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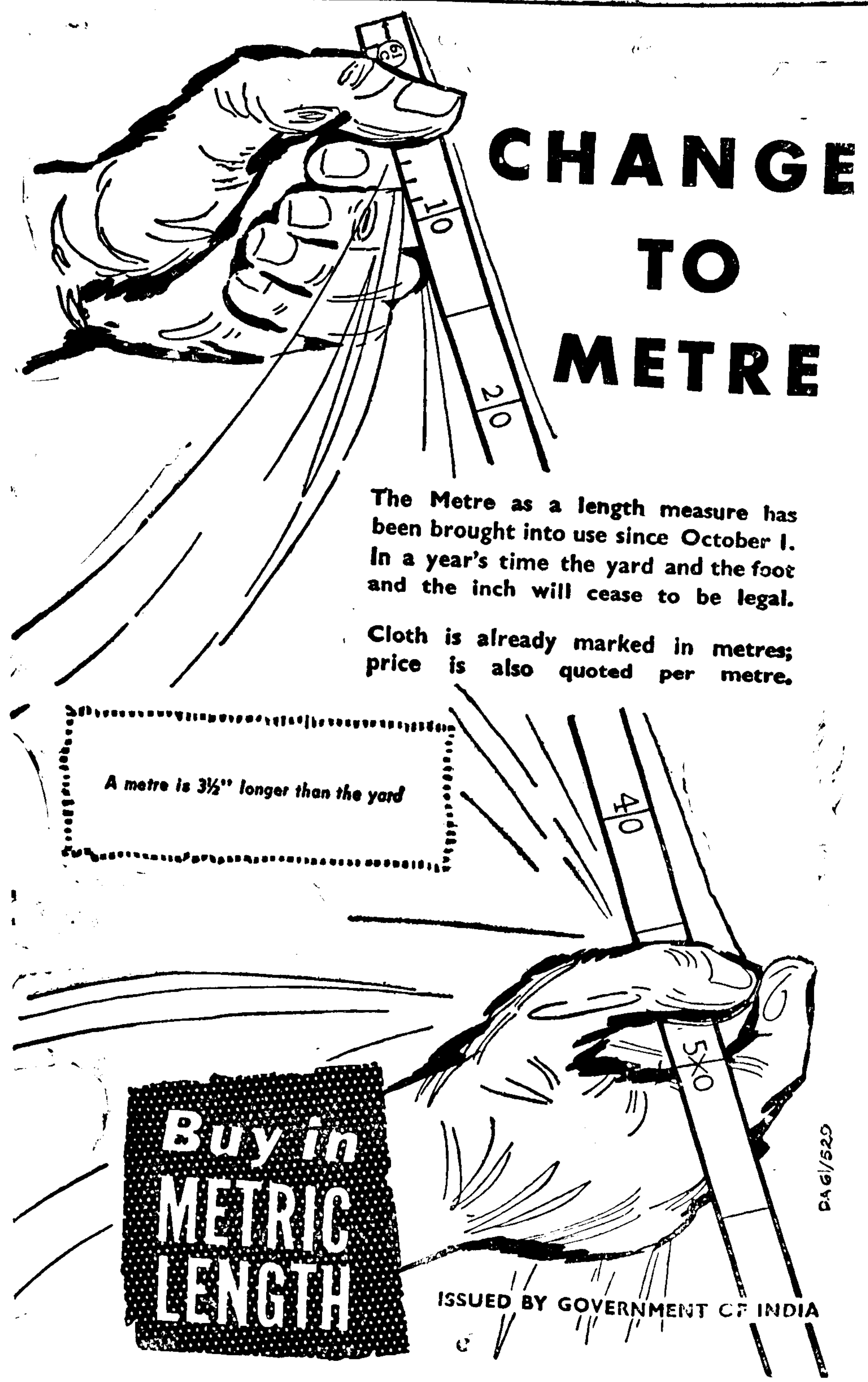

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Transport of Coal by Rail

In spite of the fact that Coal Loadings have been consistently on the increase throughout the year, the complaint of short supply from the various Industries continues. That the Railways have been moving larger quantities than those prescribed in the target cannot be a satisfactory approach to this problem. No doubt, the Railways have been doing their best by increasing wagon turn-rounds, use of box-wagons, allotment of more wagons for coal traffic, etc. But still the progress in clearing the accumulated stocks at the Collieries to the various consumers is far short of requirements. The reason seems to be that the calculations relating to the movement of coal over particular distances and in special types of wagons have gone wrong while in the deficit areas consumption has increased unexpectedly. If the Steel Plants had also been operating to full capacity, the position would have become more acute. When it is seen that the Steel Plants would be consuming during the Third Plan Period only about 18 million tons of coal as against about 70 million tons required by other industries dispersed all over the country, it can well be imagined what a serious problem it is for the Railways to tackle. Particularly so if by the faster development of the various industries the target of coal consumption increases tremendously and there are also changes in the direction of this traffic. Further, the coal raisings themselves have been below the Plan target, and have had to be restricted often on account of the accumulation of stocks at the pitheads and the inadequate supply of wagons.

Railway operation has obviously been difficult for want of reserve capacity and no provision has been made for meeting the problems that may arise from mistakes in the implementation of different projects. The transport of coal in bulk to special dumps at strategic centres may not solve the problem to any real extent. Acceleration of trains, continuous loading on all days of the week, utilising maximum line capacity, etc., are some of the methods adopted by the Railways to meet the demand; but they are found to be insufficient. Even electrification and dieselisation of increasing sections of Railways have failed to be adequate. The diversion of a portion of the traffic to the sea route—at heavier cost to the consumers—has also not eased the situation. Even if organised in a thorough and scientific manner, this diversion can only be a very temporary measure and limited in extent naturally.

Under the circumstances, not only short-term but long-term remedies have to be adopted by the Railways. Road transport is prohibitively costly and cannot also cover a large bulk of the traffic. Thus, Rail transport has to be developed quickly to meet the existing and likely future demands, by creating more wagon space and track capacity. It seems therefore advisable that an expert Committee should be set up forthwith to go into the question of the scope for increasing operational efficiency of Railways and into the short-term and long-term measures to be adopted to prevent the coal crisis from assuming larger proportions.

Owing to the dynamic development recently of various industries, there is bound to be increased pressure on transport and power facilities, calling for a re-examination of priorities in planning. Much larger sums have to be allocated for helping the Railways to carry out a more ambitious programme of development and for installing additional generating capacity. Even if this would mean a cut in the allocations made for the expansion of some industries not so essential or urgent, the diversion of funds would still be worthwhile. The newly created capacity in many industries cannot be fully utilised unless transport and power are expanded, The Railways may not require large sums in Foreign Exchange to carry out their Plans. And it should therefore be possible for Government to make necessary arrangements for expanding the Railways' carrying capacity's, if the loss of output of many industries has to be avoided.

Railways have, however, to consider to what extent permanent arrangements can be supplemented by temporary ones, not only from the standpoint of economy, but also from the view of possibility of continued availability of transport in adequate capacity to meet the recurring interest liability on the Capital investment. The obvious snag is the extent of territory to be covered for increasing track capacity; but this may have to be met in a measure by enhancing freight rates suitably. Since by the middle of 1963 it is expected that steel plants would start producing to their full capacity and there might be a substantial increase in the output of cement, chemicals and engineering goods, the expansion of Railway transport capacity would have to be well ahead by then. In fact, even during the latter half of 1962, we might expect the output from steel plants in the public sector to be stepped up; while even many of the large units in the private sector may start production before that period. The need, therefore, of very vigorous action right from now is obvious.

Police found a veteran car abandoned beside a busy road. On the windscreen was a note reading : " Please give it a decent burial."

Parliamentary Control over Expenditure

BY B. G. B.

In order to provide greater parliamentary control over public expenditure, the Estimates Committee made three important suggestions, one of which was the revival of the Standing Finance Committee. The other two suggestions were (1) to make parliamentary discussion more effective by arranging for a preliminary discussion of the budget by Parliamentary Committees concentrating on particular Ministries, (2) to introduce performance budget by which is implied the enunciation of the aims and goals of parliamentary expenditure under different heads and comparing the achievements represented by the expenditure against such aims, goals and objectives.

The Government of India, however, did not appear to agree with the Estimate Committee in regard to the revival of the Standing Finance Committee, on the ground that it was the responsibility of the executive to prepare and formulate proposals while the Parliament's work of scrutiny commences *only at this stage* and not earlier. There are arguments which can be adduced on both sides, but the main requirement for parliamentary control of expenditure would appear to be that some members of the Parliament should specialise in particular fields, so that the criticisms might be more well-informed and constructive not to speak of the importance of constructive opposition in a national Government in an expanding economy. In Pre-Independence days, though the members of the legislature generally concentrated their efforts more on attacks on the foreign government, to secure independence, than on matters of administration, financial scrutiny etc., there were still some members who had specialised in particular fields : e.g. The late Sir P. S. Sivaswami Iyer had a thorough knowledge of matters relating to the Military Department and his criticisms in the legislature in the old Central Legislative Assembly were imbued with statistical data and clear arguments and points of view.

In the post-Independence era, Mr. H. N. Kunzru has specialised in matters relating to Railways and Transport: Shri K. Santanam, a former Deputy Minister of the Railways, has also specialised in Railways working and operation, public finance etc. It would be to the advantage of the country if experts in the different fields are elected to the Parliament so that they could specialise in particular fields of Governmental activity and contribute usefully to the debates in the Parliament.

A Test of Intelligence

Examine the following figures, and indicate the next figure against each line :

(i) 18, 13, 8, ...
(ii) 1, 9, 25, 49, ...
(iii) 2, 8, 26, 80, ...
(iv) 4, 6, 9, 13, ...
(v) 3, 5, 9, 17, ...
(vi) 1, 5, 14, 30, ...

Solutions in next issue.

Thoughts on Rail Road Co-ordination

BY SUNIL KUMAR RAY, Asstt. Optg. Supdt. (Movement), Lucknow.

In the following article on competition between Railways and Road Transport, the author has reviewed the problem in detail and referred to the Neogy Committee's Report.

In view of the controversy now afoot regarding the Development of Road Transport being responsible for losses of the Southern Railway, it is well worth knowing a correct and complete background to this problem of Road vs. Rail. A high level commission representing all modes of Transport seems to be called for immediately to investigate thoroughly into the possibilities of their co-ordination in such a manner as to avoid duplication of transport and bring about financial economy.

—Ed., R.A.

For some time past there have been sporadic discussions on the extent of wasteful competition prevailing between Road Transport and Railway Transport in India, and attempts have been made to devise ways and means to effect mutual co-ordination. But the problem came in limelight during the Parliamentary discussion on the 1959–60 Railway Budget and then on the controversial Report of the Minoo Masani Committee on Road Transport. The Railway Minister observed while presenting the 59–60 budget that "a development which has come to notice is the diversion of high rated traffic to Road Transport on routes parallel to the Railways, where Railways have enough capacity to move additional traffic. This matter is receiving attention, with a view to seeing what readjustments are necessary in order to ensure the maximum utilization of our limited transport services". Together with the Railway Minister's pointer came the comments in the press by the Chairman and Members of the Railway Board on the wasteful nature of competition offered by Road Transport even where Railways have spare capacity. In and out of Parliament, the Railways came under fire, and it was alleged that Government was out to stifle the natural growth of the Road Transport, so important for a developing economy, to give undue preference to the Railways. Matters came to a head when the Masani Committee, eager to champion the development of Road Transport, voiced the need for building up a very intricate net-work of vehicular traffic, even if that would involve close competition with the Railways. It was also said that quite often motor services have been started due to the failure of the Railways to meet the public demand in some way or other, and so now it is not worthwhile for the Railways to weep over lost traffic to the Roadways. Each side naturally had its champions, and there were debates and counter-debates, so much so that the Union Government was obliged to set up a high power committee, under the championship of Sri K. C. Neogy, to go into the details of the problem.

It is, however, true that except in the metre gauge section of the Southern Railway and certain sections of the Western Railway, competition from Road Transport has not become as acute in India as in the United States of America and certain countries on the European Continent. But, then, here, three factors need be taken into account for a correct appraisal of the situation.

First is the huge investment and capital sunk in the Railways from the public exchequer. Second is that on the Railways we have spare capacity while high rated traffic is drifting to the Roadways. Together with these are to be taken into account the rapidly developing competition from the Roadways. Thus, for example, in the Allahabad Division of the Northern Railway the road hauliers have a well-knit system of through movement of goods on the same lines as the Railways have. Competition with the Road Transport has become quite acute at Allahabad, Kanpur and Aligarh areas. On a rough estimate, Motor Transport has extorted out of the Railways about 6,000 maunds of goods at Kanpur area alone. In view of all these, the problem is worth giving serious thought and merits early remedial action to ensure co-ordinated development of both Rail and Road Transport.

CONFLICTING INTERESTS

But when all is said and done about the necessity of co-ordination and functional division between Road and Rail Transports, the first important question that will be posed is, what possibly may be the correct and justifiable economic bifurcation of traffic between rail and road.

Here, of course, interests are bound to come in conflict. We need hardly be reminded of the series of interesting articles on the Rail Road problem published in the "Indian Railways" in issues of April, October and November 1956. In these articles while the view-point of the Railway was put forward competently by Sri K. B. Mathur and Sri Kalyanaraman, Sri Vagh (an important interest in Road Transport) contended that for the same amount of investment Roadways can carry more traffic and provide for more employment than the Railways: and, therefore, in any policy decision on the division of traffic between the two modes of transport this factor need be kept in view. In an article published in the "Hindustan Times" in the second week of March last year, Sri Vagh repeated his contentions.

It will be appreciated that we on the Railways would not agree with Sri Vagh's basis of arriving at his statistical calculations, since he took only a partial view of the whole picture. For, the cost-components of traffic and its employment potential will depend on and vary with the nature and extent of traffic, and so these cannot be laid down as straight-jacket, to-fit-all values. Actually this variance is a very important argument in favour of functional division of Road and Rail borne Transports. Besides, it is relevant to report here that in view of the spare capacity and the huge capital sunk in our Railways *it is in the national interest* that there should be no unbridled and wasteful competition, and it would be in the fitness of things if Road services should therefore thrive as feeder services to the Railways, as emphasised as early as in 1933 by the Road Rail Conference and thereby opening up the huge hinterland for many, many railheads all over the country, making allowance for a certain amount of parallel Road services which may be unavoidable.

