communication with their customers to ascertain their views and requirements, institutional, administrative and informal. These have to be strengthened and made effective. The image of the Commercial Department should be refurbished and due importance should be given to it. It is the Commercial Department which has to

undertake the market research work. The question of constituting a separate cadre for the Commercial Department and giving intensive training to those manning it should be considered.

Recommendation 41

We recommend :

- (1) Intensive market research and traffic surveys should be undertaken by the Commercial Department in order to ascertain the views and requirements of the railway users.**
- (2) The question of constituting a separate cadre for the Commercial Department and giving intensive training to those manning it should be considered.**

24. The Railways handle about 80% of the total goods traffic but of late there has been a shift in the type of goods handled towards lower-rated commodities, the high-rated commodities being handled by the road transport operators. The Railways should make efforts to win back the high-rated goods traffic by ensuring better service, expeditious and prompt settlement of claims, quicker movement of goods and prevention of pilferage. The complaints regarding the wrong routing of wagons and the wagons going astray on account of the loss of labels are particularly bringing the Railways into disrepute. The Railways should pay particular attention to these complaints as these have a vigilance aspect also, sometimes misdespatch is resorted to wilfully by the unscrupulous staff in collusion with undesirable operators. The Railways should extend the programme of door-to-door delivery and adopt the system of advising the consignees about the arrival of goods in advance. The container service which has been introduced is a step in the right direction and should be progressively extended all over the country.

Recommendation 42

We recommend :

- (1) The Railways should make efforts to win back the high-rated goods traffic by ensuring better services.**
- (2) The Railways should pay particular attention to complaints regarding the misrouting of wagons and the wagons going astray.**
- (3) The Railways should extend the programme of door-to-door delivery and adopt the system of advising the consignee about the arrival of goods in advance.**
- (4) The container service should be progressively extended all over the Railway system.**

25. Catering arrangements in the Railways are provided both departmentally and through licensed contractors. Out of about 7000 railway stations, catering facilities are available at nearly 2900 stations. Departmental catering obtains in about 100 stations and 25 pairs of trains. Uptil 1965-66, departmental catering resulted in a loss except during the year 1963-64. During the period from 1955-56 to 1965-66 the total loss amounted to about Rs. 86 lakhs. During the years 1966-67 and 1967-68 departmental catering yielded a profit of Rs. 1.19 lakhs and Rs. 5.85 lakhs respectively. A profit of nearly Rs. 15 lakhs was estimated for the year 1968-69. Thus the departmental catering has now begun to yield profit. It must, however, be stated that the departmental catering has not been able to set a standard of quality of service. The number of complaints received against departmental catering is still large. There has also been a trend towards and upward revision of the tariff without a corresponding improvement in service. Steps are urgently needed to improve the quality of service, the standard of cleanliness and sanitation in eating places, particularly on the vegetarian side. The bulk of catering service is still in the hands of licensed contractors. There is need for tightening up the arrangements for inspection of the catering establishments run by the contractors, through more effective supervision and frequent surprise inspections by the concerned officers of the Railways. With a view to meeting the needs of the travelling public, and wherever feasible, departmental catering should be introduced at a large number of stations and on long distance running trains. The Railways should effect economies in the running of departmental catering, increase their profit and provide better service to the public at economic rates.

Recommendation 43

We recommend :

- (1) Steps should be taken to improve the quality and standard of cleanliness of the catering service in the Railways, particularly on the vegetarian side.
- (2) With a view to meeting the needs of the travelling public, and wherever feasible, the departmental catering service should be introduced at a larger number of stations and on long distance running trains.
- (3) By effecting economies in the running of the departmental catering, the Railways should endeavour to provide service to the public at economic rates.

CHAPTER V

RAILWAY SAFETY AND RESEARCH

In regard to railway safety, the recent Railway Accidents Enquiry Committee Report (1968) and the Study Team have come, more or less, to the same conclusions and have made several identical recommendations. We recommend a careful and expeditious consideration of these recommendations by the Railway Board with a view to an early implementation.

2. We would suggest an intensive training to be imparted to the Railway staff in the matter of railway safety and railway maintenance. Special courses should be devised and the staff deputed to attend these courses periodically. This would help create proper psychology and climate among the operating staff, will generate adequate sense of duty and self-confidence among them to be alert and vigilant in regard to their duties and will pay ample dividends to the administration.

Recommendation 44

We recommend :

Intensive training should be imparted periodically to the railway staff in the matter of railway safety and railway maintenance. Special courses should be devised for the purpose.

3. We have already commented on the need of ensuring the maximum degree of safety in the railway operations. The need for this has been brought to the fore in recent times by a series of unfortunate accidents which have resulted in substantial loss of life or grievous hurt to a large number of passengers. It is a sound policy, therefore that the railway accidents should be subjected to investigation or inquiry by an independent authority i.e., the Commission of Railway Safety and that such a body should advise the Railway Board on preventive measures as also on the introduction of other measures connected with the safety of railway operations. The genesis of this organisation may be traced to the Government Inspectorate of Railways which was statutorily recognised as the authority for this purpose in 1883 and which in 1903 was placed under the Railway Board. The need for separation of the Inspectorate from the administrative control of the Railway Board was, however, recognised by the Government of India Act 1935 and by the Pacific Locomotive Committee in 1939 and the principle was also endorsed by the Central Legislature in 1940. Accordingly in May 1941, the Inspectorate was separated from the Railway Board and was placed under the administrative control of the Department of Communications. This Inspectorate was designated as the Commission of Railway Safety in 1966 and is at present under the administrative control of the Ministry of Tourism and Civil Aviation.

4. The functions of the organisation are at present discharged by a small cadre of officers consisting of the Commissioner of Railway Safety and five circles officers known as the Additional Commissioners of Railway Safety who are assisted by the necessary supporting staff.

5. The present duties and functions of the Commission of Railway Safety, which are spelt out both in the statute and in the various rules and regulations of the Railway Board, are, in our view, as they should be. It has to be recognised, however, that in order to be really effective and to inspire public confidence in its independence and impartiality, the Commission should have the necessary authority and standing. Under the statute the Railway Board is the Safety Controlling Authority; while there could be no difference of opinion on this point, the Commission's role as an independent authority for purposes of investigation into Railway accidents, etc., and as the principal technical adviser on safety measures must be both effective and purposeful. It is, therefore, axiomatic that any lack of respect for its authority or any apathy or indifference to its findings and suggestions on safety measures, etc., should not be allowed to undermine the effectiveness of its functions, nor the uninhibited public confidence in its independence. In other words, due consideration and full weight should be given and suitable follow-up action taken on the conclusions of the Commission.

6. The Commissioner of Railway Safety enjoys at present the same status and rank as that of General Manager. It is important, however, that the head of the organisation and its officers should have sufficient standing and status vis-a-vis the top level officers of the Railway Board. In this connection we notice that the Railway Accidents Enquiry Committee 1968 (known as the Wanchoo Committee) has recently expressed the view that the Commissioner should have the proper secretariat status, which in this case would be that of an Additional Secretary to the Central Government. The Committee has also commented on the fact while the salary of the General Managers was raised in 1965, no corresponding rise was allowed at the same time to the Commissioner. These points of detail would no doubt receive the attention of Government. While we do not propose to make any comments on these points of detail, we would only wish to observe that, in our considered view, it is of importance that the Commissioner of Railway Safety should enjoy a status adequate for the due and effective discharge of his duties and responsibilities.

7. It is also necessary to ensure the independence of not only the Commissioner, but of the officers thereof. At present both the Commissioner and the Additional Commissioner of Railway Safety are recruited from the Railway administration. This may continue to be so, but it is necessary that it must be made clear to the entrants to the cadre of the Commission that once they opt for the service of the Commission, they would not normally revert to their parent department, nor should they look forward to any preferment or promotion in their original cadre. For this purpose also,

it is essential that the recruitment and subsequent promotion in this organisation should be so arranged that there is no temptation to return to the Railway administration nor any sense of grievance or frustration on any loss of promotion prospects while continuing in this organisation. It also follows, as a logical corollary, that once a Railway Officer has been selected for the Commission, the Railway Board should not be allowed to have any say in the matter of subsequent promotion or his fitness for any higher grade in the Commission and that this point must be the exclusive concern of the Commissioner or of the administrative Ministry concerned, as the case may be. The officers of the organisation may also be recruited from the Research, Designs and Standards Organisation. In order to avoid any grievance or frustration on the score of lack of promotion prospects, by opting for this organisation, it may also be provided that special *ad hoc* status or ranking not higher than that of Member of the Railway Board or General Manager may be given on merits to the Commissioner/Additional Commissioner, respectively, in circumstances where such a status or ranking has been given to his erstwhile juniors in the parent cadre. There should be close coordination between the Commission of Railway Safety and the Research, Designs and Standards Organisation. The differences between the Commission of Railway Safety and the Railways should be resolved by a conference between the Commissioner of Railway Safety and the Chairman, Railway Board. If the differences cannot even then be resolved, an endeavour may be made to settle the matter through the intervention of the Cabinet Secretary who should hear the Chairman and the Commissioner and then submit his views to the Ministers concerned for consideration and reference, if necessary, to the Cabinet.

Recommendation 45

We recommend :

- (1) The Commission of Railway Safety should continue to function as an independent body as at present.**
- (2) Some of the posts in the Commission of Railway Safety should be filled from among the officers of the Research, Designs and Standards Organisation.**
- (3) After initial appointment in the Commission of Railway Safety, the officers taken from the Railways should not look for promotion in their parent cadres.**
- (4) There should be close coordination between the Commission of Railway Safety and the Research, Designs and Standards Organisation.**

8. We have already commented in the earlier part of our report that the drawbacks from which the Railways suffer can be cured only by administrative reorganisation, decentralisation of administration and financial powers and proper husbanding of financial and technical resources, supported

by accelerated and enlarged scientific research. We have also indicated that the failure of railway administration to rise to the needs of the country has been due to inadequate attention having been paid to the needs of modernisation and to the field for technical improvements backed by scientific research. These observations of ours would highlight the importance we attach to the development of scientific research in the Railways. The Study Team has rightly pointed out that phenomenal advances have been made in foreign countries in various fields of railway operation, design of rolling stock and maintenance techniques, which have resulted in economy and increased safety and, we would like to add, improved efficiency. The Study Team has also pointed out that it is the research organisations of these Railways which have made these improvements possible through basic research and by developing new techniques. Keeping this in view, there can be no gainsaying the fact that the Research, Designs and Standards Organisation of the Indian Railways will have to play a leading role not only in the process of modernisation of Railways with attendant advantages, but also in improving its economy and efficiency. In the context of this, it is very difficult for us to appreciate the slow progress of research and the position the Organisation occupies in the hierarchy of Railway administration.

9. The Committee on Organisation of Scientific Research with the late Dr. H. J. Bhabha as Chairman took up a few individual scientific/technical institutions for study. Its report on the research and designs laboratories of Civil Aviation and the radio construction and development unit of the Directorate General of Civil Aviation, New Delhi, containing, *inter alia*, certain recommendations on the organisational pattern of research bodies have been accepted by Government. One of the main recommendations of this Committee is that a research and development organisation should have a governing council with full administrative and financial powers to operate the organisation within the sanctioned budget and broadly approved programme of work. The budget estimates would be drawn up by the organisation to enable it to execute its programme of work generally in accordance with the recommendations of its governing council and these would then be put up to the administrative Ministry and the Ministry of Finance for approval. We feel that Research, Designs and Standards Organisation of the Railways should follow a similar pattern. Apart from this, the problems of research must be dealt with at the high level that they demand and a research organisation of this importance should occupy the place in the Railway administration which is its due. The Study Team has given details of the Research, Designs and Standards Organisation and has also suggested certain aspects to which the attention of the RDSO should be directed. We are in agreement generally with the comments that the Study Team has made both on the performance of the Organisation and the future lines of development. It is partly because of its importance and partly because of its high level character that we have suggested that the Chairman of the Railway Board should be in charge of research. We consider also that the Head of the Organisation should enjoy a position and

status commensurate with the importance of the functions of this Organisation. The Organisation is of the nature of an inter-departmental service and consequently, the question of status of the Organisation and its head is one which should be specially recognised by the Railway Board. Whilst, therefore, we agree generally with the recommendations of the Study Team and endorse the suggestion that adequate funds should be placed at its disposal, we feel that its set-up should be patterned on the lines of other scientific institutions of similar type. The overall supervision of the Chairman of the Railway Board and the link with the Railway Board through him should be maintained; at the same time, the Organisation should receive guidance from a Governing Council consisting of the Chairman of the Railway Board, Members of the Railway Board and the representatives of national laboratories with which this Organisation may be concerned. Some means should be found also to keep a close and active liaison with these research laboratories. We understand that there are delays in getting response from these laboratories and there is not adequate exchange of information about developments of value to the research organisation. Whilst the programme of work for the year should be reviewed by the Governing Council and finally approved by the Railway Board, the implementation of various programmes and projects should be subjected to quarterly reviews at a meeting between the Chairman and Members of the Railway Board and the Director General, Research, Designs and Standards Organisation. At these discussions, any difficulties that may be experienced with other national laboratories may also be highlighted so that the Chairman of the Railway Board may take the matter up with the appropriate departments/heads of laboratories, as the case may be. With the constitution of the Governing Council, there will be no justification for continuing the Central Board of Railway Research. The functions of the Central Board will be taken over by the Governing Council and consequently the former may be abolished.

10. We would also commend the suggestion which the Study Team has made about recruiting qualified personnel from outside into the Organisation. Though the experience of the working of Railways and the actual handling of railway problems would be a very desirable qualification, it cannot be the sole criterion in selecting suitable personnel for the research organization. Aptitude for research and devotion to it are as much required as experience of the railway systems and the selection of suitable officers from the railway administration must take these factors into account. In addition, we have no doubt that there is need for recruiting highly qualified scientists and research workers from the relevant basic and fundamental scientific disciplines, who should be given suitable experience or insight into the working of the Railways. This type of personnel can also make its own contribution to the solution of research problems of Railways. We would not like to lay down any hard and fast rule about the proportions of different elements that would constitute this service in RDSO, but there should be adequate mixture of the two elements based on an objective

assessment of the requirements of the Organisation. The Study Team has suggested that a watch should be kept on the work of the research staff from the start and those found unsuitable should not be retained in the organisation. Also a periodical review, say, once in three years should be undertaken of the performance of every research worker with a view to assessing whether the standard of his work has been of a high order and whether he has kept up the standard. We agree with these suggestions of the Study Team.

11. We would also endorse the views of the Study Team with regard to the need of the Research, Designs and Standards Organisation keeping intimate contact with inter-national research organisations and of building up its own assets of documentation and publication. In view of the objective attitudes which the personnel of this Organisation are likely to develop towards the problems of Railways, we have already suggested that the officers of the Research, Designs and Standards Organisation should be eligible for recruitment to the Commission of Railway Safety. Apart from contributing towards a solution of the problems of railway safety, these officers would bring to bear on these problems the expertise acquired in the Research, Designs and Standards Organisation.

Recommendation :

We recommend :

- (1) The Research, Designs and Standards Organisation should function as an autonomous body with a Governing Council at the top to guide it. The Chairman of the Railway Board should be the Chairman of the Governing Council, and the Head of the Research, Designs and Standards Organisation its Vice-Chairman. On the constitution of the Governing Council for the Research, Designs and Standards Organisation, the functions of the Central Board of Railway Research may be taken over by the Council and the Central Board may be abolished.
- (2) With a view to ensuring better coordination between the Research, Designs and Standards Organisation and the fundamental research institutions, laboratories and institutes of technology, there should be at least quarterly meetings between the Head of the Research, Designs and Standards Organisation and the Heads of such institutions.
- (3) The Research, Designs and Standards Organisation should be staffed with persons endowed with innovative ideas, who have attained high proficiency in their particular field and who have an aptitude for both basic and applied research.
- (4) A watch should be kept on the work of the research staff from the start and those found unsuitable should not be retained

in the organization. A review should also be made of the performance of each research worker periodically, say, every three years, with a view to assessing whether he has kept up the standard of work which should be of a high order.

- (5) The recruitment to the RDSO should be based on rigorous standards and from mixed sources—a greater proportion from the Railways and the rest from outside sources including other Government organizations.
- (6) The prospects of the officers in the RDSO should be made attractive and should not, in any case, be less than those of their counterparts in operational and executive organizations of the Railways.

CHAPTER VI

FINANCE AND ACCOUNTS

The Railway Finances were separated in 1924 from the General Finances by a resolution of the Central Legislative Assembly to secure stability for civil estimates by providing for an assured contribution from Railway revenues and also to introduce flexibility in the administration of Railway finances. The table at page 105 gives the picture of the financial position of the Railways during the last five years. The disquieting feature is that after meeting the obligations of the dividend to the General Revenues, the Railways' surplus has sharply dwindled and for the past three years the Railways are consistently working at a loss though in the current year (1969-70) a surplus of Rs. 2 crores is anticipated.

2. There are four major funds created by the Railways, (i) the Development Fund, (ii) the Depreciation Reserve Fund, (iii) the Revenue Reserve Fund and (iv) the Railway Pension Fund. The Development Fund is built out of the surpluses after payment of the 'dividend' to the General revenues. The expenditure on unremunerative works like staff quarters, passenger amenities, etc., is met from this Fund. The Development Fund opened with a balance of about Rs. 30 crores on 31-3-1966 and no amount could be credited to the Fund for want of surplus during the year 1966-67, 1967-68 and 1968-69.