While examining the economic considerations in any division of traffic between the Roadways and the Railways, dissertations of Sir Arthur Salter and Sir Osborne Mance, recognised authorities in the field, are worth mentioning. Salter places the optimum economic advantages that may be derived by the national economy from a well-organised transport structure much above the competitive valueprofit spirals. To this end, he thinks that it would be best to have a sort of financial amalgamation of the Railways and the main Road services, combined with freedom for business requiring transport to run their own vehicles. It would then be to the interest of the combined Rail Road monopoly, Salter elaborates, to allot traffic between Rail and Road on the most scientific basis and, with the economies so secured, to prove to the great business requiring transport that it would pay them to resort to the Public Service rather than use their own vehicles. Thus in principle, Salter believes, the advantages of monopoly and competition would both be secured. Incidentally, it may be mentioned here that such an approach has been in a way considered and recommended by the Indian Railway Enquiry Committee, 1937, when it suggested increased participation in Road traffic by the Indian Railways.

Mance, however, points out that too many difficulties would result from complete freedom for such ancillary transport, Road Transport outside the amalgamation he means, and thinks that *some* limitations undoubtedly would be necessary. Mance considers two possible cases. In case we have a monopoly organisation of transport, as conceived by Salter, division of traffic should naturally depend on the out-of-pocket cost of working the traffic by the different modes of transport. What has been happening up to now is that unco-ordinated rate structures have been bringing about an uneconomic division of function. Traffic is passing by road which could be conveyed cheaper by rail and vice versa. (Osborne Mance, *The Road and Rail Transport Problem*, Chapter VII). Secondly, in the event of a decision to maintain a competitive system, as now prevails in the United Kingdom, the division of function will be determined, Mance observes, not directly by cost to the national economy but *by the result of the competitive rate structures* of Road and Rail undertakings.

CO-ORDINATED DEVELOPMENT

Now, what we want to have in India is naturally neither the former nor the latter. We are not going to have an integrated Transport Monopoly in the near future, nor a full-fledged competition with cut-throat rate war, and to this end, the Railways shorn of their statutory public service liabilities. No, that certainly is not the thing we want to have in this country, our economic goal being what is known as socialistic economy. What we, therefore, shall have is a measure of stabilization and co-ordinated development *by agreement and some control on Road Transport.* In that case of course, the division of function would result from rates based on the total and not merely the out-of-pocket cost of working transport, and additional cost of any diversion in traffic from the route and mode of transport which possibly involves the least additional national expenditure (where this may be necessary), being borne by the traffic as a whole.

In India while the Railway Transport is a Central subject, Road Transport is a State subject. Until recently the Code of Principles and Practice, executed between the Central and the State Governments in this behalf, used to govern, inter alia, the extent of mutual co-ordination and functional division between the Rail and the Road Transports. The central forum for formulating the policies in respect of such co-ordination was the Transport Advisory Council, first formed in 1935, and set up on the recommendation of the Road Rail Conference 1933, which, in its turn, was convened on the basis of the Enquiry conducted by Mitchell and Kirkness in 1932-33. The function of the Council was to arrive at "a considered statement of road policy which might be generally acted upon by the provinces for the furtherance of the co-ordinated development of road, rail and other forms of transport." Under the code and from the policy decisions adumberated by the Advisory Council, a general policy of co-ordination and functional divison of traffic gradually evolved in this country.

By Courtesy : E. Ry. Magazine

(To be Continued)

Wagon Turn-Round

BY KALAB

In connection with the intensive utilisation of the assets of the Railways, steps taken to reduce the wagon turn-round, are not the least important, since the capital cost of wagons constitutes a considerable proportion of the cost of the total equipment on the Railways. The cost of a Broad Gauge wagon is about Rs. 13,000 and if a sizeable reduction in the number of wagons for hauling of the traffic could be made by improving the turn-round of the wagons, a large saving in initial capital expenditure could be secured, and this should be most welcome to the Railways at a time when, owing to the expanding economy, greater and greater pressure is being put on the Railways by the developing industries, not to speak of heavy industries particularly steel.

In this connection, it may be of interest to know what exactly " wagon turn-round " connotes. This is interpreted in different ways, but the most reasonable definition would be the period taken by a wagon from the time it is loaded till it is unloaded at the destination station, allowance being made for the actual time taken for the journey excluding the stop at marshalling yards etc. The orthodox view, however, seems to be that no such allowance should be made. When the average speed of goods train has been worked out at as low as about 9 or 10 miles per hour, it at once becomes apparent all efforts should be made to increase this average speed. The low average speed is almost entirely due to the delays of the wagons at junction stations, marshalling yards, destination stations etc. If the intermediate delays could be brought down, the wagon turn-round will improve and the average, speed of the goods train will also likewise improve. The reduction of the periods of detentions of wagons in large marshalling of yards like Mogulsarai has recently been highlighted, but it is obvious much more requires to be done by the Operating and Commercial. Depts. in this direction throughout the Railway System.

The " Economic Weekly ", Bombay, has pertinently focussed attention on the causes that contribute to the unsatisfactory wagon turn-round, in a recent article, which is extracted below :—

"The higher train loads will enable the railways to avoid investment which will otherwise be necessary on line capacity works. But whether dieselisation and electrification will appreciably speed up wagon turn-about is not so certain. The few rough estimates of wagon turn-about time that have been made suggest that wagon turn-about time has lengthened in recent years. It is important to note, however, that this is not so much due to running, shunting or repairs as to the time spent in loading, unloading and in *waiting idly* before and after these operations. Since running time is only a relatively small fraction of the total turn-about time, it is questionable whether the introduction of faster and costlier locomotives will appreciably increase wagon usage. Dieselisation and electrification which necessiate high capital expenditure with a large foreign exchange component, may not, therefore, succeed in reducing idle capacity on the railways. It deserves to be considered whether such efficiency-creating investment as in signalling equipment, marshalling yards, warehousing and in creating fresh line capacity at stations should not be given a certain priority over investment in acquisition of additional rolling stock ".

Indian Railways Assume Common Carriers Liability

BY M. P. SATHAYE, *Jt. Director Traffic (Rates), Railway Board*

The Indian Railways (Amendment) Bill, 1961, according to which our railways will assume Carriers' Liability in respect of the goods entrusted to them for carriage, has recently been passed by both Houses of Parliament and its provisions (are likely to) come into force with effect from January 1st 1962. The Act envisages a fundamental change in the law of this country, relating to the responsibility of the Railway Administration as carriers of animals and goods and it is appropriate that the implications of the changes are fully understood and appreciated.

At present the basic responsibility of a Railway Administration for loss, destruction or deterioration of goods tendered to it for carriage by rail at railways' risk is that of a bailee under Sections 151, 152 and 161 of the Indian Contract Act, 1872. Under the provisions of these Sections. a bailee is bound to take as much care of the goods bailed to him as a man of ordinary prudence would, under similar circumstances, take of his own goods of the same bulk, quality and value. In other words, if the loss, destruction or damage of goods takes place despite the railway taking the bailee's care, the railway is not liable for such loss, destruction or damage, as would be the position in the case of running train thefts, losses due to interference through door crevices, damage by wet to goods when carried in wagons found water-tight at destination, frauds by consignors or consignees, losses due to riots, civil commotion, and so on, losses due to elemental forces of nature, which could not be foreseen or guarded against by any reasonable precaution.

This basic responsibility of a bailee is limited in certain circumstances, such as in the case of bookings at owner's risk rates or when the goods are defectively packed, etc.

CHANGE IN BASIC RESPONSIBILITIES

When the railways assume Common Carriers Liability they will be liable for the loss, destruction, damage, deterioration or non-delivery of goods in all cases, except those specifically mentioned in the new Sections 73, 76-B and 78 where even at present the railways are not liable.

Under Section 73, the railways will not be liable for loss, destruction or damage etc., caused by (a) an act of God, (b) an act of war, (c) act of public enemies, (d) arrest, restraint or seizure under legal process, (e) orders or restrictions imposed by the Central or State Government etc., (f) an act or omission or negligence of the consignor or the consignee etc., (g) natural deterioration or wastage in bulk or weight due to inherent defect, quality or vice of the goods, (h) latent defects and (i) fire, explosion or any unforeseen risks. Even in those cases where the loss, etc , is proved by the railway to have been caused by any one or more of these causes, the Railway Administration, in order to be relieved of its responsibility therefor shall further have to prove that it used reasonable foresight and care in the carriage of animals and goods. Thus it will not be easy for railways to escape liability even in the case of the few 'excepted perils' mentioned in section 73.

Under the new section 76-B, where a Railway Administration delivers at destination animals or goods in good faith to a person who produces the original railway receipt, the Railway Administration will not be responsible on the ground that such person is not legally entitled thereto or the endorsement on the railway receipt is forged or is otherwise defective. These provisions have been made in view of the difficulty involved in the railway staff checking the bonafides of the person presenting the railway receipt or in checking the bonafines of the endorsement on the railway receipt which may be in different language not known to railway staff.

The new section 78 also specifies a few cases where the railways will not be responsible for loss, destruction, damage or deterioration or non-delivery of animals or goods. These cases include (i) losses caused by frauds practised by the consignor or consignee, (ii) those caused by improper loading or unloading by the consignor or consignee, (iii) those caused by riots, civil commotion, strikes, lockouts, stoppage or restraint of labour from whatever cause, whether partial or otherwise. The provisions in the section are in accordance with the provisions obtaining in the U.K.

"EXCEPTED PERILS"

The absolute liability of a Common Carrier is undoubtedly restricted by the "excepted perils" and other causes to which reference has been made in the preceeding paragraphs for which the railways will not be liable even when the new provisions of Law come into force from January 1st, 1962. Sound and valid reasons exist for these exceptions which are in accordance with the practice in force for over two decades in other advanced countries notably the United Kingdom. It will be as well to quote a British author here who has observed "the Common Carriers absolute liability established for the protection of the public in the 17th and 18th centuries, has to a large extent ceased to be part of the living law and has become a historical relic and text book affair".

However, when the Indian Railways assume their new responsibility they will have to pay compensation claims in several cases, where they are not liable at present as in cases of losses and pilferages due to running train theft, losses due to interference through door crevices, damage by wet even where the goods are carried in wagons found water-tight at destinations and so on.

No change has been made in the liability of railways for animals or goods carried at owner's risk rate, since at present the responsibility of the Indian Railways who are liable for loss, damage etc., even on proof of negligence or misconduct on their part or on the part of their servants, are greater than that of the railways in United Kingdom where the railways are liable for losses, damage etc., only on proof of wilful misconduct. In any case, the matter is one of restricted interest since out of 3000 commodities listed in the General Classification of goods of the Indian Railways, owner's risk rates have been provided only for about 31 commodities.

Similarly, no change has been made in the responsibility of railways for losses etc., of goods defectively packed.

The Act also provides that parcels or packages containing articles of special value will be carried at railway risk without payment of any additional charge if the value of such articles in a parcel or package does not exceed Rs. 500 instead of Rs. 300 as at present. This will enable relatively cheaper varieties of such excepted articles being carried at railway risk without extra payment.

RESPONSIBILITY AFTER END OF TRANSIT

At present the railway tariffs provide that in respect of articles not removed from railway premises at destination within a 'reasonable time', the railway is not liable in any respect for any loss, destruction, deterioration arising from whatever cause. It is further stated in the tariff rules that normally the time allowed free for demurrage or wharfage is to be considered as reasonable for this purpose.

These rules are based on certain decisions in the U.K., their rationale being that railways are carriers and not warehousemen and that if the consignees fail to take delivery of consignments within a reasonable time after their arrival at destination, the risk of loss etc., should be entirely theirs.

Trade Associations and the general public have not, however, been quite happy about this position and it has been contended that consignments may remain undelivered for some time for many reasons, and as railways collect wharfage charges it is unfair that they should disown liability.

The New section 77 provides that the responsibility of railways as Common Carriers shall extend only till the end of transit, that is, after the expiry of free time allowed at destination for the purpose of wharfage and demurrage and thereafter the railways shall warehouse the goods at destination for a period of 30 days and their responsibility for loss, destruction, damage, deterioration of the goods during that period shall be that of bailee. After the end of 30 days, the railways will not be responsible for loss, destruction, damage etc., of goods. These provisions, however, will not apply in the case of "excepted articles" (articles of special value mentioned in the second Schedule to the Indian Railways Act) animals, explosives and other dangerous goods carried by railways where their responsibility shall cease with the termination of transit as railways do not have adequate facilities for warehousing this traffic.

NOTICE OF CLAIM

To avoid hardship to the claimants it has been provided in the new Section 78-B that even where a formal claim has not been preferred within the statutory period of six months, any information demanded or enquiry made in writing from the concerned Railway Administration by or on behalf of the claimant regarding non-delivery or delay in delivery of the consignment with sufficient particulars to identify the consignment shall be deemed to be a formal claim for refund or compensation.

The changes which the Bill seeks to introduce are undoubtedly momentous and will stand out as a land mark in the annals of the Railway legislation in this country particularly in view of certain handicaps peculiar to the conditions prevalent in this country, namely,

(i) the existence of different gauges involving transhipment of goods at several points and the consequential risks of damage and delay;

(ii) the comparatively long hauls involving hazards of delay and greater scope for thefts;

(iii) wide variations in climatic conditions in differenct parts of the country.

It is estimated that the changes will involve an extra expenditure of about Rs. 2 crores per annum to the Indian Railways on account of increase in their claims Bill etc.

HIGHER PACKING STANDARDS

When the Indian Railways assume Common Carriers liability as in other countries like the U.S.A., and the U.K., it is only reasonable that they prescribe packing conditions as are prescribed by railways in the countries mentioned. Consequently, new packing conditions have been evolved after consultation with the Indian Standards Institution, Ministry of Defence, representative institutions of the Trade, such as the Federation of Indian Chambers of Commerce, the Associated Chambers of Commerce.

In evolving the new packing conditions the objectives set were that the revised packing conditions should be reasonable, simple, precise and adequate; that their implementation by the public should be possible without undue expense and the trade practice and the specifications prescribed by the Indian Standards Institution should be kept in mind.

When the new packing conditions are introduced, the packing industry itself will produce the various packings of the requisite specifications and standards facilitating their use by individual consignors by indicating the specifications on the cases, boxes, gunny bags, etc.