On the other hand, loans of Rs. 18.96 crores and Rs. 20.24 crores had to be taken from the General Revenues in the years 1967-68 and 1968-69, respectively, to meet the liabilities. The Fund opened with a nil balance on 31-3-1969 and a loan of Rs. 18.69 crores from the General Revenues for financing the anticipated expenditure during 1969-70 is proposed to be taken. Replacement works are financed from the Depreciation Reserve Fund built out of the contributions made yearly from the Railway revenues. The Fund opened with a balance of about Rs. 80 crores on 31-3-1968. A sum of Rs. 95 crores was appropriated from Revenue in 1968-69 and approximately an equivalent sum was estimated to be withdrawn from the Fund during that year. The Revenue Reserve Fund is meant for maintaining the agreed payments to General Revenues and for meeting deficits, if any, in the working of the Railways. There has been no appropriation to the Revenue Reserve Fund since 1956-57 and the only accretion to the Fund is the interest on the balance. The balance in the Fund stood at about Rs. 12 crores on 31-3-1968. The annual interest accruing to the Revenue Reserve Fund is utilised for amortisation of unproductive capital in the Railways commencing from the year 1966-67. The Railway Pension Fund has been created with effect from 1st April, 1964 for meeting the pension liability for the Railway staff. The balance in the Fund on 31-3-1968 was about Rs. 52 crores.

Revenue Receipts & Expenditure of Indian Govt. Railways

[figures in crores (round)]

	Actuals 1963-64	Actuals 1964-65	Actuals 1965-66	Actuals 1966-67	Actuals 1967-68	Budget Estimates 1967-68	Revised Estimates 1968-69	Budget Estimates 1969-70
	1	2	3	4	5	6	7	8
Capital-at-charge	2,160	2,435	2,680	2,842	2,978	3,135	3,116	3,248
Gross Traffic Receipts	632	661	734	769	818	893	902	947
Total working expenses	472	528	583	639	693	724	745	771
Net Traffic Receipts	160	133	151	130	125	169	157	176
Miscellaneous Transactions—Expen- diture	15	15	16	16	15	16	16	15
Net Revenue	145	118	135	114	110	153	141	161
Payment to General Revenues	96	105	116	132	142	152	151	159
Profit (+) or Loss (—)	49	13	19	(—)18	(—)32	1	(—)10	2
Operating Ratio (percentage of total working expenses to gross traffic receipts).	74.7%	79.9%	79.5%	83.2%	84.74%	81.1%	82.6%	81.4%
Ratio of net revenue to Capital-at- charge	6.7%	4.9%	5.0%	4.0%	3.7%	4.9%	4.5%	5.0%

(Source : Explanatory Memorandum on the Railway Budget 1969-70)

3. With an operating ratio fluctuating between approximately 75% and 85%, the Railways have not been able to generate adequate surplus to amortise the capital-at-charge and to feed the various funds, namely, the Development Fund, the Depreciation Reserve Fund and the Revenue Reserve Fund. The steadily increasing costs of the new assets as a result of the increase on the prices of raw materials and of equipment, and the wage increases require that the contribution to the Depreciation Reserve Fund should be stepped up from year to year to cover adequately the cost of replacement of worn out assets. Actually the average contribution at Rs. 130 crores during the period 1966-70 proposed by the Railway Convention Committee could not be kept up in view of the deteriorating financial position and correspondingly the withdrawals from the Fund have also to be reduced. On account of the increased costs, the effective replacements have been on a much reduced scale instead of the level justified.

4. The above picture depicts an unsatisfactory position of Railway finances. That the country needs an accelerated development of Railway facilities is beyond question; it is equally undeniable that Railways should pay increasing attention to the carriage of freight and the improvement of delivery system and cultivate the freight market more effectively and efficiently. We have already referred earlier to the need of their modernisation and sophistication. Their electrification must expand, signalling and tele-communication systems modernised and marshalling yards revamped. Simultaneously, smooth running of trains should be facilitated by the provision of over or under bridges at level crossings; metre gauge and narrow gauge systems must gradually be converted into broad gauge systems except where their retention be unavoidable, e.g., in hilly regions, border areas, etc; road-rail coordination must be improved; the scientific and research base of the Railways must be strengthened; and passenger amenities made more broad-based. All this would inevitably involve the provision of more, and not less, funds than in the past; this would also mean that their reserve funds and depreciation funds must be built up rapidly and their efficiency and profitability improved. It would also be imperative that the Railway finances shed irksome or unnecessary burdens, ruthlessly eliminate wastes and achieve economy without sacrificing efficiency.

5. In our view this picture demands a proper husbanding of resources, a reorganisation of finances as well as the working of the Railways, a close attention to avenues for economy and a reorientation of the attitude to uneconomic and unremunerative lines and to relationship between Railway and General Revenues. There are obvious avenues of economies in storage, in purchases, in administration and in costs of operation. These must be effected by the Railway Board as soon as possible and we would suggest that a sub-committee of the Board assisted by Finance and Work Study Units should take up this question with the least possible delay. The question of unremunerative and uneconomic lines which place a burden of Rs. 7 crores (approximately) on Railway finance also deserves early attention. A

beginning could be made by closing down unremunerative lines wherever alternative cheap mode of transport exists; where despite the existence of such transport or for other reasons, it is considered that the unremunerative lines should continue, the loss should be borne by General Revenues either by a direct subsidy or by reduction of contribution to general revenues. Similarly the provisions of overbridges or under-bridges at Railway crossings should be facilitated by the establishment of a joint fund between the Railways and Central and State Governments, by contribution, if necessary, from the Road Fund.

6. These are, however, at best palliatives; the needs of the Railways are much larger than can be met either by economies or by adjustments of the type suggested above. Two major steps will have to be taken to rehabilitate the Railway finances. One is an enquiry into losses due to needless and avoidable competition with road transport; through more efficient and purposeful coordination, these losses should be reduced and, where practicable, eliminated. We have suggested a machinery for such coordination and would urge that that machinery should urgently take up this question and the States and the Central Government should expeditiously implement proposals calculated to streamline the inter-relationship between road and rail in common fields of competition and rivalry.

7. The main problem of providing required funds for the development of Railways would still remain to a substantial extent. That can be met only by building up its reserves. The Study Team has, in the face of the financial picture of the Railways, suggested the curtailment of various provisions, e.g., contribution to Depreciation Fund, the funds for amenities of passengers and expenditure out of the Development Fund. We are unable to accept this approach as it would contract the expansion of Railway services, retard development and slow down the provision of passenger amenities which are, as it is, not satisfactory. Instead we would suggest that Government should devise ways and means of placing Railways in sufficient funds for meeting their needs. The provision of amounts for Depreciation and other Reserve Funds up to agreed limits should be a prior charge on the Railway revenues and the rate of dividend should be adjusted according to the availability of surplus funds thereafter. One of the methods suggested by the Study Team is that the dividend liability on works in progress like doublings, conversion of gauges, etc., should be reduced and that such works including major remodellings, lines capacity works etc., which cost more than Rs. 1 crore individually and which have long gestation periods, should be treated on par with new lines and that there should be a moratorium on payment of dividend for such works for a period of 5 years. We would commend these suggestions for the consideration of Government.

Recommendation 47

We recommend :

- (1) The Government should devise ways and means of providing Railways with sufficient funds for their development. One of**

the methods by which this could be feasible is to make the amounts required for depreciation and other reserve funds of the Railways upto an agreed limit, a prior charge on Railway revenues; the rate of dividend could vary according to the balance available.

- (2) Works such as major remodellings, rail capacity works, etc., which cost more than Rs. 1 crore individually and which have long gestation periods should be treated on par with new lines and there should be a moratorium on payment of dividends for such works for a period of 5 years.