It may be mentioned in this connection that while in U.S.A. compliance with the prescribed packing conditions is compulsory, the position will not generally be so in this country. Except where necessary, the revised packing conditions will not be compulsory. Non-compliance with the packing conditions, where they are not compulsory, will not involve denial of booking but a record in the forwarding note of the deficiency in the packing actually used, so that, should any damage etc., be noticed at the destination, the resulting claim may be dealt with having due regard to the packing adopted.

In the packing conditions that they will be prescribing, the railways will be taking an important step forward in public interest and the benefits accruing therefrom to the country in the long run will be substantial.

CHALLENGE

The railways incurred an expenditure of about Rs. 3.74 crores on the compensation claims during 1959-60 and although this amount has been reduced by over Rs. 10 lakhs during 1960-61, the claims bill may increase by more than the estimated amount unless they tackle the problem of prevention of claims with sustained zeal and energy and tighten up their arrangements for protection and handling of goods. Some measures in the matter of improving the marking on the packages and labelling of wagons have been taken with a view to reducing the incidence of mis-dispatches and the consignments getting astray. Steps have also been taken for thorough check of the wagons for their water-tightness. The railways are also undertaking an urgent review of the shed facilities at all transhipment points as well as warehousing facilities at important stations. This matter has assumed more importance in view of the impending assumption of responsibility for warehousing the general merchandise for a period of 30 days after the end of transit. In this connection it has tentatively been decided to provide additional shed accommodation of about 1 million sq. ft., to start with.

The assumption of common carriers' liability by our railways throws a challenge to railway men not only in the matter of straining every nerve to prevent claims but also to settle them expeditiously. There is no doubt that railwaymen will rise to the occasion and acquit themselves creditably in the discharge of their responsibility.

By Courtesy: Indian Railways

Losses on S. Rly. Passenger Services

The Union Deputy Minister for Railways stated in the Rajya Sabha recently that the Southern Railway had incurred losses on account of the competition of road transport run by the Madras Government themselves and by the large number of private operators permitted by the State Government to ply on competitive routes. Particular reference was made to the long distance bus services of the State Transport Undertaking, organised in recent years and the reported plans for their extension to new routes.

The problem of roadrail competition has been in existence for many years and none of the expert committee set up to suggest better co-ordination of the two forms of transport, has been successful in solving the issue. There has been such a phenomenal growth in passenger traffic that overcrowding in trains has been a source of constant complaint. The diversion of a certain amount of such traffic to the road is inevitable everywhere, particularly medium and short distances, and is preferred by the public for its greater speed and convenience. That the railway can work at a profit only if it is allowed to have a monopoly of its routes is certainly not correct. The Prime Minister himself told the ECAFE Seminar on Road Transport held in Madras last month that the traffic offering for both railways and roads was so heavy that the demand would be far in excess of available capacity. If even under such conditions certain Railways incurred losses because of competition from the road, the reasons may perhaps be such as unscientific planning of train services, unpunctuality, frequency of accidents, etc.

The Southern India Chamber of Commerce, in a letter to the Railway Board, has criticised the reported statement of the Union Deputy Railway Minister, Mr. S.V. Ramaswamy that the Southern Railway incurred loss owing to the extension programme of the Madras State Transport undertakings and that the Central Government had represented to the State Government about the competitive character of its transport services.

The Deputy Minister was further reported to have said that the railways had protested whenever the State Government sought to open new bus routes in the State and that the passenger services of the Southern Railway were running at a loss, which were made up to that extent by the goods traffic.

The Chamber could not envisage any reason why there should have been any loss in passenger earnings. It was of the opinion that this loss could not be attributed to diversion of traffic to bus routes. The attitude of the Railways towards bus transport and opening of new bus routes when they were by no means able to cope with increased passenger traffic has been regretted. The Chamber has pointed out that railway bookings were denied even though applications were made 10 days in advance.

Conditions of travel on the railways had not improved and passengers were forced to take to bus traffic due to lack of accommodation in the trains. There was no punctuality and the accidents on the railways were by no means uncommon.

The Chamber had felt that while the Ministry of Railways had grievances against the State Transport for permitting more buses to be run on its roads, there was no complaint against the new airports being opened at different centres. Most of the upper class passengers were forced to take to air travel owing to the difficulties of getting accommodation in trains in spite of the higher fare they had to pay for air travel.

The Chamber requested the Railway Board to give more facilities for passengers and attract traffic instead of complaining against road transport.

Payment of Interest Due to Delays in Settlement

It is revealed in the work audit report of the Public Accounts Committee of the U.P., that, due to delay in finalising the amount of compensation payable for the Canal Foundery at Roorkee which was acquired by the Government in the year 1943, a liability of about Rs. 4 lakhs by way of interest had to be borne by the Government.

The report says :—

"If speedier methods were adopted and negotiations for paying the compensation started in the very beginning, perhaps the matter could have been amicably settled and the State saved of the very heavy interest charges".

On the Railways, there is a clear rule that the amount agreed upon without dispute should be paid immediately to the party, and it is only that amount which is in dispute, which should be at all subject to interest, if eventually it is decided either by negotiation or arbitration or otherwise that such amount in dispute should be paid by the Railway. Secondly, as the Accounts and Finance Department forms part of the Administration, it should be easy for the Executive to take into confidence the Finance Branch of the Railways at every stage, so that unnecessary expenditure by way of interest etc., could be avoided.

Post Office Socialism

B. G. B.

Mr. J. K. Galbraith had commented that the Public Sector Uniertakings in India were following a policy of Post Office Socialism, by which it was understood that the Public Sector Undertakings did not aim generally at making profits, but satisfied themselves with ensuring that there was no loss as far as possible. In other words, the selling price was so fixed that it was just enough to cover the costs and left no margin for reserves which could be used for development of the particular Undertakings, as was being done by Private Sector enterprise.

It is rather a curious coincidence that two articles with apparently divergent views on the subject have appeared in the "Railway Accountant" for December, 1961, one by Shri C. T. Venugopal, Additional Member, Finance, Railway Board, pointing out that, so far as the Railways are concerned, they are self-financing to a great extent in regard to development programmes, while Shri K. V. Iyer has in another article questioned the correctness of the theory of Shri Galbraith in regard to the need for making large profits and ploughing them back in the industry itself for expansion and development, in the case of Public Sector Enterprises.

There is no doubt that arguments can be adduced on both sides, but it would appear permissible to strike a happy medium and lay down as a policy that, to some extent. the Public Sector Undertakings should make profits enough to finance expansion and development schemes to a limited extent, while, for large scale expansion, the bulk of the finance required will have to be met only from loans or capital. Note has, however, to be taken of the fact that it is only in the case of monopoly under takings such as the Post Office, Railways etc., that the selling price could be fixed by the Government unilaterally. However, in the case of purely Commercial and Industrial Undertakings, which operate both in the Private and Public Sectors, other factors will come into play such as the law of demand and supply, the nature and extent of competition, consumer's preferences, etc. If it is a sellers' market, the position is to the disadvantage only of consumers.

In any case, so far as the Railways are concerned it may be readily conceded that the financing of expansion and development to a large extent from the revenues of the Railways themselves and out of their balances in the depreciation fund etc., is a step in the right direction.

Subjects of Moment

Retention of Railway Quarters by Staff During L.P.R

In partial modification of Railway Board's letter No. F (X) II-52-QR-1/2 dated 18-4-1956 as amended by their letter No. F (X) I-56-RN 1/5 dated 27-4-1957, it has now been decided that Railway Employees proceeding on Leave Preparatory to retirement should be charged normal rent viz., assessed rent of the quarters or 10% of the emoluments of the occupant, whichever is less, for the first two months of L.P.R. For the next 2 months, the rent to be charged will be double the assessed rent or 10% of the emoluments, whichever is higher, if the retention of the quarters is approved specifically by the General Manager, otherwise rent as for outsiders in terms of para 1961-E. Maximum rent, as for outsiders in terms of para 1961-E should in every case be charged beyond the first four months of L.P.R.

(R. B. No. F (X) I-61-RN/5/1 of 13/14th July 1961)

* * *

Preservation of Overtime Sheets

The Overtime Sheets relating to overtime paid to the staff other than Drivers and Firemen should, the Ry. Board has decided, be preserved for a period of three years as is the case with the overtime sheets relating to Drivers and Firemen. Where, however, the overtime sheets are filed along with the paybills, and it is not convenient to segregate the same for destruction after a period of 3 years, these may continue to be preserved for the same period, i.e., 15 years, for which the paybills are required to be preserved.

(R. B. No. 61 AC II/21/7 dated 18th 1961)

* * *

House Rent Allowance to Staff who Refuse Accommodation in their turn during their period of Contract with a private owner

REF. R. B. No. PC-60/HRA-1/5 dated 25-1-1961:

When an employee whose name is on the waiting List for the allotment of Government accommodation, secures private accommodation, he should intimate the fact to the Ry. Administration, indicating wherever possible, the period for which he would not require Govt. accommodation. During this period he would remain eligible for payment of house rent allowance. At the end of this period, he would be eligible for allotment of accommodation in his turn.

(R. B. No. E (S) 1-61/CPC/AL/19 dated 16th October 1961)

* * *

Incentives to Railway Employees/Apprentices Acquiring Higher or Additional Professional Qualifications

In partial modification of R. B's instructions in letter of even number dated 12th May '61, the Board have now decided to extend the benefits of the Incentive Scheme to non-Accounts Staff who are temporarily working in the Accounts Department for passing Cost Accounts Examination, so long as they continue to work in the Accounts Department. Efforts should be made to absorb such staff in the Accounts Department as far as possible, but if the contingency of their transfer to their parent Department does arise eventually, the benefits of two advance increments granted to them in the Accounts Department should be withdrawn. In such cases, the cash award already made need not, however, be recovered. This is effective from 28th December 1959.

(R. B. No. E (NG) 58 RC 1/143 of 23-10-'61)

* * *

Advance Correction Slips

(1) Indian Railway Establishment Code, Vol. I — C. S. No. 82—R. I

TENURE POSTS

Rule 121 (2)—R. I. (Revd. Edn. 1959).—Introduce the following at the end of this Rule:

Chief Personnel Officer } 3 years, if held by other than
Dy. Chief Personnel Officer } Personnel Officers.

(R. B. No. E (GS) 59—PO 2-31 dated 18th/20th November 1961)

* * *

C. S. No. 83—R. I — Delegation of Powers

Appendix XVII—R. I. Add the following as item no. 13-A in the Schedule to Appendix XVII—R. I.

S. No.	No. of Rule	Nature of Power	Competent Authority	Remarks
13-A	250 (2) (a) 251 (c) 252 (2) 253 (1)	Power to extend the timelimit of one/six months in individual cases attendant with special circumstances.	Comptroller and Auditor-General.	Full powers.
		Power to extend the time limit of six months in individual cases attendant with special circumstances.	Chief Auditors.	Full powers in respect of staff in their respective offices up to and including the rank of Asst. Audit Officers.

(R. B. No. F (E) 61/AL/28/S of 18th November 1961)

* * *

(2) Indian Railway Establishment Code, Vol. II — C. S. No. 106—R. II
Delegation of Powers to grant extension of Service under Rule 2046 - R. II

Appendix XXXII—R. II.—

S. No.	No. of Rule under which delegation is made	Nature of Power	Authority to which power is Delegated	Extent of Power Delegated
13	2046 (1) and (2) (b)	Power to retain a Railway servant (other than a member of the Rly. Board) after the age of 55 years.	(1) Railway Board.	Full powers, provided that extensions are limited to a period of one year at a time.
			(2) General Managers of Railways.	Full power to grant extension of service to Gazetted Officers of *Technical, Scientific or professional group up to the rank of Senior Scale up to a period of one year.
			(3) All Heads of Departments.	Full power in the case of non-gazetted subordinates, provided that extensions are limited to a period of one year at a time.

Note.—Posts in the Civil, Mechanical, Electrical, Signal, and Tele-communications and Stores, T. T. & C. D and Medical Departments requiring technical qualifications may be regarded as belonging to this category.

(R. B. No. E (G) 61 EM 2-3, dated 9th November 1961)

* * *

C. S. No. 107—R. II

Commercial Employment after Retirement

Rule 2622 (C.S.R. 531—B)—R. II.—

(i) Insert the words "Co-operative Society" after the word 'company' appearing in line 2 of sub-rule (c) of the above rule.

(ii) Insert the following as Explanation II after the existing Explanation, renumbering the same as Explanation I:-

"Explanation II.—For the purpose of this Rule, employment under a Co-operative Society shall include the holding of any office, whether elective or otherwise, such as that of President, Chairman, Manager, Secretary, Treasurer and the like, by whatever name called, in such a Society."

The amended Sub-rule (c) of Rule 2622 is reproduced below:

"2622 (c). In this rule, commercial employment" means employment in any capacity, including that of an agent, under a company, co-operative society, firm or individual engaged in a commercial business and includes also a directorship of such a company and a partnership of such a firm.

Explanation I.—For the purposes of Clause (a) of this Note, the expression "the date of retirement," in relation to a Government servant re-employed after retirement, without any break either in the same or in another Class I post under the Central Government or in any equivalent post under a State Government; shall mean the date on which such Government servant finally ceases to be so re-employed in Government service.

Explanation II.—For the purpose of this Rule, employment under a Co-operative Society shall include the holding of any office, whether elective or otherwise, such as that of President, Chairman, Manager, Secretary, Treasurer and the like, by whatever name called, in such a society."

(R. B. No. E (G) 61 EM 1-13 dated 18/25th November 1961)

* * *

C. S. No. 108—R. II

Rule No. 2018—A (F.R. 22—B) R. II.

Introduce the following as a new rule:—

2018—A (F.R. 22B).—

1. Notwithstanding anything contained in these Rules, the following provisions shall govern the pay of a Railway Servant who is appointed as a probationer in another service or Cadre, and subsequently confirmed in that Service or Cadre—

(a) during the period of probation, he shall draw pay at the minimum of the time scale or at the probationary stages of the time-scale of the Service or Post, as the case may be;

Provided that if the presumptive pay of the permanent post, other than a tenure post, on which he holds a lien or would hold a lien had his lien not been suspended, should at any time be greater than the pay fixed under this clause, he shall draw the presumptive pay of the permanent post;

(b) on confirmation in the Service or Post after the expiry of the period of probation, the pay of the railway servant shall be fixed in the time scale of the Service or Post in accordance with the provisions of Rule 2017 (F. R. 22).