8. We have already referred to the special position of the Financial Commissioner and the Financial Adviser and Chief Accounts Officer and the changes required for a constructive exercise of the powers of financial control by them. The Study Team has suggested, and we agreed with it, that the role of officers of the Finance and Accounts Departments of the Railways should be one of assistance to the executive officers acting in the interest of a common enterprise rather than as critics whose sole object is to find faults. The Finance and Accounts Officers should direct their efforts to achieving modern methods of budgeting and accounting procedures, introduction of performance budgeting, the evolution of norms and standards for different operations and for assessing efficiency and the comparative cost of different types of operations, the achievement of effective economy and overall efficiency, the detailed examination of major schemes, and the provision of effective tools to the management for better financial control. With the installation of computers and modern data processing machines, the procedures for the collection of data and accounting should be reoriented and substantial changes brought about in the accounting and management techniques. The Internal Financial Adviser that we contemplate will assist and advise the Secretary in the exercise of the financial powers of the Ministry and will organise financial management and control in the Ministry. The Chairman of the Railway Board or the General Manager will attach the highest importance and give the most careful consideration to the views expressed by the Financial Commissioner/Financial Adviser, as the case may be. The relationship between them should be that of senior partners in a common enterprise. The observations made by us in our Report on Finance, Accounts and Audit with regard to the functions and duties of the Internal Financial Adviser in relation to a Ministry will *mutatis mutandis* apply to the F&CAOs appointed in the Railway Zones also. Further, the Study Team has suggested the setting up of a Committee of expert Railway officers to review the various provisions of the Accounts, General and Engineering Codes and other standing instructions and to modify them to suit the changed conditions of working now necessary when the size of Railway operations has increased enormously and the costs have gone up. We agree with these suggestions of the Study Team. These are in line with the observations contained in our report on Finance, Accounts and Audit.

Recommendation 48 :**We recommend :**

The Finance and Accounts Departments should be responsible for the financial management and control in all matters within the field of responsibility of the concerned organization (i.e., the Railway Board or the Zonal railway authorities, as the case may be). The relationship between the Financial Commissioner/Financial Adviser and the administrative head should be that of senior partners in a common enterprise.

9. The Audit organisation for the Railways working under the Comptroller and Auditor General of India consists of an Additional Deputy Comptroller and Auditor General (Railways) with Chief Auditors at each Railway headquarters and Divisional Audit Officers in the Divisions. The bulk of their work consists in a scrutiny, generally after a lapse of time, of transactions which have already taken place. The general feeling is that as the circumstances and the background in which certain decisions have been taken cannot be reproduced at the time of audit, the tendency of audit is generally to emphasise the individual lapses or irregularities which are viewed in isolation from the relevant factors prevailing at the time the decision was taken. Such an attitude acts as a damper on the morale and initiative of the executive. The "higher audit" takes quite often, it is felt, an unrealistic character by questioning the normal exercise of discretionary powers by the executive, thereby inhibiting its initiative and decision-taking. Sometimes decisions have to be taken in certain circumstances for the waiver of wharfage and demurrage charges, the object of levying which is not necessarily the accrual of extra revenue but the imposition of punitive levy on an intractable customer for holding up the wagons or floor space in a goods shed. The executive has to exercise its judgment on the merits of each case, keeping in view several factors such as the need for good customer relations, the unexpected contingency of the handling labour going on strike, etc. Such exercise of discretion is questioned by the audit on grounds of avoidable leakage of revenues, etc. the re-investigations of tenders for some bona fide reasons have been sometimes construed as wrong by Audit on the ground that the rates had gone up in the meantime. Increases in expenditure due to unavoidable reasons like increase in the excise and customs duties are sometimes brought under audit objection. The lapses and irregularities presented in the Audit Report get publicity, giving an impression that the working of the organisation has generally been unsatisfactory. Thus, a balanced picture of the working does not adequately get reflected in the audit reports.

10. In this connection, we would refer to our recommendation in our report on Finance, Accounts and Audit that Audit should *inter alia* endeavour to consider and present its comments against the background of the relevant circumstances existing at the time of the decisions and the overall

objectives and achievements of the related programmes and activities. Particularly, in the case of commercial departments like the Railways where satisfactory customer relationship is to be built up and where profitable working of the Department has to be evolved, the attitudes and procedures which would tend to curb the initiative and the exercise of discretion of the administrative officers should be scrupulously avoided unless there are sufficient grounds to suspect the bonafides of action taken. In our report on Public Sector Undertakings, we have observed that in running industrial and commercial organisations, on-the-spot decisions will have to be taken by the persons running them and the possibility of some of them going wrong is unavoidable. The following excerpt, from that report are relevant in this connection and will be as much applicable to the audit of the Railways as that of the public sector undertakings :

“We would however like to emphasise that the audit should take an overall rather than a narrow detailed view of performance. It should not miss the wood for the trees. Its aim should not be to hunt out for faults for the sake of fault-finding, but look upon the undertaking's performance for the year as an achievement to be reviewed. It could, of course, say, if the circumstances warrant it, that more could have been achieved at the same or less expense. We are convinced that audit by adopting this role can render valuable assistance to the management and come to be welcomed and respected instead of being feared and avoided.”

Recommendation 49 :

We recommend :

As observed in our reports on Finance, Accounts and Audit and on Public Sector Undertakings, we would emphasize that the Audit Department should make its comments on the performance of the Railways against the background of relevant circumstances existing at the time of the decisions and of the overall objectives and achievements of the related programmes and activities.

CHAPTER VII

SUMMARY OF RECOMMENDATIONS

CHAPTER II—ORGANISATIONAL SET-UP

1. The Railways should be enabled to function on sound business and commercial principles within the framework of the policy laid down by Parliament and within the confines of public accountability, but without any interference in its day-to-day working by political or other external authorities, Parliament in the exercise of its responsibilities may consider the adoption of the approach prevailing in the United Kingdom with regard to the nationalised transport undertakings outlined above.

The relationship of the Railway Board *vis-a-vis* the Minister of Railways should in practice be patterned on the lines of the relationship we have recommended in our report on Public Sector Undertakings as between a Ministry and a Sector Corporation. The Minister should confine himself to matters of overall supervision and vigilance, the larger issues involving improved efficiency, of the Railway system and planning and budgeting. He should be able effectively to intervene when matters of public policy are involved or in matters which affect the Government as a whole or relationship between the Board and other Departments.

3. (1) For ensuring proper and purposeful Parliamentary scrutiny over the working of the transport sector including the Railways, a Standing Committee of Parliament may be set up without in any way affecting the functioning of the existing Informal Consultative Committees for the Zonal Railways.
 - (2) The Code of Conduct to regulate the relationship between Members of Parliament and of State Legislatures and the Administration, which contains salutary provisions for promoting healthy and smooth relations between the Administration and the Members of Parliament and of State Legislatures, and which was placed before Parliament in November 1969 should be followed in the case of Railways also.
4. The Transport Development Council should function more regularly and systematically in order to secure the evolution and implementation of a national transport policy keeping in view the long-term requirements in the field of transport and to obtain a coordinated approach to the problem of transport on the part of different transport systems in the country.

5. The existing forums like the National Railway Users' Consultative Council, the Zonal Railway Users' Consultative Committees, and the Regional/Divisional Railway Users' Consultative Committees, etc., should be utilised in a more purposeful manner so that the Railways are in a position to anticipate the public requirements of railway facilities and take expeditious action to meet them. They should meet more frequently to dispose of the large number of items referred to them.
6. (1) For efficient functioning, the Railway Board should be compact in size. The number of Members of the Board, excluding the Chairman and the Member-Finance (Financial Commissioner) should not normally exceed six.
- (2) The posts of Additional Members of the Board may be abolished. If the Members of the Board require help in the discharge of their duties, the requisite number of aides designated as Advisers may be appointed. Their functions and the powers of disposal that may be entrusted to them may be provided for in the Rules of Business in the Railway Board.
- (3) The Chairman of the Railway Board may be given the *ex-officio* status of Secretary to the Government of India and the other Members and specified officers under them may be given the necessary authority to authenticate orders etc., for and on behalf of the President of India.
7. (1) The posts of Chairman and Members should be treated as selection posts and merit should be the criterion for selection. The Chairman of the Railway Board should be selected on merit from among the Members of the Board and the Members of the Board should be selected on merit from among the General Managers.
- (2) The Chairman should have a tenure of at least three years and the Members should normally have a tenure of five years. The total period of tenure both as a Chairman and as a Member should be at least seven years.
8. The officers of the Finance Branch of the Railways including the Member-Finance of the Railway Board should function as fully integrated members of the management team at the various levels in respect of financial matters affecting the Railway Board. If the Member-Finance differs with his colleagues on any policy question affecting financial matters, he may refer the case to the Railway Minister who may over-rule him on his own if the matter concerns the Railways exclusively or after consulting the Finance Minister if it impinges on the financial policy of the Government of India or has repercussions on such policy.

9. **The suggestions made by the Study Team with regard to (a) the broad functions of the Railway Board, (b) the delegation of more financial and administrative powers to the Zonal Railways, (c) the adoption of an officer-oriented pattern of working on the Railway and (d) the staffing of the Railway Board with experienced and competent officers may be adopted.**
10. (1) **The delegation of administrative and financial powers by the Board to the General Manager should be the maximum possible.**
- (2) **The administrative and financial powers should, in turn, be redelegated to the lower authorities and organisations.**
- (3) **The Financial Adviser and Chief Accounts Officer should not make references direct to the Board on those matters on which he has been over-ruled by the General Manager. Such a reference to the Board should be made by the General Manager at the instance of the Financial Adviser. The General Manager while making such a reference should incorporate fairly and fully the comments and views of the Financial Adviser and Chief Accounts Officer.**
11. (1) **The existing distinction between major and minor Heads of Departments in the Zonal Administration should be abolished. All Heads of Departments should report direct to the General Manager.**
- (2) **The post of Senior Deputy General Manager should be effectively utilised to relieve the General Manager of the burden of dealing with matters of minor import.**
- (3) **The Divisional Organisation should be strengthened and adequate delegation of financial and administrative powers should be made to the Divisional Superintendent and his officers in order to enable them to dispose of the bulk of the work at their level.**

CHAPTER III—PERSONNEL

12. (1) A crash programme may be launched by the Efficiency Bureau and Work Study Units to introduce modern, scientific management techniques to determine the most efficient method of accomplishing the various jobs, the inputs required and the quality and quantum of personnel who should handle them to achieve the best results. If necessary, the Efficiency Bureau and Work Study Units may be strengthened for the purpose.
- (2) The actual performance of employees should, as far as possible, be judged with reference to the norms which emerge as a result of the study referred to above.
13. (1) Government should consider the question of reducing the disparities of pay scales for comparable posts in the Railways and other Departments on the basis of an evaluation of duties, responsibilities and qualification requirements, in the light of the recommendations made by us in our report on Personnel Administration, vide Recommendations Nos. 8 and 9 therein.
- (2) All Directors in the Railway Board should be placed in the same grade.
14. (1) The task of selecting officers and making recommendations for promotion to the Junior Administrative Grade in each Zonal Railway should devolve on the Zonal Railways.
- (2) Recommendations for promotion of officers to the Junior Administrative Grade may be made by a selection committee constituted by the Zonal Railways but a senior officer of the Railway Board should be associated with this selection committee.
- (3) Cadre adjustments may be made by the Railway Board by inter-railway transfers of officers at the early senior scale stage.
15. (1) Posts in the Railways primarily calling for subject matter specialisation and those mainly managerial in character should be identified.
- (2) The qualifications, training and job experience required for manning the posts in the two categories should be prescribed by the Railway Board.
- (3) A career planning cell should be established and a management development programme be developed; the general responsibility for implementation of this programme should devolve on the Chairman, Railway Board, at the Board level and on the General Managers at the Zonal level.

- (4) Officers who have completed eight years of service should be watched more closely and the outstanding ones should be selected at an early stage and exposed to a variety of work experience and training programmes in order to fit them to hold positions of management.
16. The procedure suggested by us in our Report on Personnel Administration regarding the writing of annual confidential reports may be adopted by the Railways.
17. The Departmental Promotion Committees may be formed on the lines suggested by us in our Report on Personnel Administration, wherever such committees do not exist at present.
18. (1) The quota of vacancies available to Class II and Class III staff by promotion may be increased upto a maximum of 40 per cent where the existing quota falls short of that percentage.
- (2) Of the quota of vacancies in higher grades which are reserved for promotion from the lower grades, fifty per cent should be filled by the method of examination, where no examinations are held at present. The number of chances for taking the examination may be limited to two.
- (3) Where the staff, particularly Class IV staff, improve their educational and other qualifications, they should be permitted to take the prescribed tests for promotion by relaxing restrictions and conditions as to age, etc.
19. The Railway Board and the Zonal Railways should review the existing training arrangements in the light of requirements and rationalise the training facilities where necessary.
20. (1) The recruitment to all Class III posts in Zonal Railways should be made by an independent Recruitment Board consisting of a non-Railway-man as Chairman and a senior officer of the Zonal Railway as a Member for each Zonal Railway. The Chairman of the Recruitment Board may be appointed by the Railway Board.
- (2) The work of recruitment relating to two or more zones may be dealt with by a single recruitment board unless the quantum of work clearly warrants the need for a separate recruitment board for a particular Zonal Railway.
21. (1) The employees' representatives in the Joint Consultative Bodies at the regional and departmental levels should be directly elected by the employees, while at the higher levels, representatives should be chosen through indirect elections.

- (2) No person who is not serving under Government or who is not an honourably retired employee of Government should be eligible for election to Joint Consultative Bodies, provided, however, that Government may permit an ex-employee to seek election to the Joint Consultative Bodies.
22. The "Brown System of Discipline" prevailing in the Canadian Pacific Railways may be adopted by the Railways with suitable modifications, in the light of conditions in India and subject to the observance of the prescribed procedures regarding disciplinary cases.
23. The measures suggested by us in our Report on Personnel Administration for streamlining the procedures for taking disciplinary action and the setting up of Civil Service Tribunals for hearing appeals may be adopted by the Railway also.
24. The welfare organisation should continue to function under the Department of Personnel and continue to attend to the settlement of grievances of employees. It should be manned by selected persons with special training. These persons should not be frequently changed so as to ensure that they become familiar with the problems of the staff in a particular District or Division.
25. (1) The Director General of Vigilance Organisation at the Board level may work directly under the Chairman of the Railway Board and report to him.
- (2) In the Zonal Railways, the Vigilance Organisation should work in close consultation with the General Manager of the Zonal Railway. There is no objection, however, to his having direct dealings with the Director-General of Vigilance in the Railway Board, provided the General Manager is kept duly informed of all such matters.
26. The responsibility for checking corruption should vest in the Heads of Departments. The Vigilance Organisation should work in close consultation with the Heads of Departments and keep them informed from time to time of matters connected with Vigilance in their charges.
27. (1) A time limit should be prescribed for the completion of investigation of vigilance cases by the Special Police Establishment and the Central Bureau of Investigation.
- (2) The Heads of Departments should review, every six months, in consultation with the concerned investigating authority, all such cases. In the course of this review, where the disposal of a case has been delayed, beyond three months, the reasons for such delay should be specifically looked into and decisions should be taken as to the best method of accelerating disposal.

CHAPTER IV—RAILWAY OPERATIONS

28. (1) The question of continuing unremunerative lines should be constantly reviewed by the Railway Board so as to ensure that as far as practicable, Railway finances are utilised for the running of commercially acceptable or potentially profitable lines.
- (2) As a first step, the Railway Board should consider the closure of unremunerative lines where adequate alternative modes of cheaper transport exist and where such closure will not adversely affect public interest, including any important economic activity of the area, such as industrial or mining activity.
- (3) There should be high level discussions between the representatives of the State Governments and the Railway authorities to settle the question of continued running of uneconomic lines, so as to ensure that local considerations are duly taken into account in deciding the question of closure.
- (4) Where running of uneconomic lines is continued in the public interest, the losses may be met out of public revenues, State or Central.
- (5) The expenditure on the construction of over/under bridges in replacement of level crossings which may be undertaken in the interest of smooth running of rail and road traffic should be met out of a special fund to which contributions should be made not only from the Railway finances, but from the Central and State finances, for example, the Road Fund.
29. The question of developing underground and/or elevated Railways for dealing with the suburban traffic may be considered. A separate transport authority specifically created for this purpose may be entrusted with this work.
30. (1) With a view to dealing with the short-distance traffic economically, rationalisation of train schedules may be undertaken in consultation with the State Transport Authorities.
- (2) The State Government may be requested to regulate the grant of licences and permits for the operation of road transport services or the introduction of new road services so as to eliminate any possible conflict of interest between different modes of transport.
- (3) A representative of the Railways may be associated with the State Transport Authority or other bodies which are in charge of the grant of licences or permits for operation of road transport services.

31. (1) Early attention should be given to the question of achieving single gauge system, as far as practicable, throughout the country.
- (2) As a first step, the Railway Board should take in hand the conversion into broad gauge the metre gauge or narrow gauge sections which cover comparatively short distances and which connect two broad gauge sections or which run parallel to broad gauge sections.
- (3) Before taking a decision on the conversion of a particular metre gauge line into broad gauge, the Board should take into consideration and explore all possibilities of making the existing metre gauge line more economical and efficient by improved techniques of operation and modernisation.
- (4) From the schemes of conversion, areas for which metre or narrow gauges are more suitable, such as hilly regions, strategic areas, should be excluded.
- (5) In the light of these considerations, a phased programme of conversion should be drawn up with due regard to the funds available and the economies of conversion, and implemented with the object of completing the process as early as possible.
32. The Railways should take adequate administrative measures to study the pattern of consumption of fuel and to ensure economical and proper utilisation.
33. (1) The major repair workshops of inter-Zonal importance, e.g., Kharagpur, Kachrapara workshops, should be placed under centralised control.
- (2) The workshop facilities in respect of major repairs and overhauls should, as far as possible, be so distributed among Zonal Railways that each workshop specialises in particular fields avoiding duplication.
34. The Railways should develop and implement a phased programme for introduction of the latest techniques in Railway engineering and operations.
35. The Railways should aim at modernisation of signalling and communication systems. Steps should be taken by them to progressively achieve self-sufficiency in the requisite equipment for this purpose, cutting down imports from foreign countries.