2. The provisions contained in sub-rule (i) shall apply *mutatis mutandis* to cases of railway servants appointed on probation with definite conditons against temporary posts in another Service or Cadre where recruitment to permanent posts of such Service or Cadre is made as probationers, except that in such cases the fixation of pay in the manner indicated in clause (b) of sub-rule (1) shall be done under Rule 2027 (F.R. 31) immediately on the expiry of the period of probation and on regular officiating appointment to a post, either permanent or temporary, in the Service or Cadre.

3. Notwithstanding any thing contained in these Rules, a Railway Servant appointed as an apprentice in another Service or Cadre shall draw—

(a) during the period of apprenticeship, the stipend or pay prescribed for such period provided that if the presumptive pay of the permanent post, other than a tenure post, on which he holds a lien or would hold a lien had his lien not been suspended, should at any time be greater than the stipend or pay fixed under this clause, he shall draw the presumptive pay of the permanent post;

(b) on satisfactory completion of the apprenticeship and regular appointment to a post in the Service or Cadre the pay as fixed in the time scale of Service or Post under Rule 2017 (F.R. 22) or 2027 (F.R. 31).

(R. B. No. F (E) 61/FR. 1/1 dated 4-11-1961)

* * *

(3) Indian Railway Establishment Manual

C. S. No. 65

Seniority of non-gazetted staff transferred from one Ry. to another.

The Ry. Board have decided that the Railway employees transferred from one Railway to another on a mutual exchange basis may be allowed to retain their seniority on the basis of their promotion to the grade, or take the seniority of the other Ry. employees with whom they have exchanged, whichever of the two may be lower.

CHAPTER III

Para 10. Mutual Exchange.—Substitute the following for this para :—Railway servants transferred on mutual exchange from one cadre of a Division, Office, or Railway, to the corresponding cadre in another Division, Office, or Railway, shall retain their seniority on the basis of their promotion to the grade or take the seniority of the Railway servants with whom they have exchanged whichever of the two may be lower.

(R. B. No. E (NG) 61-SR 6/30 of 13th November 1961)

* * *

(4) Accounts Code Part I (Revd. 1960 Edn.)

C. S. No. 12—A. I

Para 342.—Add the following at the end of this para :—

"A certificate of actual utilization of the grant should be obtained from the sanctioning Authority by the F. A. & C. A. O., in every case of grant made for specific purposes, within the prescribed target date."

(R. B. No. P (X) XI-61/GR 11/1 dated 20th October 1961).

OBITUARY

Death is reported of Mr. T. R. Ramachandran, Retired Personnel Officer, Southern Railway, on 24-11-1961.

Mr. Ramachandran had put in about 32 years' service in the Railways when he retired about two years ago. He was originally employed in the Accounts Department of the former South Indian Railway and was then transferred to the Budget Section of the General Manager's (Agent's) Office. By dint of merit, he rose to Class I service. He was for many years Asstt. Deputy General Manager (Works), Southern Railway, in which capacity his work was greatly appreciated both by the Management and by other Departmental Officers. After retirement, he was employed in the Dalmia Cement Factory, Dalmia Nagar. He was a conscientious worker and of genial disposition. His friends will no doubt greatly miss him.

We regret to record the premature death on 22nd November, 1961, of Mr. B. Linge Gowda, Asstt. Accounts Officer, Workshops and Stores, Southern Railway, Mysore. He was recruited on the ex-Mysore Railway, before integration.

Sale of Coaches and Wagons by the Railways

The Union Minister of Railways recently said that the Railway Ministry had participated in several international tenders for the supply of Railway equipment. He also revealed that enquiries for Indian made Coaches and Wagons had been received from Thailand, Burma, Ceylon and the United Arab Republic. It was also stated that the Government had recently tendered for supply of Coaches to Argentina.

We have pointed out in these columns before, the inadvisability, both from the administrative and financial points of view, of the Railway Ministry itself undertaking the responsibility for manufacture and sale of rolling stock, or for the matter of that other equipment. This properly belongs to a different Ministry (Commerce and Industry). The Railways cannot undertake the dual function of Railway transport operation and also manufacture and sale of rolling stock and equipment.

* * *

Railways Exceed Target of Coal Loading

During the period July to September this year, the Indian Railways, in addition to meeting the full requirements of the Steel Plants, exceeded the target of lifting coal from Bengal and Bihar coal fields for other consumers.

The loading reached an average of 3,841 wagons per day for other consumers as against the target of 3,796 wagons from these fields. It rose to 3,878 wagons per day in November 1961.

* * *

Committee on Railway Accidents

Government of India, it is understood, have finalised the setting up of a Committee on Railway accidents, as already hinted at by the Minister for Railways, Shri Jagjivan Ram, while replying to the recent debates in Parliament on the major railway accidents.

The Committee, as stated by the Railway Minister in Parliament, will not only consider the question of train accidents in all its relevant aspects but will also suggest ways and means for further minimising the incidence of such railway mishaps.

The Committee consists of five members of Parliament and two Technical Officers.

Members from Parliament :

Dr. H. N. Kunzru, M.P, with well-anown vast knowledge of Railway working in India
—*Chairman.*

Shri Satyacharan Shastri, M. P., T. B. Vittal Rao, M.P., N. R. M. Swamy, M.P., Jaipal Singh, M.P. —*Members.*

Technical Personnel :

Shri K. L. Ganguli : Former Chief Govt. Inspector of Rys. Has long experience in the investigation of accidents.

Shri J. N. Nanda : A civil Engineer and General Manager, Nizam State Railway before integration. —*Members.*

Shri P. C. Shukla, Deputy Director, Ry. Board. —*Secretary.*

* * *

Manganese Ore Exports

The Railway Board have decided to allow freight concession on all grades of manganese ore booked to ports for export to foreign countries from January 1, 1962.

According to an official Press release, the traffic booked from stations situated upto and including 252 kilometres from ports will be charged at the ordinary tariff rate. Traffic from stations situated between 253 and 689 kilometres will be charged at a flat rate of Rs. 14 per tonne. Traffic from stations situated at 690 kilometres and more from ports will be allowed a 50 per cent reduction in the classified rate. As at present, no supplementary charges will be levied. No reduction will, however be allowed in the additional charges leviable like siding charges, port charges, etc.

* * *

Development of Road System

Presiding over the 26th session of the Indian Roads Congress in Patna on 14th Dec., 61, Mr. Barua, C. E., Assam, said that road transport in India was still "Operating within the confines of the contractionist philosophy of the thirties" and suggested specialisation, standardisation and mechanisation to achieve a high degree of productivity in road transport to put India on the world road map with dignity.

Mr. Barua said the construction of more and better roads and improvement of the existing roads deserved high priority. He said the case for road construction and road improvement, with a certain amount of emphasis on the highways, deserved greater attention than has been paid so far. Mr. Barua said that the need for construction of more roads was as immediate as the production of more vehicles to meet the rapidly increasing demand for movement of men and materials. He said at present there was hardly half a truck per mile of road in India which compared very unfavourably with the figures of other countries where there were five to ten trucks per mile. He urged immediate attention to the development of the automobile manufacturing industry and drawing up of some suitable schemes for financial assistance to the operators so that the road resources could be put to proper use.

Mr. K. Barua suggested that a Road Board should be set up, the All India Service of Engineers should be revived and the Third Plan outlay on roads and road transport should be increased to facilitate the development of a co-ordinated scientific and efficient road system in the country.

Mr. Barua suggested that for proper utilisation of the loan of Rs. 29 crores from the International Development Association, every State should set up a separate Department. Similarly, special efforts should be made to construct bridges on the national and State highway systems.

He suggested that the Universities should also take up revision of their syllabi in Road Engineering, particularly highway engineering, to create a new pattern of road.

* * *

Bonus on Postal Life Insurance Policies

The Government of India have declared bonus in respect of Postal Life Insurance policies which were in force on March 31, 1960 and which are the liability of the Government of India, including the policies of the Baroda State Insurance Fund which was merged with the P.L.I. Fund in 1957.

The rates of bonus are as follows :—

1. In respect of Whole Life Policies of both Civil and Military Wings a simple reversionary bonus for the period from April 1, 1957 to March 31, 1960 at the rate of Rs. 20/- per thousand sum assured per annum.

2. For Endowment Assurance policies issued on or before March 31, 1940 a simple reversionary bonus for the period April 1, 1957 to March 31, 1960 at the rate of Rs. 17 per thousand sum assured per annum.

3 On Endowment Assurance policies of both Civil and Military Wings issued on or after April 1, 1940, and all Baroda State Insurance policies, a simple reversionary bonus for the period from April 1, 1957 to March 31, 1960 at the rate of Rs. 15 per thousand sum assured per annum.

For policies maturing between April 1, 1960 and the date of next valuation, interim bonus at the rates of Rs. 20/- and Rs. 15/- per thousand sum assured per annum has been declared for Whole Life policies and Endowment Assurance policies respectively.

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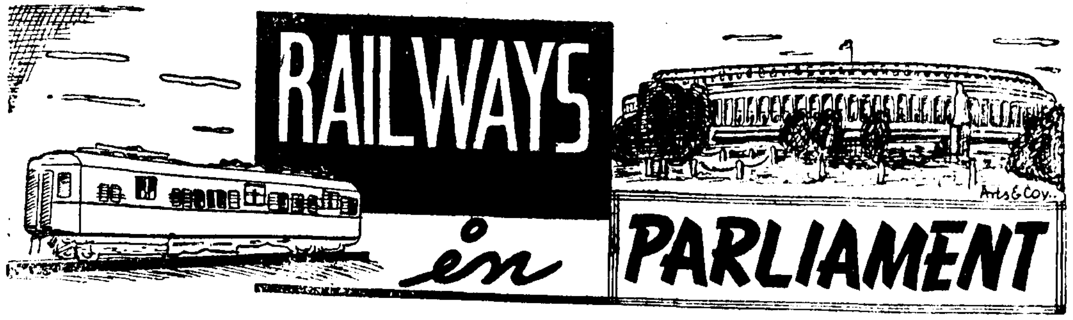
(*Continued on page 282*)



RAJYA SABHA

Inquiry into Accidents

The Railway Minister, Mr. Jagjivan Ram, rejected the demand for a judicial inquiry into the recent serious railway accidents made by Congress as well as Opposition members in the Rajya Sabha on 14th December.

Intervening in the debate on the railway accidents on a motion by Mr. Bhupesh Gupta (Com.), the Minister stated that the Government was considering the appointment of a Committee of Parliamentarians to go into the causes of train accidents and recommend measures to make railway travel safer. In view of this, he said, there was no need for any judicial inquiry.

Mr. K. Santhanam said the public would not be satisfied with the inquiry by an Inspector of Railways into the causes of serious accidents.

Dr. Kunzru (Ind.) said that the track renewal programme was in arrears to a large extent. So too were the programmes of sleeper renewal and bridge and girder checking.

Dr. Kunzru also said that the rolling stock and equipment appeared to be insufficient. He said that the Railway Board should not hesitate to come before Parliament if it wanted more money to go ahead with its programmes. But, in any case, he added, there should be no diversion of funds allotted for the maintenance of fresh works.

The charges against the Railways laid in the Rajya Sabha by Mr. Bhupesh Gupta were similar to those levelled against them in the Lok Sabha recently when it debated the accidents. These were (1) engines were not fit to haul a big train, (2) drivers' view that certain engines were unfit was disregarded and they were compelled to take them.

Mr. Bhupesh Gupta pointed out controversial statements in the Press quoting officials and, sometimes, other sources on Ghatsila and other accidents.

Mr. Jagjivan Ram refuted all the charges levelled by Mr. Gupta and characterised them as baseless. As for Dr. Kunzru's observations, he assured the House that no money allotted for the maintenance of track, local yards and other equipment would be diverted for any other purpose. No defective engine, he said, would ever be utilised nor was any defective engine put into commission in the past.

* * *

LOK SABHA

Doubling of Bina-Bhopal Line

The Dy. Minister for Rys., Mr. Shah Nawaz Khan, stated on 21st November that of the 86 miles long section between Bina & Bhopal, doubling of 38.45 miles had been completed and opened to Traffic in January 1961. Further doubling on this section would be carried out as and when justified by trends of traffic.

* * *

Rail Link for Sukinda Daitari Mining Areas

Sri Shah Nawaz Khan stated on 21st November that the inclusion of the Rail link from Sukinda/Daitari mining

Personnel

Shri S. GOPALAKRISHNAN, S. A. O. Central Railway, transferred to Northern Railway and appointed to officiate as Dy. C.A.O. in the arrangement of Shri S. N. BHATT placed on foreign service with the Fertilizer Corporation of India Limited.

Shri R. B. K. WARRIER, Security Officer, Southern Railway, appointed to officiate as Chief Security Officer, on that Railway, *vice* Shri M. SINGARAVELU, proceeded on leave.

Shri N. S. SWAMINATHAN, an Officer of (Traffic) and Commercial Departments, S. E. Railway appointed to officiate as Chief Operating Superintendent, *vice* Shri G. D. KHANDELWALL;

Shri M. C. G. MENON, Officiating S. A. O. Northern Rly., transferred to Southern Railway, *vice* Shri S. S. GAUBA transferred to Central Railway.

Shri M. A. RAO, appointed as G. M./N. F. Railway, *vice* Shri RATANLAL, transferred to Central Railway as G. M. in place of Shri D. R. KHANNA, proceeding on refused leave from date of relief (18th Dec. '61.)

Shri N. RAJAGOPALAN, J. A. O./Diesel Loco Works, transferred to Northern Railway.

Shri A. Y. KAMATH, Officiating S. A. O. on return from deputation to Nigeria, transferred to Diesel Loco Works in the same capacity.

Shri M. V. S. SARMA, Junior Cost Accounts Officer, CLW, appointed to Officiate as S. A. O., on that Administration.

Shri J. Y. RANADE, S. A. O., Eastern Railway, appointed to officiate as Dy. Director, Finance (Expenditure), Railway Board with effect from 12-10-1961, *vice* Shri S. RAMASWAMY, posted as Dy. Director, Finance (Stores).

Shri C. L. SHARMA, Dy. Director, Finance (Stores), Railway Board, appointed as Officer on Special Duty (Contractors' claims) Railway Board with effect from 12-10-1961.