36. (1) There should be greater decentralisation of the work of purchase of stores in favour of the Zonal Railways.
- (2) The Railways should be permitted to procure the stores, special to them, through their own organisations.
- (3) Modern techniques of inventory control should be introduced.
37. The Chief Security Officer, Railway Protection Force, should, as provided in the statute, discharge his functions under the general supervision of the General Manager of the Railways. However, the appeal against his orders should lie, as at present, with the Inspector General, Railway Protection Force, who should be the final authority in all administrative and disciplinary matters.
38. (1) The powers of the Railway Protection Force for investigation and prosecution should be enlarged to cover offences of theft etc., in respect of the Railway property, and not merely those relating to the unlawful possession of such property. Their jurisdiction should be clearly demarcated.
- (2) The Government Railway Police should be responsible for investigation, search and prosecution of all other offences under the Indian Railways Act and also the offences under the criminal law of the land.
- (3) Within the Railway Protection Force, the staff employed on watch and ward duties should be separated from the staff employed on the investigation and prosecution of offences.
39. The Railway Administration should be held responsible for loss of or damage to goods en route. Where Railway Administration is held responsible for loss of, or damage to, goods, it should evolve a system under which responsibility can be fixed on the Railway staff concerned collectively or individually and appropriate penalties imposed for the loss suffered.
40. (1) The Railways should, in consultation with the State Government authorities concerned, explore the possibilities of running road services in combination with the train services for conveyance of passengers, between the railway stations and important centres within a city, or outlying satellite towns around important cities and State capitals, or between railway stations and outstations not connected by rail, where such services do not exist.
- (2) The Railways should take steps to augment their revenues from advertisements on the Railways, surveys being undertaken, wherever necessary.

41. (1) Intensive market research and traffic surveys should be undertaken by the commercial department in order to ascertain the views and requirements of the railway users.
- (2) The question of constituting a separate cadre for the commercial department and giving intensive training to those manning it should be considered.
42. (1) The Railways should make efforts to win back the high-rated goods traffic by ensuring better services.
- (2) The Railways should pay particular attention to complaints regarding the misrouting of wagons and the wagons going astray.
- (3) The Railways should extend the programme of door-to-door delivery and adopt the system of advising the consignee about the arrival of goods in advance.
- (4) The container service should be progressively extended all over the Railway system.
43. (1) Steps should be taken to improve the quality and standard of cleanliness of the catering service in the Railways, particularly on the vegetarian side.
- (2) With a view to meeting the needs of the travelling public, and wherever feasible the departmental catering service should be introduced at a larger number of stations and on long distance running trains.
- (3) By effecting economies in the running of the departmental catering, the Railways should endeavour to provide service to the public at economic rates.

CHAPTER V—RAILWAY SAFETY AND RESEARCH

44. Intensive training should be imparted periodically to the railway staff in the matter of railway safety and railway maintenance. Special courses should be devised for the purpose.
45. (1) The Commission of Railway Safety should continue to function as an independent body as at present.
- (2) Some of the posts in the Commission of Railway Safety should be filled from among the officers of the Research, Designs and Standards Organisation.
- (3) After initial appointment in the Commission of Railway Safety, the officers taken from the Railways should not look for promotion in their parent cadres.

- (4) There should be close coordination between the Commission of Railway Safety and the Research, Designs and Standards Organisation.
46. (1) The Research, Designs and Standards Organisation should function as an autonomous body with a Governing Council at the top to guide it. The Chairman of the Railway Board should be the Chairman of the Governing Council, and the Head of the RDSO its Vice-Chairman. On the constitution of the Governing Council, for the RDSO, the functions of the Central Board of Railway Research may be taken over by the Council and the Central Board may be abolished.
- (2) With a view to ensuring better coordination between the RDSO and the fundamental research institutions, laboratories and institutes of technology, there should be at least quarterly meetings between the Head of the RDSO and the Heads of such institutions.
- (3) The Research, Designs and Standards Organisation should be staffed with persons endowed with innovative ideas, who have attained high proficiency in their particular field and who have an aptitude for both basic and applied research.
- (4) A watch should be kept on the work of the research staff from the start and those found unsuitable should not be retained in the organisation. A review should also be made of the performance of each research worker periodically, say, every three years, with a view to assessing whether he has kept up the standard of work which should be of a high order.
- (5) The recruitment to the RDSO should be based on rigorous standards and from mixed sources a greater proportion from the Railways and the rest from outside sources including other Government organisations.
- (6) The prospects of the officers in the RDSO should be made attractive and should not, in any case, be less than those of their counterparts in operational and executive organisations of the Railways.

CHAPTER VI—FINANCE AND ACCOUNTS

47. (1) The Government should devise ways and means of providing Railways with sufficient funds for their development. One of the methods by which this could be feasible is to make the amounts required for depreciation and other reserve funds of the Railways upto an agreed limit, a prior charge on Railway revenues; the rate of dividend could vary according to the balance available.

- (2) Works such as major remodellings, rail capacity works, etc., which cost more than Rs. 1 crore individually and which have long gestation periods should be treated on par with new lines and there should be a moratorium on payment of dividends for such works for a period of 5 years.
48. The Finance and Accounts Departments should be responsible for the financial management and control in all matters within the field of responsibility of the concerned organisation (*i.e.*, the Railway Board or the Zonal Railway authorities, as the case may be). The relationship between the Financial Commissioner/Financial Adviser and the Administrative head should be that of senior partners in a common enterprise.
49. As observed in our Reports on Finance, Accounts and Audit and on the Public Sector Undertakings, we would emphasize that the Audit Department should make its comments on the performance of the Railways against the background of relevant circumstances existing at the time of the decisions and of the overall objectives and achievements of the related programmes and activities.

Sd/-

(K. Hanumanthaiya)

Chairman

Sd/-

(H. V. Kamath)

Member

Sd/-

(T. N. Singh)

Member

Sd/-

(Debabrata Mookerjee)

Member

Sd/-

(V. Shankar)

Member

Sd/-

(N. S. Pandey)

Joint Secretary

New Delhi,

Dated 30th January, 1970

ANNEXURE I

(Chapter II, Para 14)

Code to regulate the relationship between Members of Parliament and of State Legislatures and the Administration as adopted by the Seventh All-India Whips Conference held at Madras.

Introduction

Members of Parliament and Members of State Legislatures occupy in our democratic set-up a very important place as accredited representatives of the people. They have important functions to perform under the Constitution and they may occasionally find it necessary to obtain information from or address suggestions to the Ministries of the Government or to the State Governments or seek interviews with officers in connection with their parliamentary and allied public duties, otherwise than through putting questions or participating in debates in the Legislatures. In this connection, certain well recognised principles and conventions to govern the relations between Members of Legislatures and Government servants have already been laid down at the Centre and in most of the States. However, on a review of the position, it has been found necessary to reiterate, and to spell out in some detail, the principles and practices that should govern the mutual relations of Members of Legislatures and Government servants.

Code for the Government servants

2. The two basic principles to be borne in mind are (i) that Government servants should show courtesy and consideration to Members of Legislatures and (ii) that while they should consider carefully or listen patiently to what the Members of Legislatures may have to say, they should always act according to their own best judgment.

3. It should be the endeavour of every officer to help Members of Legislatures to the extent possible in the discharge of their important functions under the Constitution. In cases, however, when an officer is unable to accede to the request or suggestion of a member, the reasons for the officer's inability to do so should be courteously explained to them.

4. It is realised that the district and sub-divisional officers have very heavy public duties and responsibilities and if they are to function effectively they should be permitted to plan out their day's work with some care and adhere to the plan. An officer should feel free to set apart some hour when he can refuse to meet visitors without being considered guilty of discourtesy, lack of consideration and the like. But he should set apart two to three hours every day when anybody can see him, and within these hours, and also during other office hours in which he is to meet visitors, he must give priority to Members of Legislatures except when a visitor has come by previous appointment and a Member of Legislature has come without an appointment. In such a case he should see the Member of Legislature immediately after he has met the visitor who had come by previous appointment. Any deviation from an appointment made with a Member of a Legislature—or indeed with any other person must

promptly be explained to the Member concerned so that the least possible inconvenience is caused to him and a fresh appointment should be fixed in consultation with him.

5. When a Member of Legislature comes to see him, an officer should rise in his seat to receive the Member and to see him off. Small gestures have symbolic value and officers should, therefore, be meticulously correct and courteous in their dealings with Members of Legislatures.