Shri K. R. R. AIYANGAR, Divisional Supdt., Western Railway, transferred to Railway Board's Office as officiating Joint Director, Statistics.

Sarvashri S. PARTHASARATHY, DAO/TPJ and M. C. G. MENON SAO (W)/PER have been nominated for the 133rd session Refresher Course at Railway Staff College, Baroda, commencing from 1st January 1962. Consequently the following promotion, and transfers of officers are ordered.

Sri T.K. VENUGOPALAN, DAO (Class II) MYS is promoted to officiate as SAO and posted as DAO/TPJ *vice* Sri S. PARTHASARATHY.

Sri T. M. NARASIMHAN, AAO on return from Calcutta is posted to MYS as DAO (Class II).

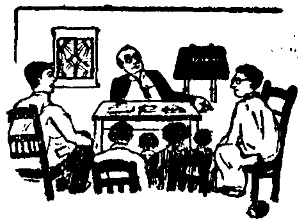
Sri P. S. HARIHARAN, SAO (Stores)/PER will take over charge from Sri M. C. G. MENON, and hold additional charge thereof until further orders.

(Continued on page 283)

(Continued from previous page)

areas as in Orissa to the main line from Khargpur to Cuttack in the Railway Programme during the Third Five Year Plan was under consideration. The rail link would cost about Rs. 6.82 crores, and would be about 35 miles in length.

According to the present plans, it was estimated that about 0.5 million tons of iron ore would be exported via Paradip Port and another 0.7 – 0.8 million tons via Calcutta, which would eventually increase to 1.5 to 2.0 million tons when the Haldia Port was ready. The export of 2 million tons via Haldia would need further works on the Railway line between Jakhpura – Khargpur.



STUDENTS' CORNER

Delegation of Powers to General Managers in Respect of Track Renewal Works at Different Stages from 1-4-1954

		The previous sanction of higher authority is necessary:
(i) From 1-4-54 to 27-8-57	(1)	to an excess of more than 10% over the estimate in any case if the sanctioned provision in the bubget does not exceed Rs. 10 lakhs.
	(2)	to an excess of more than Rs. 1 lakh or 5% whichever is more over the estimate in any case if the provision in the budget exceeds Rs. 10 lakhs.
(ii) From 28-8-57 to 31-3-60		to an excess of more than 10% over the original estimate in terms of Rly. Board's letter No. F (X) I-57-PW/5 dated 28-8-57 and ACS received under their letter of even No. dated 8-1-58.
(iii) From 1-4-60 22-7-60		to treat the track renewal works on a par with other structural works in terms of Rly. Board's letter No. 60-B-4157 dated 21-5-60: (items 40 (iii) to (v) of App. VII-G-II will apply).
(iv) From 23-7-60		to an excess of more than 10% over the cost as provided for in the Track Renewal Programme or sanctioned separately in the course of a year in terms of ACS received under Rly. Board's letter No. F (X) I-57-PW/5 dated 23-7-60.

NEWS, NOTES & COMMENTS — *(Continued from page 279)*

Executive Vs Finance

Mr. N. C. Deb, Director (Finance), Hindustan Steel Ltd., retired from H.S.L. on 25th September, 1961, on the conclusion of his contract for over three years.

It may be remembered that Mr. Deb was Additional member, Finance, Railway Board, before he joined H. S. L.

In a farewell address presented to him by the staff of the H.S.L., he was described as "one of those outstanding Financial Administrators who make everyone realise that Finance and Administration do not have to work at cross purposes and that sound Financial Administration and a liberal and imaginative approach to problems are not irreconcilable."

The function of Finance, in any organisation including the Railways cannot be expressed in better terms.

Institute of Railway Accountants

The General Body meeting of the Institute was held at 5-45 P.M. on 5-1-'62. Sri N. Natarajan, Asst. Accounts Officer and President of the Institute presided over the meeting. The chairman explained that the Managing Cummittee felt that the membership may be thrown open to all the staff of the Accounts & Statutory Audit as well as retired staff of these Depts. The chairman explained that the Institute should not be made sectarian and should be able to serve the needs of all members of the Accounts profession so that there will be more scope for exchange of views with other members. After discussion, a resolution to this effect was moved and was carried unanimously.

2. The question of taking over the publication of the Journal "Railway Accountant" by the Institute was discussed. It was decided that a sub-committee be formed with:

1. Sri K. V. Srikantiah, AAO/F
2. „ S. Narasinga Rao, AAO/E
3. „ K.S. Subramanian, Sr.Accountant, M., to study and report by 15th Feb. 1962, the implications of taking over the above Journal from the financial and working point of view. The Secretary will be the ex-officio member of the sub-committee.

3. The revision of the rate of subscription for membership was discussed. It was felt that reducing the subscription to Rs. 8 per annum (payable in four equal Quarterly instalments also) may be welcome as it will enable the staff in the lower categories also to become members. This was carried unanimously.

4. The election of office-bearers of the Institute was next taken up. After some discussion it was resolved that all the existing members of the Committee may be re-elected except the following who have been transferred from Head Qrs.

1. Sri T. M. Narasimhan, AAO.
2. „ T. P. Venkatraman, Sr. Acctt.
3. „ A. S. Ramabhadran, Sr. Acctt.

In the vacancy caused by the executive committee members referred to above, the following have been elected.

1. Sri P. V. Chakravarthi, AAO.
2. „ K. V. Srikantiah, AAO/F.
3. „ Bhagavant Rao, Jr. Acctt/Budget.

5. The General Body thanked the outgoing Committee Members for their useful and resourceful and unstinted help rendered by them in the deliberation and other activities of the Institute.

With a vote of thanks, the meeting came to a close.

PERSONNEL — *(Continued from page 281)*

Shri V. C. GOPALAN, Senior Travelling Inspector, Madras, is promoted to officiate as A.A.O (Class II) and posted as A.A.O. (Goods - Foreign)/MAS *vice* KUMARI ANNAPPA PADMA J.A.O., who on relief carried out her transfer to Eastern Railway, Calcutta in terms of Railway Board's No. E(O) I-61TR2/123 dated 9th December, 1961.

On return from the Railway Staff College, Baroda, Sri G. DASAPPA has been posted as Offg. A.P.O./UBL w.e.f. 22nd Nov. '61.

Sri A. VENUGOPAL REDDY, offg. A.P.O./UBL, has been posted as offg. A.P.O./GTL w.e.f. 30th Nov. '61.

Sri D. U. RAO, F.A. & C.A.O., S. Ry., proceeded on deputation abroad after relinquishing charge on the 5th Jan. A. N.; and Sri J. RAMA RAO, F.A. & C.A.O., E. Ry., was transferred to Madras in his place. He took charge on the 11th Jan. '61.

Sri K. V. KASTURIRANGAN, offg. F. A. & C.A.O., (Constrn), S.E. Ry., transferred as F.A. & C.A.O., Eastern Ry; handing over charge to Sri S. P. SAHNI, F.A. & C.A.O., S. E. Ry., to be in additional charge till relief by Sri A. SAHUL HAMID, transferred from N. F. Ry.

Sri D. G. TERE, Dy. C.A.O., Central Ry., transferred to N.F. Ry., as offg. F.A. & C.A.O.

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The Managing Editor,
"The Railway Accountant"
14, Balakrishna Road, Mylapore,
MADRAS - 4.

AN APPRECIATION

I am glad to write to you that THE RAILWAY ACCOUNTANT has played the part of a 'Best Friend' at the time of my studies for Appendix III-A Examination which was held in November 1961. I have done fairly well in the Examination only as a result of the proper guidance and courage which I used to get by reading your popular Magazine.

Bhusawal, 20-12-1961. D. D. KULKARNI, B.A.

ACKNOWLEDGMENTS

The following Journals and Magazines have been received since the last Issue:—

Central Railway Magazine	— '61	Transport	— '60
Eastern Railway Magazine	— '61	Indian Railway Gazette	Dec. '61
Western Railway Magazine	— '61	Indian Construction News	Nov. '61
South Eastern Rly. Magazine	Oct. & Nov. '61	Chartered Accountant	Dec. '61
Southrailnews	Sep. & Oct. '61	Educational Review	Dec. '61
Chittaranjan	— '61	Australian Accountant	Nov. '61
Central Railway Newsletter	— '60	Accountants' Journal (NZ)	Nov. '6
Eastern Railway (Lifeline) F.E.	1-10-'61	Technical Bulletin (Australia)	— '6
" Newsletter upto F.E.	7-10-'61	Accountants' Magazine (Edinburgh)	Nov. '6
Western Railway "	— '61	Railway Board's Monthly Statistics	— '6
Metric Measures	— '61	I.R.T.D.A. Newsletter up to F.E.	31-12-'6
Indian Railways	Dec. '61		

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A few copies of Volumes I to VII are available for Sale at rates to be quoted on receipt of requirements. The amounts due are to be remitted in advance quickly so as to avoid disappointment. ——— *Mg. Editor.*

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Mg. Editor.

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Mg. Editor, R. A.

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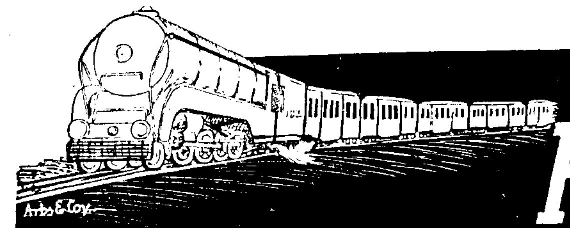

The RAILWAY ACCOUNTANT

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Published on the 15th of every month

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CONTENTS

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WANTED: HONORARY CORRESPONDENTS

Offers are invited from Subscribers to the Journal to work as HONORARY CORRESPONDENTS at different Rly. Centres. They should give Reports of activities, appointments, transfers, etc., before the 30th of every month for editing and inclusion in the next month's Issue.

Feb. 1962.

Mg. Editor, R.A.

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Rolling Stock Position on Railways

The Union Deputy Minister for Railways, while addressing a Meeting of the Indian Railways Equipment Advisory Committee at Madras last month, stated that considerabie progress had been made in attaining self-sufficiency in respect of Railway Rolling Stock and that with greater co-ordination among the Railways, the private industry and ths public sector undertakings, India would be self-sufficient in all types of Rolling Stock by the end of the Third Five-year Plan. A pious hope indeed. In fact, he even hoped that India would be able to export and assist in the development of the neigbbouring countries. He also pointed out that the Railway Ministry depended upon the wagon-building industry in the private sector for meeting the needs of the country's Plans.

But in the meanwhile, even in the first year of the Third Plan, there has been loud complaint about the fast deteriorating position of the Transport position in the country. This has its repercussion on the internal manufactures: as for instance, the reduction in the coal output by about ten million tons this year; and the consequent closure of factories for varying periods due to short supplies of coal. Similarly, steel plants are reported to be experiencing difficulties in getting raw materials and despatching finished goods. Still, during the Second Plan, it is reported that about Rs. 165 crores were spent by Railways for carrying about 27 million tons of traffic for the six steel plants, with a provision for carrying coal required by other industries and consumers.

There is thus indication that the Indian Railways are at present unable to handle all the transport offered and that therefore there is imminent neeessity for supplementing by Road Transport. The development of Road Transport at a cost of about Rs. 200 crores requires urgent consideration. In fact, it is far easier to undertake this and cheaper too. The State Transport Commissioners, at their two-day Conference in Hyderabad, last month recommended the liberalisation of the licensing policy and provision of other facilities to encourage the transport of coal by road. It is considered that suitable measures should be taken to move at least six million tons of coal per year by road in the Third Plan period as against about 2.6 million tons a year at present.

"The upshot of all the charges and the counter-charges of the concerned ministries and between the Government as a whole and the coal industry, is that official attempts at co-ordination have so far yielded poor result. The Planning Commission seems to feel that better operating efficiency at all levels rather than more money is what the transport situation now demands. Different sections of the Government and the industry are gradually waking up to the realities of the situation. It remains to be seen if joint measures could be taken to master the situation before it threatens to get out of hand in the second year of the Third Plan."

There is no doubt that there have frequently been bottlenecks in Railway Transport, and that in addition to the short supplies of coal to the Steel & Paper Mills, the cement industry is also facing an accumulation of stocks in various factories at a time when this essential construction material is in great demand. There is no denying that the transport bottleneck has proved to be costly for many industries and that immediate steps have to be taken to remedy the existing state of affairs.

In regard to these measures, there is obviously a difference in approach between the Railways and the Planning Commission; while the Railways claim to have completed their part of the job for the money allotted to them and ask for more allotment to enable handling a larger volume of traffic, the Planning Commission wishes to adopt a cautious attitude in further investments. It cannot also be overlooked that the calculations in regard to the movement of raw materials to steel plants, both in the public and private sectors, have gone wrong. An expert enquiry into the scope for increasing operational efficiency of the Railways is bound to reveal useful facts. The allotment of additional funds for improving truck capacity and increasing the number of wagons in operation may also be urgently needed. At the same time, it would also be necessary to speed up the programme of dieselisation and electrification of large sections of the Railways. The Transport crisis should not be allowed to assume such proportions as to create a position of becoming pennywise and pound - foolish. The loss of output of many industries in a single year may easily exceed the additional funds required for improving transport facilities. Count must be taken of the increase in output of both public and private sector undertakings in the very near future. This is not the time for a complacent attitude, or for consideration at leisure as usual with Government. Whatever action is being or about to be taken, must be given TOP PRIORITY, if the all-round results are to be really effective in a practical way.

By far, the most important commodity for Rail transport is *coal*; and while it can be proved that the Railways have kept to their target for supply of wagons, the difficulty seems to have arisen in the wagons having to travel longer distances than originally planned and thus upsetting the Wagon turn-round schedule. Box-wagons have also been put into use and if the dump-system is brought into vogue in *all* the States, the situation would vastly improve. With this end in view, the Railways have a programme of increasing the production of box-wagons to 20,000 in the next five years and also of using diesel locomotives which will run longer distances and pull heavier trains. In the meanwhile, movement by ships may be increased as a temporary measure.

Incentive System of Payment in Railway Workshops Helps Productivity

BY S. S. JAGOTA, *Addl. Director, Mechanical Production Railway Board*

Provision of adequate workshop facilities is the *sine qua non* of an efficient transport system. The traffic handled by the Indian Railways in terms of ton-miles and passenger miles is of the order of 54,720 millions and 48,600 millions respectively. To carry this traffic, 27,011 coaches, 304,134 wagons and 10,426 locomotives have been pressed into service. For the day-to-day maintenance of this large fleet of rolling stock, the railways have 29 major and 21 small workshops all over the system.

Recruitment and training of workshop personnel in the past did not receive the attention it deserved. The low "per capita output" was counter-balanced by employment of more labeur which was comparatively cheap. The conditions have since changed. Today with the rising labour cost and planned industrial development for raising the standard of living, productivity or "output per capita" is a factor to be reckoned with.

The problem confronting the railways was: *How to bring about an improvement in productivity of labour in workshops and factories?* With the increase in traffic handled, the number of coaches, wagons, and locomotives also went up and their maintenance problem assumed greater proportions. The railways were left with two alternatives, either to expand the workshops or try to raise the standard of productivity. It was generally agreed that the best solution to the achievement of better productivity lay in introducing what is known as the incentive system or "payment by results."

Under the old systems, which were in operation in a limited way in some of the workshops, the merit of performance was judged on the basis of certain evaluations based mainly on the observed minimum time taken for an operation, or "the allowed time". This system which did not help to lay down precisely the norms of productivity in the various workshops or factories did not prove very satisfactory; the best observed performance in one place could easily be a sub-standard performance in another workshop. In any case, in the changed circumstances of workshop productivity it could not be continued to evaluate the output per worker.

The success of any system of payment by results ultimately depends on its adaptability to the prevailing local conditions of work and its essential features being easily understood by the labour. The systems in vogue in Western countries were exemined in this light. All the pros and cons were carefully considered and a simple but effective system was eventually evolved which might be called "straight time piece work" system of payment by results. The piece work bonus was directly correlated to the time saved which enabled the worker to figure out his day-to-day savings. Also with a view to ensuring uniformity of standard for fixing "norms" and to avoid any possibility of misunderstanding on this account, a scientific system of work measurement *i.e.*, rate-fixing was adopted.

It was decided to introduce the above incentive scheme in the first instance, at the Chittaranjan Locomotive Works, a production unit. However, before the scheme could be introduced, it was necessary to develop a modern production control organisation—an essential pre-requisite.

In the Production Control Organisation, the rate-fixers, planners and production engineers constitute the key positions. At the time of introduction of this scheme at Chittaranjan there was a serious shortage of such staff in the country ; indeed trained and experienced personnel were just not available. It thus became necessary to get a few foreign technicians. Simultaneously, suitable staff was selected for overseas training in production techniques. And thus a production control organisation was gradually developed.

Even in industrially advanced countries, rate-fixing was anything but satisfactory in the initial stages. The labour unrest in the earlier period of industrial development in these countries could be traced back to bad rate-fixing. The desire of the employer, on the one hand to bring down piece rates after the output had increased beyond certain expectation and the resistance of labour to any such reduction in rates on the other, had inevitably resulted in labour unrest. Therefore, the fixing of rates was required to be done judiciously in order to avoid any trouble at a later date. On the Indian Railways, it was decided to follow the analytical method of fixing rates. This was done by computing the rates from carefully prepared data which forms the basis for investigation in a possible labour-management dispute.

Fixing piece rates on the basis of the data collected is a very complicated process. In the final computation, a number of factors are taken into account. In the first instance, all machines are required to be calibrated in order to find out the speeds, feeds and depths of cut which each machine will stand *vis-a-vis* those specified by the makers. This over the capabilities of the various types of tools used on the different types of material are observed by actual cutting tests. The maximum material removal rate is governed by factors like tool life, horse-power of the machine, class of finish required, use of coolant etc, Having decided this rate, the optimum value of feeds and speeds is fixed. Based on these speeds and feeds, machining procedure charts are tabulated for varying diameters within the range of machining for various materials. The allowed minutes are then worked out for unit values for various depths of cut, class of finish and class of material. These act as a guide to the rate-fixer to compute the allowed machining time for a particular machining operation.

Besides machining time, the operator is also engaged in a number of other operations like manipulating, loading and unloading, setting up, changing tools, preparation etc. A number of studies are taken on these operations and the ratings of the operator recorded. From this, the normalised allowed times are arrived at, Rating is assessment of the skill and effort involved in each element. Under the system, we have rated the performance of an average operator working efficiently, but not exerting to the point of fatigue, at 80. All studies are normalised at 80 and to these are added allowances including those for fatigue and general handling and an incentive element of $33\frac{1}{3}$ per cent.

After the time for various operations is established, an average normalised value is calculated and constants arrived at. These form the basic synthetic data. From the synthetic data it is easy to compute the allowed time for a particular operation before the job is started.

With a view to ensuring that the bonus earned has a direct relation to the quantum of work performed by an operator, piece work timings are issued only to those workmen whose output can be measured with reasonable accuracy. As far as possible, piece work timings are issued to individual workers; but collective piece work timings are also issued when efforts of a number of workmen are required to complete a job and it is not practicable to assess the output per individual as in the case of forging, moulding, fabrication and assembly operations. All staff who constitute the gang, whether belonging to the skilled, semi-skilled or unskilled categories and who directly contribute to the output, are allowed to participate in the scheme.

As it was only logical to relate payment to the amount and quality of work performed, it was laid down that only work which passes inspection would be paid for. It was further stipulated that piece work prices once fixed would not be altered unless a change in method of manufacture could be effected or there was any error in computation or in printing.

In order to encourage intelligent and ambitious workers to improve methods of manufacture, it was also decided that in case an operator changed the method of manufacture on his own initiative resulting in quicker production and he intimated the new method to the administration, he would be compensated by the grant of a reward equivalent to the expected saving in standard basic wage for a period of six months.

For the successful performance of an operation, it is absolutely necessary that services like the supply of raw materials, provision of drawings, tools and other equipments should be provided with least delay. This, to a large extent, depends on the supervisor. It was, therefore, felt that the supervisors who were directly concerned with production should also participate in the scheme. Similar considerations applied to the indirect workers also, who, though employed in independent work, were essential to ensure continuity of production. It was, therefore, decided to pay the immediate supervisors and essential indirect workers 80 per cent of the earnings (in percentage) of the staff served by them.

The incremental time scale of pay existing for the workmen in the workshops restricted us to the choice of only two proposals:

(a) To pay the workmen piece work profits in direct proportion to their individual rates of pay ; or

(b) to pay on a uniform basis to all operators, in the same incremental pay scale irrespective of their varying individual pay.

Payment by result implies that for equal effort the bonus earning should be the same irrespective of the pay of the individual operators in the incremental time scale. It was also felt that by the time an employee reaches the average of the pay structure he acquires the necessary skill and efficiency to be able to work to the normalised timings. It was, therefore, decided to pay bonus at a uniform rate at the average of the time scale.

The basic wages of operators were guaranteed irrespective of their piece work results but losses incurred during any particular month were to be adjusted against profits made during the same month. It was also stipulated that the administration reserved the right to vary the standard timings, if improved machine tools were installed or other time saving devices were introduced or if there were any error in computation or printing.

Before the actual system of payment was introduced, however, it was ensured that:

(1) materials and tools to the required specification were available ;

(2) suitable jigs and fixtures were utilised ;

(3) that there was proper drawing and tool service and proper system of supervision inspection and accounting ;

(4) quota cards indicating the number of components expected to be manufactured during a certain period based on synthetic data were introduced. This was done to ensure that the allowed times were reasonable and workable.

Though the administration was fully satisfied regarding the suitability of the scheme, it was realised that for its successful implementation, intelligent and willing co-operation of staff was essential. The misgivings of the workers regarding introduction of any system of payment by results could be summarised as under :

(i) What would happen to the staff who are likely to become surplus as a result of increased per capita outturn?

(ii) To earn extra money, the men are likely to exert themselves beyond reasonable limit which might ultimately affect their health.

(iii) What would be the benefit to the worker?

It was recognised that introduction of incentive was likely to generate capacity in excess of immediate requirement of conventional workload. In order to usefully employ this additional capacity it was decided to undertake new lines of production with emphasis on those which were likely to save foreign exchange and to co-ordinate the introduction of incentive with availability of adequate workload so that no staff became surplus. A categorical assurance was also given to the effect that not a single employee would be discharged as a result of the introduction of the system.

Regarding the apprehension that working under incentive conditions might ultimately affect the health of the employees anxious to earn high profit, the "norms" have been so fixed that an average operator working efficiently but not exerting to the point of fatigue will be able to earn 33⅓ per cent bonus. As a further safeguard it has also been stipulated that profit in excess of 50 per cent will not accrue to the operator. This will curb any tendency to over-exertion to earn high profit. There is thus no possibility of the scheme having an adverse effect on the health of the employees.

As for the benefit to the worker as a result of introduction of incentive working, there is no doubt that without full and willing co-operation of the workers no system of payment by results can be effectively implemented. However, in the overall improvement in the standard of productivity, the direct contribution of the worker is a reasonable day's work. And the tasks or "norms" include a "time allowance" which can be saved by an average worker discharging his duties efficiently. The full benefit for saving this time accrues to the worker. In addition, he is rewarded for any helpful suggestion as mentioned earlier.

To avoid any possibility of misunderstanding, the labour was taken into confidence and the whole scheme was fully explained to them.

As a result of work study and the introduction of the system of payment by results there was progressive improvement in the standard of productivity. This has also helped staff to earn more money by way of incentive bonus. The bonus earnings increased from 17 to 32 per cent of the basic pay of the employee between 1955-56 and 1958-59.

Encouraged by the success of the scheme at the Chittaranjan Locomotive Works, it was decided to extend it to other railway workshops. The introduction of this in repair workshops was more complicated than its introduction at Chittaranjan. Unlike the Locomotive Works, which is a Production Unit engaged in pre-planned manufacture of locomotives, the railway workshops undertake both repair to rolling stock and manufacture of components. The experience gained at Chittaranjan and the synthetic data built up there proved extremely useful in the manufacturing fields. In respect of repair operations, however, there was nothing to go by; process sheets had to be evolved for application of the method of time study at Chittaranjan. This involved time study of 36,000 operations.

The other serious difficulty was to find the large number of technical personnel for manning the Production Control Organisation. The magnitude of the work involved could be gauged from the fact that approximately 700 rate-fixers were required to implement the scheme on all the railways. Suitable technical staff from the various workshops were

selected and given intensive training. These men formed the nucleus of the Production Control Organisation in different workshops who, in turn, trained other staff. Also, courses were (and are being) conducted for the training of Production Engineers. With the help of these staff and others trained locally, the "allowed times" for different operations are being built up.

Apart from training schemes, which had already been introduced in most of the workshops, it was also necessary to gradually raise the standard of performance so as to ensure earning of profit on introduction of incentive working with tasks set after method study and work measurement. For this purpose, the comparative method was adopted. In the first instance, standards were laid down on the basis of best performances in various workshops. In order to enforce maximum utilisation of the existing manpower and equipment to meet the rising demand, a ban was placed on fresh recruitment of staff and procurement of new machinery and equipment. These steps also functioned as compelling factors in raising the level of peformance. As the standards set were reached and even improved upon, fresh standards were laid to narrow the gap between performance under non-incentive conditions of working and the level expected.

In the Integral Coach Factory, Perambur, this scheme was introduced early last year. A start has also been made by way of introducing the incentive scheme in certain sections of major workshops. The results so far obtained have been encouraging. The incentive scheme is being extended to the other sections of these shops and it is expected that entire workshops will be covered during the Third Five-Year Plan.

As a result of the drive for higher productivity, it has been possible to considerably reduce the expenditure during the Second Plan on provision of additional manufacture or repair facilities in railway workshops. Besides generating the required manufacture or repair facilities to meet the traditional workload within the reduced outlay, it has also been possible to undertake new lines of production to meet pressing requirements of the railways.

By Courtesy: Indian Railways.

Thoughts on Rail - Road Co-ordination

BY SUNIL KUMAR RAY, Asstt. Optg. Supdt. (Movement), Lucknow

(Continued from page 266, Jan. 1962 issue)

One thing, however, is certain. Under the Five-Year Plans, we have projected, and to some extent worked out a mammoth extension of railway services in India. Yet, considered from the view-points of the necessities of our developing industrial and agronomical economic sectors, India will have to depend, to be sure, for a long time to come, on the Roadways to a very considerable extent, in addition to whatever further development in our Railway system we may execute in the near future. We indeed have necessity of an intricate and extensive network of arterial and feeder roads to open up the hinterland for our railheads, hinterland extending over the non-urban agricultural and semi-agricultural areas and over the of-the-track distant industrial pockets like, say, the Industrial Estate slowly opening up on the wake of the Rihand Dam Project in Uttar Pradesh, the whole area being beyond the Chopan River bridge and a number of hillocks and connected by a good highway, making it immediately more suitable and profitable for Road Transport to link up the area with the nearest railheads, Robertsganj and Churk and other points on the Garhwa Road Link now under construction.

The initial costs of construction of roads are borne by the general taxpayer. Therefore, for relatively lighter traffic and for short distances the road is more suitable, as it can be constructed almost anywhere at a considerably lower cost than a railway line. Indeed, this factor has much to do with the relative cheapness of Motor Transport in case of short lighter traffic trips. As Salter puts it, Railways provide their own tracks which are used by no other form of traffic. Motor Transport uses roads provided for general public use by public authorities. It was, therefore, decided by the Transport Advisory Council that Road Transpors should operate in all cases within a radius of seventy five miles. Later, the limit was extended to a radius of hundred miles. The Regional Transport Authority, which is the immediate District Authority controlling Motor Transport, was unfettered in the matter of issuing licence within this limit, it being however incumbent that the Regional Transport Authority in exceeding this limit, must pass on the case to the State Transport Board set up in each state under the Code of Principles and Practice. While this is like that, the Railways on the other hand, due, in the main, to their tapered telescopic running charges based on dependent cost or out-of-pocket expenses, will be the more suitable medium of transport for longer distances and heavier traffic, because it will be *prima facie* much more economic due to what Marshall calls *the economies of scale.* It is only very rational, therefore, that the functional division of traffic between Rail Transport and Motor Transport came to be demarcated broadly on the above lines. Road Transport and Rail Transport thus became complementary to each other. And, indeed, that is what it should be. Thus observed the Royal Commission on Agriculture in paragraph 312 of its Report, "The road system links up the cultivator's holding with the local markets and the nearest railway station, while the railway provides the connecting links between the area of production and consumers at a distance, and between the manufacturer in the town and the cultivator who purchases his ploughs, his fertilizers or his cloth."