6. Similarly, seating arrangements at public functions should receive very careful attention at all times and no room should be given for any misunderstanding on this score. The position of Members of Parliament has been clearly brought out in the Warrant of Precedence approved by the President. MPs appear at Article 30 above officers of the rank of full General or equivalent, Secretaries to the Government of India, etc. The instructions appended to the Warrant of Precedence also lay down that when Members of Parliament are invited *en bloc* to major State functions, the enclosure reserved for them should be next to the Governors, Chief Justice, Speaker of the Lok Sabha, Ambassadors, etc. A further provision in the instructions is that the Members of State Legislatures, who owing to their presence in Delhi, happen to be invited to State functions, should be assigned rank just after Members of Parliament. To avoid inconvenience to M.Ps. and M.L.As. who might come late, the block of seats meant for them should be kept reserved till the end of the function and should not be occupied by other persons, even though they may be vacant. The seats provided for them should be at least as comfortable and as prominently placed as those for officials. At State functions arranged by the State Government, the seating arrangements for M.Ps. and M.L.As. and Members of Metropolitan Council should be made in accordance with the position assigned to them in the Warrant of Precedence approved by the Governor and the President.

7. Letters received from Members of Legislatures should be acknowledged promptly. All such letters should receive careful consideration and should be responded to at an appropriate level and expeditiously. Officers should furnish to Members of Legislatures, when asked for, such information or statistics relating to matters of local importance as are readily available and are not confidential. In doubtful cases, instructions should be taken from a higher authority before refusing the request.

8. It is desirable that a letter addressed to a Minister should be replied to by the Minister himself. Where, however, this is not convenient or practicable or the reply called for is of a routine nature, it may issue under the signature of a senior officer of the Ministry/Department, preferably the Secretary.

8A. Whenever a Minister goes on tour, it is expected of him to give timely information to the representative(s) of that Constituency and seek his/their co-operation in the solution of the problems relating to that Constituency.

9. While the official dealings of Government servants with Members of Legislatures have to be regulated as stated in the previous paragraphs it is necessary to invite the attention of Government servants to what is expected of them in their individual capacity, in respect of their own grievances in the matter of conditions of service. The Government servants are not expected to bring any political or outside influence to bear upon any superior authority to further the interests of individual Government servants. Therefore a Government servant is not expected to approach a Member of Legislature for sponsoring his individual case except where the grievance though apparently individual constitutes a breach of accepted Government policy or of class and caste distinction or of palpable anomaly.

Code for Members of Legislatures

10. It is equally necessary for Members of Legislatures to follow certain conventions in their communications to Ministers and Officers of Government in connection with their parliamentary duties. At the Centre the following conventions should be brought to the notice of Members of Parliament by the Minister for Parliamentary Affairs :—

- (i) Members would ask for information only about matters of public or national interest in which they get themselves interested in the discharge of their public duties as Members of Parliament.
- (ii) Members shall not bring any outside political influence to bear upon any superior authority to further the interest of individual Government Servants. The Government Servants shall not approach a Member of Legislature to sponsor their individual case except as provided in para 9 of this Code.
- (iii) In all matters of routine nature, written requests may be addressed to the Secretary of the Ministry/Department concerned irrespective of whether information was required on the subject dealt with in the Ministry/Department or in any of its attached or subordinate offices. In no case should letters be addressed by name or designation to any other officers of the Ministry/Department or its attached or subordinate offices.
- (iv) For more important matters, Members may address the Minister or the Deputy Minister concerned. In regard to matters pertaining to fraud, corruption, bribery, mal-administration, nepotism, etc., in administration, letters should be addressed only to the Ministers or Deputy Ministers and copies endorsed to the Minister for Parliamentary Affairs.

11. It is obviously not desirable that requests should be made for intervention of officers in investigation of criminal cases, for issue of fire arms licences and for grant of permits and licences to particular individuals. Nor should requests be made regarding recruitment of a particular person, or promotion or transfer of individual Government servants. A number of public issues or grievances do, however, arise in the Departments and Members of Legislatures are undoubtedly entitled to take interest in administration and to see that there is no mal-administration or abuse of power or discretion. But in such cases, they should normally approach the Minister concerned rather than the local officers. Or at the most they may bring cases of injustice and the like in individual cases to the notice of the district officer or other similar officers with the request that they should look into the matter. They ought not to press or even ask for a particular decision. In such cases, the officer should listen to all points of view with patience, but he must obviously take decision according to his own best judgment. And when he does so, it would not be fair to accuse him of partisanship or even of insensitivity to the views of an accredited representative of the people.

12. Members of Legislatures may like to bear in mind the conventions and principles outlined above in the course of their dealings with the administration both at the Centre and in the States so that a healthy and useful relationship between the Government and the Members of Legislatures may be built up.

13. The Members of Metropolitan Council should be given preferential treatment by the Lt. Governor in the matter of granting interview for discussion on matters of public interest falling within his jurisdiction as Chief Administrator.

ANNEXURE II

(Chapter III, Para 14)

Extracts from Administrative Reforms Commission's Report on Personnel Administration (Chapter VIII, Para 4).

Performance Records

4. Confidential reports, in the manner and spirit in which they are being written, tend to emphasise more the man and his qualities than the job and its performance. In assessing the merit of candidates for promotion, the confidential reports play a decisive role. The Second Pay Commission had noted that one of the criticisms against the method of writing confidential reports was that they were laconic and vague and there was no positive assessment of intelligence and other qualities. Despite periodic instructions issued on the manner of writing confidential reports, there is dissatisfaction among the Government employees on this account. We would suggest the following steps to improve the existing system of preparing and using confidential reports.

- (a) At the end of each year the official reported upon should submit a brief resume, not exceeding three hundred words, of the work done by him, bringing out any special achievement of his. The resume should be submitted to the reporting officer and should form a part of the confidential record. In giving his own assessment, the reporting officer should take due note of the resume and after making his own comments and assessment submit the entire record to the next higher officer, namely, the reviewing officer. The reviewing officer should add his own comments, if any, and also do the grading.
- (b) The Second Pay Commission limited the field of choice for promotion to those who were 'outstanding', 'very good' and 'good', thus excluding those who were assessed as 'fair' and 'poor'. Government have recently revised the instructions regarding these gradations to a few categories. According to the latest Government instructions, only three gradations, namely, 'fit for promotion', 'not yet fit for promotion', and 'unfit for promotion' are to be made when writing the confidential reports of Secretariat officers of the level of Under Secretary and above. Further, it has to be indicated whether the officer reported upon has any outstanding qualities which entitle him for promotion out of turn. In effect, therefore, the number of gradings have been reduced to four from the earlier five. We are glad to find that Government have taken action on these lines which appears to be, more or less, in consonance with the recommendations made by our Study Team(N) which had recommended that the system of five gradings should be replaced by only three gradings, namely, (i) fit for promotion out of turn; (ii) fit for promotion; and (iii) not yet fit for promotion. The grading 'unfit for promotion' is likely to carry the impression that the officer concerned is unsuitable for promotion for all times. We feel that no one should be left with the feeling that he had permanently been branded as unfit for promotion. The grading 'not yet fit for promotion' will take care of cases who are unsuitable for promotion on the basis of their performance during the year under review. We, therefore recommend that adoption of the three gradings proposed by the Study Team (N), viz., (i) fit for promotion out of turn; (ii) fit for promotion; and (iii) not yet fit for promotion.

- (c) In the new system of grading, it is only those who are graded in the first two categories, *viz.*, 'fit for promotion out of turn' and 'fit for promotion' that will have to be considered for promotion. The percentage of personnel in any group of civil servants working at the same level who are really outstanding and deserve out of turn promotion cannot but be small. We have a feeling at present 'outstanding' gradings are being given too liberally and not unoften undeservedly. We would suggest that as a rough guideline only five to ten percent of officials engaged in work of a similar nature and at the same level in any office or organization should be graded 'fit for promotion out of turn'. (There would, of course, have to be exceptions to this in special circumstances). The grading 'fit for promotion out of turn' should be supported by specific mention of outstanding work that has been done.
- (d) Good work done during the year should receive prompt appreciation either on a file or in a tour of inspection note. The concerned official should be allowed to quote these in his resume.
- (e) The suggestions made above will ensure that an individual's own estimate of his performance will get a place in his confidential reports. It is equally important that his superior officers' assessment made frankly and faithfully is also available in it. There has been, however, a noticeable disinclination on the part of the reporting officers to record adverse remarks against those working under them, because such remarks are required to be communicated to the individual concerned and on his representation they are called upon to justify them. Moreover, the communication of adverse remarks quite often become a source of grievance against the reporting officer. To avoid this unpleasant contingency, the reporting officer quite often fails to record adverse remarks even when they are justified. This appears to be particularly true of headquarters offices than of field offices. This defect needs to be remedied in the larger interest of the efficiency of the Civil Service.

We feel that when an opportunity is afforded as suggested by us to the official himself to write out an account of his performance and provision is made for a prompt review of the adverse remarks by a reviewing officer, it should not be necessary to communicate the adverse remarks. The reviewing officer will have to go through the adverse remarks and after discussing them with the reporting officer as well as, if necessary the officer reported upon, either confirm the remarks or suitably modify them, as the case may be. To our mind, this procedure will ensure that both favourable and unfavourable remarks about a Government servant are available at the time of assessment of his performance and subsequently when his performance over the years is assessed for purposes of promotion. It should also eliminate chances of any unfair or prejudiced treatment of the Government servant by the reporting officer—a circumstance against which the Government servant has a right to be safeguarded.

- (f) In view of our new approach to the annual reports as a document spotlighting the performance of an official during the course of the year, we recommend that this report should be called 'Performance Report' instead of 'Confidential Report'.
- (g) While considering the suitability of an officer for promotion, a realistic view needs to be taken of the adverse remarks recorded in his confidential reports. An adverse remark bearing on deficiencies in character

or moral turpitude would certainly render an officer unfit for promotion. So would a series of remarks indicating inefficiency, indolence, etc. But if the records of an official are otherwise so good as to merit promotion, a stray adverse remark other than one bearing on character and moral turpitude should not be made a ground for supersession. Needless to say, where merit is equal, seniority will be decisive for promotion.

Recommendation 41

We recommend that :

- (1) At the end of each year the official reported upon should submit a brief resume, not exceeding three hundred words, of the work done by him, bringing out any special achievement of his. The resume should be submitted to the reporting officer and should form a part of the confidential record. In giving his own assessment, the reporting officer should duly take note of the resume and after making his own comments and assessment, submit the entire record to the next higher officer, namely, the reviewing officer. The reviewing officer should add his own comments, if any, and also do the grading.**
- (2) The gradings in the Confidential Report should be reduced to three— (i) fit for promotion out of turn; (ii) fit for promotion; and (iii) not yet fit for promotion. There need be no such category as 'unfit for promotion'.**
- (3) Only five to ten per cent of officials engaged in work of a similar nature and at the same level in any office or organization should normally be graded 'fit for promotion out of turn'. This grading should be supported by a specific mention of the outstanding work.**
- (4) There is no need to communicate adverse remarks to an official. In the event of any adverse remarks having been recorded, the reviewing officer should after discussing them with the reporting officer and, if necessary, the officer reported upon, either confirm the remarks or suitably modify them, as the case may be.**
- (5) The annual report may be called "Performance Report" instead of "Confidential Report".**

ANNEXURE III

(Chapter III, Para 25)

"Brown" System of Discipline

1. With the object of securing maximum efficiency from employees with the minimum amount of hardship, the "Brown" system of discipline was placed in effect on Western Lines on February 1st, 1908, after having been adopted on Eastern Lines on January 1st of that year.

2. It is a method of assessing discipline by recording of demerit marks rather than by suspensions or fines. It also provides for the recognition of any exceptional service rendered by crediting the employee's record with merit marks.

3. This discipline record (which is kept on the reverse side of a large staff card) is maintained on the basis of a ledger account. On the debit side appear the demerit marks and on the credit side such merit marks as may be awarded.

4. Under this system, while an employee continues to be subject to dismissal for certain offences, (such as insubordination, drunkenness on or off duty, the use of intoxicating liquor while on duty, frequenting places of low repute, incompetency, dishonesty, failing to carry out train orders or rules respecting train movements)—demerit marks are placed against his record for lesser offences, and a net accumulation of 60 demerit marks automatically indicates dismissal.

5. For each repetition of an offence, regardless of the lapse of time, or the employee's record, the number of demerit marks should be doubled. (This provision is sometimes waived where, in the judgment of the supervisory officer, it is politic to do so.)

6. The "Brown" system provides an opportunity for the employee to work off any demerit marks he may accumulate by cancelling 20 demerit marks for each twelve consecutive months' service free from discipline. If the number of demerit marks outstanding is less than 20, only such lesser number, of course, are cancelled. If more than 20 demerit marks are outstanding after a period of one year free from discipline merit marks from the credit side of the account may be used to the number available and required to clear the account. Merit marks would not be used unless there were more than the 20 demerit marks outstanding. If merit marks are used to clear or help to clear a record, they cannot again be used for such a purpose.

7. Should an employee accumulate 60 demerit marks, but have a number of merit marks on his credit, this saves him from dismissal for the time being.

8. Soon after this system was put into effect, it was found necessary, for the sake of uniformity, to issue a list showing the number of merit or demerit marks for each particular service or offence. A copy of the list revised to date is attached.

SCHEDULE OF DEMERIT MARKS TO BE PLACED AGAINST EMPLOYEES' RECORDS FOR COMMON BREACHES OF DISCIPLINE

<i>Offence</i>	<i>Number of demerit marks</i>
Disregard of yard limit rules	60
Failure to send out flagman when train stopped running	60
Carrying passengers on engine without proper authority	30
Reckless running and failure to use conductor's valve	15
Using track jacks between rails without proper protection	10
Neglect to keep frogs and switches in proper order, but not unsafe	10
Rough handling of passenger trains	10
Failure to set brakes or block wheels of cars on sidings	10
Failure to whistle for station	10
Violation of rule 210-checking orders repeated by other operations; failure to sign order	10
Dumping fire when not necessary.	10
Subjecting himself or other employees to risk of personal injury	10
Exceeding authorized speed (slow orders) and special rule "K"	10
Leaving car foul of lead, delaying trains	10
Smoking on duty (violation rule "H")	10
Failure to promptly change out ties or rails which are worn out or broken; delaying trains through poor handling of this work; failure to protect	10
Failure to make brake tests, as per regulations	10
*Subjecting Company to garrishee proceedings	5
Failure to carry time tables and rule books	5
Not responding promptly to call for duty	5
Careless handling of cars on road, or in yard	5
Habitually delaying correspondence	5
Neglecting to mark up bulletin board	5
Failure to keep switches clear of snow	5
Standing on wrong side of track of switch	5
Failure to observe Rule 2-A, watch inspection comparison station svce	5
Failure to wire from 1409 promptly	5
Carelessness in connection with perishable contents	5
Careless checking, delaying cars	5
Failure to properly inspect cars at terminals	5
Having station in untidy shape	5
Improper use of hand carr	5
Failure to provide track walker with propr equipment	5
Failure to obscure headlight on engines when waiting on siding	5
Absence from office avoidable when train passed	5
Not booking engine repaires correctly	5
Failure to cut off engine when taking water	5
Failure of operators to observe rule 91	5
Running over open switches	5

<i>Offence</i>	<i>Number of demerit marks</i>
Not reporting for duty on time	5
Failure to call out names of stations	5
Neglecting to promptly report personal injury to self	5
Not leaving proper address for call boy	5
Failure to use flange oiler in prescribed territory	5
Overcarrying shipment	5
*Issuing unstamped tickets	5
Carelessness in making repairs to engine and cars	5
Failure to test steam heat in cars; drain pipes; leaving heating system in unsafe condition	5
Failure to set out car at destination	3
*Failure to carry watch inspection card	3
Failure to present watch for inspection	3
Neglecting mark up clock rating card	3
Delaying foreign cars	2
Failure to have engine bell ringing when proceeding over crossing	2
*Error in billing	2
Failure to seal car doors	2
Leading shipment in wrong car	2
Allowing empty car to go as lead	2
Failure to report switch or signal lamp not burning	2
*Failure to punch time clock	2
Failure to submit promptly any telegraph reports also not giving full information in such reports	2
Delaying weekly report of earnings, etc.	2

*Not to be doubled for subsequent offence

**MERIT MARKS WHICH MAY BE AWARDED FOR MOST
COMMON CASES**

Assisting to extinguish fire-equipment or premises . . . . .	.
Assisting repair disabled equipment so that it may be worked to terminal	.
Bringing disabled equipment in to terminal . . . . .	.
Discovering cracked wheel under car in train . . . . .	.
Discovering broken arch bar under car in train . . . . .	.
Discovering broken flanges on wheel . . . . .	.
Detecting wrong stencilling on car . . . . .	.
Discovering broken rail . . . . .	.
Assisting to clear obstruction from track (rock, trees, slide) etc. . . . .	.
Temporary repairs to telegraph wires . . . . .	.
Delivering telegrams after regular hours . . . . .	.
Making temporary repairs to car leaking gear . . . . .	.
Turning in cutlery, money or other valuables found on Company's premises

2

Price : (Inland) Rs. 1 40 (Foreign) 3s. 4d. or 51 Cents.

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