So far so good. But trouble arose when Motor Transport came to transgress the limits so indicated and started extorting out of the Railways even the long-distance traffic, particularly the high-rated commodities. And, in many cases, Road Transport achieved this by simply dodging the regulations. Thus, *inter alia*, on the various trunk routes like Calcutta-Bombay, Calcutta-Delhi, Delhi-Bombay, Amritsar-Delhi, etc. Road Transport has been openly carrying long distance through traffic by setting up a series of transhipment points, so to say, *enroute.* In this move, it will not in any way be incorrect to say that, the Road Transport has been aided by a series of liberalisations in the functional division of traffic of late. A brief reference to the same will, of course, be quite relevant here. In 1954, the R. T. A. was authorised to issue licences freely for motor vehicles to ply within a radius of 150 miles. In 1956 it was decided that State Governments should send proposals to the Union Transport Ministry for liberalisation *on particular routes* and the Transport Ministry would come to a decision after consulting the Railway Ministry. And we have noticed that wide liberalisation has been effected in this way on several inter-state roadway routes. But, as if this was not enough, the climax came in 1957 when the Transport Commissioner's Conference recommended that there be a cent per cent increase in the number of goods carrying vehicles and lorries, that motor transport be allowed to operate unfettered within the bounds of each state, that the number of vehicles plying on inter-state routes be doubled straightaway, that the operation of goods vehicles should be completely unrestricted once allocation of vehicles has been made on an inter-state route between two states or more, that licence be issued to anybody who can produce a vehicle which is in his ownership or quasi-ownership, and finally that the Code of Principles of Practice be suspended for a period of five years and then reviewed again. What the Government has done has been criticised by many as a virtual scrapping out of the Code; for even though it has rejected the last recommendation, it has accepted the first five, and the effects, many would like to say, have been more or less the same.

LIMITATIONS OF RAILWAYS

This, obviously has put the Railway to a very embarassing situation. For, while the Road Transport are at liberty to wage open competion, the Railways are bound by the statutory public service obligations under the Indian Railways Act. The effect has been that high-rated traffic has been slipping away to Motor Transport in many sections on the Indian Railways, which are, therefore faced with the problem of haulage of empties on the back journey. This may eventually mean an overall push-up in the general level of rates, for one would agree that after all the Railways also would have to balance their budgets. And this has to be avoided at all costs in view of the needs of our developing economy.

Therefore, something need be done to end the unfortunate state of affairs, and *something positive at that.* Here, it will be interesting to note how the problem has been tackled and co-ordination effected between Road Transport and Rail Transport in countries like U. S. A., U. K., and say, France.

In U.S.A., the Inter-State Commerce Commission recommended in its 1939 Annual Report that Government should take early measures and active leadership to effect transport co-ordination on the basis of *comparatively equal* competitive terms, and to this end advocated the creation of a Transportation Board. In the "forties a reorganisation, placing regulation of rail and road rates under the same division within the Commission and appointment of a former Co-ordinator of Transportation as Chairman, presaged more positive action. Yet, it would not appear that any definite co-ordination plan is immediately in sight. In practice what has been done is that *a relatively equal competitive condition* has been created, and the Railway there with its paraphernelia of Piggy Back system and competitive rates in certain cases and similar other measures, is trying to hold its own ground.

In France the first step towards road and rail co-ordination was the Decree Law of April, 1934 which indicated that division of traffic between road and rail would be according to aptitude. It was laid down that "in general the Railway should carry bulk and long distance traffic, and that they should abandon to Road Transport lines or services working at a loss. No new public road services were to be established. Regional *entenets* were to effect the above division of function failing agreement. A Central Committee of Co-ordination *(Comite' de Co-ordination)* was created". The move towards scientific transport Co-ordination and division of traffic according to aptitude made further progress under a series of Decrees passed in later years. Co-ordination was effected both for goods and passenger traffic. A Superior Transport Council *(Counseil Superieur de Transport)* comparable to our Central Transport Advisory Council, came into being as the Central forum for making policy decisions and being the watchdog for ensuring scrupulous adherence to regulations. Further, voluntary Associations of long distance road hauliers have since been formed in all countries and these Associations have been made responsible "for supervising compliance by their members with the quota and tariff rules and general regulations".

In Britain, the Labour Government in 1947 completely nationalized the Railways and the long distance road transport, and control of either was entrusted to the British Transport Commission. This, obviously, made way for better co-ordination and check of wasteful competition. But in 1953, the Conservative Government denationalized Road Transport under the Transportation Act, 1953. What the Government did instead was to ensure *liassez faire*, keeping the *conditions for competition even and fair*. Thus the Railway were shorn of their public service liability clauses under the Act regarding undue preference and reasonableness of rates etc., and were authorized to vary their rates at will *within the maxima rates* fixed and to have secret understandings and rate agreements with individual traders.

Now what should be the general outline of policy in India to avoid wasteful competition and to work out a plan of transport co-ordination and of scientific division of traffic between Road Transport and Railway Transport? In this Country we cannot have full-fledged free competition as in the United Kingdom and possibly in West Germany, due, *inter alia*, to the Indian Railways various statutory public service liabilities. In India the Railways indeed are not free to compete, bound as they are by Section 28 of the Indian Railways Act and conditions regarding reasonableness of rates. Neither it is possible in the near future to have an integrated Transport Monopoly as was conceived by Salter and Fenelon and as possibly obtains in France. India being wedded to mixed economy, there is no immediate prospect of nationalisation of Road Transport.

We, therefore, come down to the inevitable conclusion that in this country a bold rail road transport co-ordination policy must, as pointed out by Professor Galbraith of late, start with *some* restrictions on Motor Transport. This restriction has three aspects. First, there should be a regulation of investment in road services. Here it should be made clear that our intentions are not to inhibit expansion of roadways, so important for general economic development and for strategic necessities. No, not that. But the necessity to avoid investment in routes parallel to railways cannot but be buttressed, when there are vast uncovered grounds where building up of roads is a dire and immediate necessity to prop up the unbalanced economy of this country. It is hoped that the Government and the Planning Commission will take this factor into account. What the Wedgwood Committee observed in 1937 still holds good—much cause for complaint by the Railways would be removed if in future road development, construction of parallel routes, intended to cause an extension of uneconomic and unregulated competition, be avoided.

LICENSING REVIEWED

Secondly, the whole policy regarding licensing of motor vehicles must be reviewed and streamlined. Licensing should be on the basis of economic division of traffic, and, therefore, it is a necessity that issue of licences to motor vehicles should be discontinued for long distance through traffic. Again, there should be a well organised machinery like the French *Comite' de Co-ordination* which will prevent extortion of rail traffic by Roadways and vice versa, by dodging the principles regarding the economic division of traffic, or, as is the practice in this country, by just not caring about such division. It has to be seriously considered therefore if the recommendations of the Transport Commissioners' Conference should not be reviewed again. Here, the effects of these recommendations on the national railway economy also need to be carefully analysed.

Finally, as was recommended by the Wedgwood Committee of 1937 and supported by the Indian Railways Enquiry Committee of 1947, there should be increased participation in Road Transport by the Railways. This will obviously be a step towards the French system. To this end the Railways have already contributed to the share capital of several State Transport Organisations like the Bombay State Corporation, the two Transport Bodies at Nagpur, as also the Kulu Valley, Kutch, Pepsu, Saurastra and Orissa State Transport Corporations, and by the appointment of a Railway Director in each of the Boards of Management of such Corporations and Bodies, it has been made possible to some extent to influence the road policy of the states. But here, effective co-ordination may be possible only if a proper liaison is maintained between the State Government and the Zonal Railway Organisation; for "although Railways are being offered shares in the various provincial Road Transport concerns it has been made clear..... that the provinces intend to keep the controlling interest in their own hands. (Report of the Kunzru Committee, page 116). In addition to this, the prospect of the Railways having a few road services at important points like, say, from Pathankot on the Northern Railway to Srinagar and of organizing well-knit collection and delivery services at cities and big towns should be carefully considered. But if it be possible to obtain a clearcut bifurcation of traffic between the Rail and the Road, such services may have to be leased out either to outagencies in the private sector or to the State Transport Authorities.

Incidentally, while it has to be constantly watched by the Railways if at any point legitimate rail traffic is being extorted by motor transport, there has also to be a constant endeavour by the Railwaymen to improve the standard of railway services by and large in order to retrieve rail traffic that has been lost to the Roadways. The Wedgwood Committee, the Kunzru Committee, not to speak of the more recent Railway Corruption Enquiry Committee (under the chairmanship of Acharya Kripalani) have all dwelt at large on bribery and corruption and the very detailed rules and procedure (on the Railways) which are understandably irksome to the trading communities and passengers, and which are, it is alleged, responsible to a great extent for diversion of traffic to the Roadways.

Regarding the constant watch to be kept over possible extortion of traffic by Road Transport, we understand that the Railway Board has advised each Railway Administration to build up a very competent machinery to collect detailed information regarding all aspects of motor-borne traffic in its area so that when necessary the Railway may approach the Government, the Planning Commission or, if necessary, Parliament for taking necessary remedial measures. This at last has been a move in the right direction.

Rules and procedure for booking, movement and delivery of traffic, particularly goods traffic, need be simplified on the Railways. To this end the Railways in conjunction with the IRCA should endeavour to simplify its several Codes and Tariffs. To what extent the new Commercial Code would be able to simplify things would be watched with much interest......But what is more important is that we the railwaymen of independent India must take a bold venture to end all possible corruption existent on the Railways, bearing in mind that as Railwaymen we are contributing our share to the work of economic rejuvenation of new India and that the Indian Railways are doing a job no less important than that done by the Defence Services of India.

This, therefore, is what has to be done. For the optimum economic development of the country complementary and mutually helpful development of Rail and Road Transports has to be ensured. Professor Galbraith was quite correct when he observed that India has a chance to avoid the mistake which elsewhere is reasonably evident as such of making duplicating investment in long distance road haulage which could be performed more economically by concentrating resources on the railroads alone. Indeed, scientific co-ordination of Rail and Motor traffic is the answer to our present transport malaise.

By Courtesy: E. Ryi Magazine.

Cost Accounting

Improved techniques in management, coupled with the drive for research and technological innovation so as to increase material prosperity are urged by a team of Indian experts on cost accounting and financial control, who recently visited the United States, U.K. and West Germany. The seven-member team, led by Mr. M K. Rustomji held discussions with several leaders in management, industrial consultants, professional societies and research organisations on the various practices in cost accounting, financial control and other management areas.

The report they submitted contains suggestions which can be considered and adopted by manufacturing companies and commercial establishments in India to improve, expedite and simplify costing and accounting procedures with considerable benefits in the shape of reduced cost and increased productivity.

A significant trend noticed by the team in some of the bigger firms of certified public accountants in the West was to have a separate department for management consultants' services. Such departments advise top management in regard to adoption of new systems and carry out investigations on them. Another tool frequently used by management in cost control is development of ratios for measurement and comparison of productivity, such as ratio of sales profit to the capital employed, ratio of sales profit to the capital employed, ratio of sales to the number of employees, ratio of cost of sales to the total sales, and ratio of profits before tax to the total sales.

The team says that for the Indian industry to grow rapidly and economically and to compete in the export market with American and European manufacturers, it would need all the tools that have been used in the West. "It is inevitable" the team observes, "that our cost and accounting methods and techniques must be modernised so as to enable management to achieve day-to-day control of its operations with a view to achieving the maximum use of available resources".

BUDGETARY CONTROL TECHNIQUES

The team has urged that top management should give serious consideration to the adoption of budgetary control techniques in their organisations. This will enable them to decentralise authority and responsibility, while retaining control. In setting up budgets or standards the agreement of the people who are to work them should be obtained.

There should be a great readiness among accountants to adopt the latest techniques in cost accounting and financial control evolved by the firms abroad. Even though, at this stage, it might not be possible to introduce full-scale budgetary control and standard cost sytems, these techniques should at least be adopted partially, and attempts should be made to incorporate in the accounting systems the basic principles of setting up plans or targets and of reporting actuals against plans.

There should be closer collaboration between industry, Government departments and other agencies interested in industrial statistics, and there should be greater interchange of financial and cost information between companies.

By Courtesy: The Hindu.

Note:—The Indian Railways, being a quasi-commercial concern, the points dealt with in the above Report may be of interest to the Indian Railways Administration also.

Mg. Ed., R.A.

Railways: As Common Carriers

A legal change due to the amendment of the Indian Railways Act confers from the beginning of this year on the customers of the railways the new form of protection. The railways owned by the State are now liable to pay damages for negligence. Though conditions as to effective, proper packing can be imposed, the liability lost cannot be evaded by any plea of contributory negligence. The Common Law in England has at last made a dent on official thinking and the only thing that railway can get away with is unpunctuality. In case of disasters, the liability for parcels cannot be abolished, even if looting were to take place. That the change in law is due to Court decisions, arguing that the Railway User must have some protection against the State monopoly in transport is obvious. The strenuous competition for smalls from lorry transport may be another reason. The private carrier shows great care in handling and keeping goods. The public or common carrier must show equal care once the customer has paid the prescribed charges. Of course, an act of God may be a good defence against claims for damage to goods in transit but Acts of God to-day are rare and India cannot cite now acts of the King's enemies. The limited liability of the railway as bailee only is now gone. The question whether priorities in railway transport can be applied after the railways are equated with common carriers is a moot point. On the other hand, precautions against pilferage must be tightened and the cost of police work must go up. However, a revision of rates or a surcharge may help the railways to meet all likely claims arising after 1st January 1962. There is also an obligation to keep wagons in good condition. Obsolete or old wagons must be scrapped if damage to goods carried by rail is to be avoided. The old distinction between owner's risk and the railway's risk is certainly modified and if some goods like fireworks are made ineligible for good reasons, the railways will have to set up an insurance fund from current revenues to meet new claims under the law. It may be presumed that the Railway Board will hereafter set up a special fund to discharge its new obligations and that may be fixed in relation to payments made in respect of claims accepted in the past. The better packing demanded may lead to a greater demand for cases and gunny bags before goods are delivered and something will be gained by both plywood manufacture and sellers of hessian cloth in the future. So something will be gained even if insurance of goods in transit is given up because of the assumption of responsibility by the railways for goods in transit.

By Courtesy: Indian Finance.

Temporary and Permanent Misappropriation of Railway Money

On a certain Railway, the Railway revenues relating to goods earnings were with-held and misappropriated temporarily as also permanently by the station staff concerned by adopting the following *modus operandi*:

(a) Withholding accountal of foreign invoices although the connected consignments had been duly received at the station and delivered to the parties concerned;

(b) Withholding accountal in the Goods Cash Book of freight charges actually realized;

(c) Issuing to the consignee money receipts from the series of money receipt books other than those currently in use with a view to avoid detection of realisation of freight charges which were not accounted for; and

(d) Accounting for freight charges in the goods cash book subsequent to the dates on which these were actually received from the consignees.

2. The fraud was perpetrated between the period from about the middle of 1954 to about the middle of 1956 (the permanent misappropriation relates to the period from June 1955 to 1956). The detailed study of the case has revealed that the perpetration of the fraud and its continuance for a period of two years was facilitated not because of any procedural shortcomings in the extant provisions relating to the checks of station returns in the Accounts Office, issuing of lists of unaccounted for invoices and their verification etc., and those relating to the checks by the T. I. As at the time of inspection of the Station Accounts; but was due to non-implementation of these instructions owing to arrears in the Accounts Office and negligence on the part of the T.I.As. The Ry. Board felt that the fraud could have been detected earlier by the T. I. As who inspected the Station on three occasions previous to its detection on the fourth occasion by a T. I. A in June, 1956, by a verification of the entries in the Wagon Transfer Register into the Unloading and Delivery Books, check of the Delivery Book entries into the Cash Book, test check of the Inward Index Invoice Register, test check of the money receipt Books in Stock etc.

The circumstances under which earlier detection was not possible may perhaps be due to the procedure adopted for percentage check of such unaccounted for items. This would therefore merit a Review and remedial measures taken to prevent substantial losses.

In the case of permanent misappropriation, however, the Central Accounts Office could also have acted independently while raising debits for unaccounted for items. It is worth knowing why the Central Check was found insufficient, and whether it is not possible to tighten measures for a more effective protection against losses.

Discussion on this matter is therefore invited from readers, and space will be provided in this Journal for brief articles with considered views. *Editor, R. A.*

The Law of Contracts : "Force Majeure".

BY TEA WE TEA

A contract creates legal obligations in that the parties to the contract must perform or offer to perform the promises which they have made, in terms of section 37, para 1 of the Indian Contract Act.

The offer to perform the contract is called "Tender" or attempted performance. Sometimes, a contract is rendered impossible to perform or unlawful, owing to certain subsequent developments, such as change of law etc., and

hence becomes void under the Doctrine of Supervening Impossibility.

Strikes, lock-outs and civil disobedience like riots, etc., do not terminate the contract under the principle of Supervening Impossibility, unless the contract provides specifically that in such circumstances, the contract need not be performed but treated as terminated, or that the time for performance is suitably extended. The clause in the contract which provides for this is known as 'force majeure' clause. The term 'force majeure' is a French term meaning "superior power", and it covers war, strike, Act of God etc., excusing fulfilment of a contract.

In terms of para 402 (i)—S, the terms of the Contract must be precise and definite. Usually, standard forms of contract are adopted on the Railways. But, in cases where the tendering parties are not willing to stand by the Standard Conditions of Contract, but impose certain unusual conditions to safeguard their interests, the Railway has to agree to such unusual conditions, since the tenders submitted by them are otherwise acceptable. The 'force majeure' clause is one such unusual clause. In recent times, however, this clause has become common, as almost all the tenderers, especially for Supplies of Stores required by the Railway, involving manufacture in Workshops, etc., insist on the inclusion of this clause in the contracts. Hence, the Railway Board have, issued a standard clause to be adopted in connection with 'force majeure' in stores contracts as under :—

"If, at any time, during the continuance of this contract, the performance in whole or in part by either party of any obligation under this contract shall be prevented or delayed by reason of war, hostility, acts of the public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts or Acts of God (hereinafter referred to as "events") then, provided notice of happening of any such event is given by either party to the other within twenty one days from the dates of occurrence thereof, neither party shall by reason of such event be entitled to terminate this contract nor shall either party have any claim for damages against the other in respect of such non-performance or delay in performance; and deliveries under the contract shall be resumed as soon as practicable after such event has come to an end or ceased to exist, and the decision of the Purchase Officer as to whether the deliveries have been so resumed or not shall be final and conclusive *provided further* that if the performance in whole or part of any obligation under this contract is prevented or delayed by reason of any such event for a period exceeding 60 days, either party may at its option terminate the contract, *provided also* that if the contract is terminated under this clause, the purchaser shall be at liberty to take over from the contractor at a price to be fixed by the Purchase Officer, which shall be final, all unused, undamaged and acceptable materials, bought-out components and stores in course of manufacture in the possession of the contractor at the time of such termination or such portion thereof as the purchaser may deem fit excepting such materials, bought-out components and stores as the contractor may with the concurrence of the purchaser elect to retain".

The above clause is not included in the Tender Form, but is included in the contracts subsequently entered into, if insisted upon by the tenderers. The tenderers are usually informed that since all the contracts are normally subject to 'force majeure', the inclusion of a separate clause is not considered necessary. If still the tenderer insists upon this, provision as above is made.

The inclusion of this clause is within the competence of the Purchase Officers in consultation with the Associate Finance, as per Railway Board's orders.

Subjects of Moment

Encashment of Pay Orders from Station Earnings to be Adjusted against Deposits made by E. C. C. Bank/Society with the Railways

Copy of letter No. F. (X) I-54-CHQ, dated 6th October 1961 from the Joint Director, Finance (A), Railway Board, New Delhi, addressed to the General Managers, all Indian Railways.

It has been represented to the Board that the withdrawal of the long standing concession of encashment from station earning of cheques issued by the Railway Employees Credit Co-operative Societies/Banks in terms of Board's letter No. E (Co-op.)/60/CCS/1, dated 17th August 1961 has caused considerable hardship to Railway employees who are the constituents of these Societies/Banks. To obviate this hardship, the question of evolving a suitable alternative working procedure for regulating the withdrawal of such monies from station earnings has been under the consideration of the Board. After a careful examination of all aspects of the case, the Board, in consultation with the Comptroller and Auditor-General of India, have come to the conclusion that encashment of pay orders from station earnings against amounts deposited in advance by the E. C. C. Bank/Society with the F. A. & C. A. O. is in order and that there would be no objection in principle to the facility of withdrawal from station earnings being permitted in these cases to accommodate the transactions of such a Society/Bank. The Board have, therefore, decided that the following procedure should be adopted to regulate these transactions:

(i) The E. C. C. Bank/Society should deposit in cash with the F. A. & C.A.O. a sum of money sufficient to cover the transactions of the Bank/Society for a period not less than a fortnight, and this amount should be immediately credited to "Deposits Miscellaneous—E. C. C. Bank/Society." Simultaneously a PROFORMA Account (without financial adjustment) should be maintained in which the particulars of "Deposits" as and when received should be entered [c. f. Para 1 (iii)]. To facilitate smooth working of the scheme, the deposit should be made by the E. C. C. Bank/Society with the F. A. & C. A. O./Accounts Officer who is headquartered in the same station as the Bank, *e.g.*, the Central Railway's E. C. C. Bank at Bombay should make the deposit with the F. A. & C. A. O., Central Railway, Bombay, while the Central Railway's Employees Co-operative Credit Society at Secunderabad should make the deposit with the Dy. C. A. O., Central Railway, Secunderabad.

(ii) The E. C. C. Bank/Society should prepare pay orders in lieu of cheques in the name of Railway employees in whose favour loan, etc., has been sanctioned indicating the station at which the pay order will be encashed. The allocation in these pay orders will be "Deposit Miscellaneous—E. C. C. Bank/Society." These pay orders should be on machine numbered forms, the PROFORMA of which should generally be in conformity with the usual station pay order form and should be devised in consultation with your F. A. & C. A. O. These pay orders should be forwarded together with a statement (in duplicate) to the F. A. & C. A. O./Accounts Officer concerned. Each pay order as well as the statement (in duplicate) should be signed in full by the Manager/Secretary of the E.C.C. Bank/Society and one of the Members of the Committee of Management/Board of Directors, authorized for the purpose and their specimen signatures duly authenticated by a resolution of the Committee of Management or Board of Directors of the Bank/Society, should be supplied to the F. A. & C. A. O./Accounts Officer.

(iii) The F. A. & C. A. O./Accounts Officer, after satisfying himself that the pay orders are genuine in all respects and after ensuring that the deposit made by the Bank/Society is not exceeded, will authenticate these pay orders under his payment seal, the amount of these pay orders being simultaneously entered in the PROFORMA account referred to in para 1 (i). The authenticated pay orders will then be returned together with one copy of the statement to the E. C. C. Bank/Society and their acknowledgment etc., obtained. The E. C. C. Bank/Society will thereafter forward these authenticated pay orders to their constituents.

(iv) Suitable instructions, in additioe to those already prescribed locally providing safeguards in connection with withdrawals from station earnings, should be issued by you in consultation with the F. A. & C. A. O. to—

(a) Stations in connection with the encashment of these pay orders at stations, and submission of vouchers to the Chief Cashier along with C. R. Note.

(b) Accounts Offices for prompt authentication of these pay orders, and financial adjustments on receipt of these pay orders through the Cash Office against "Deposit Miscellaneous—E.C.C. Bank/Society."

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Advance Correction Slips

I Establishment Code Vol. I

C. S. No. 85—R. I.

Discipline and Appeal Rules: Delegation of Powers to Asst. Officers in Independent Charge

Chapter XVII - R. I: *Schedule II*—Substitute the words 'Senior Scale Officers (Junior Scale and Class II Officers) holding independent charge' for the words 'Senior Scale Officers' occurring in the heading of column 4 of the Schedule.

(R. B. No. E(D & A) 61 RG 6-39 dated 1st Jan. '62.)

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II Establishment Manual

C. S. No. 67

Verification of Certificates in Connection with Claims for House Rent Allowances

Chapter VII; *Section II. House Rent Allowance Para 16*—Substitute the following for the existiug para:

'The controlling officers should undertake half-yearly physical checks of the rent receipts in the case of railway servants whose pay exceeds Rs. 250 p.m. The check should be done simultaneously in all the offices during the months of January and July each year and an additional certificate to the effect that the claims have been verified with reference to the rent receipts should be added in the bills pertaining to the month in which certifieate is made."

(R. B. No. E (S) I—61 CPC/AL/24 of 21/23rd Dec. '61),

* * *

III Accounts Code Part I

C. S. No. 14—A. I.

Communication of Sanctions—Expressing the Amounts of Expenditure Sanctioned in words

Para 303—A. I.—Insert the following as sub item 'd' under para 303—A. I.

"(d) that in all orders conveying sanctions to expenditure of definite amount or upto a specified limit the amount of sanction is always expressed both in words and figures."

(R B. No. 61/AC II/1/15 dated 9-1-'62)

* * *

IV Accounts Code Part II

Season Ticket Deposits

C. S. No. 4—A. II

Para 2040—A. II.—(i) Substitute the following for the third sentence of this para:

"The amount of deposit should be credited to the head "Deposit Misc." under "S. Deposit & Advances Part II. Deposits not bearing interest: other Deposits - Indian Railway Deposits."

(ii) The words "Deposits Registers" used in the fourth sentence of this para should be substituted with the words "Deposit Misc. Register".

The modified para would read as under:

When a new season ticket is issued, a deposit at the rate laid down in the Tariff is required to be made and is accounted for by the Station through Miscellaneous Cash Notes (T. 1140). The deposits should be checked with reference to the Tariff rules and their accountal verified. The amount of deposit should be credited to the head "Deposit Misc." under "S. Deposit and Advances Part II. Deposits not bearing interest: other Deposits—Indian Rly. Deposits."

Full particulars of all deposits should be kept in a Deposit Misc. Register to be maintained for the purpose. When, however, old Season Tickets are renewed no fresh security is deposited provided the Season Ticket is renewed within the prescribed time. This should be verified by comparing the date of issue of the new Ticket with the date of collection of the old ticket.

x x x

No. 5-A II

Para 2041-A II :—The words "Deposits Register" used in the third sentence of this para may be substituted, with the words "Deposit Misc. Register."

The modified para would read as under:

If the Season Ticket is not renewed and is collected in time, the deposit, if claimed by the holder is refunded by the Station Master from station earnings, the acknowledgement of the payee being obtained on a voucher (T. 355). In checking the voucher the date of collection should be verified with the Season Ticket Register (T. 357) as the deposit is forfeited if the Season Ticket is not collected in time. When a security is refunded or forfeited, a suitable remark should be given against the connected entry in the Deposit Misc. Register, as an indication that the amount is not available for refund. The amount refunded should be adjusted by debit to the suspense head mentioned in paragraph 2040. The amount forfeited should be credited to Misc. Receipts "Other unclassified receipts" in Abstract Z.

(R B. No. 59-ACII/45/1 dated 10-1-'62).

* * *

Declaration to be Signed by Trainees on Rlys.

The Rly. Board have decided that offers of appointment to the candidates selected in all trainee categories should make it clear that—

(i) the trainee, if selected for appointment against a working post on completion of his/her training, will have to serve the Railway Administration for a minimum period of five years, if required by the Administration and (ii) the trainee will not be allowed to withdraw from training except for any reasons which are beyond his/her control. In case the trainee fails to serve the Administration for a minimum period of five years as stated above, or wishes to withdraw from training for any reasons which are not beyond his/her control, or tries to withdraw by wilfully absenting himself/herself or adopting any other unfair tactics, he/she will be liable to refund the whole cost of his/her training as well as any other moneys paid to him/her during the period of training by way of stipend/pay, etc., the cost of training being understood to be 12½% of the pay and allowances (excluding travelling and running allowances) drawn by the trainee.

2. Each trainee, before starting his/her training should be required to produce an Indemnity Bond binding himself/herself and one security jointly and severally to refund, in the event of his/her failing to satisfy the conditions stipulated above, the cost of training and all moneys paid to him/her in the manner detailed in para 1 above.

3. The Board desire that the above conditions may also be made clear in the Employment Notices issued by the Railway Services Commissions or other recruiting authorities, as the case ma ybe.

4 The above orders apply only to trainees in the non-gazetted categories.

(R. B. No. E (NG) 57 RC 1/137-A of 25th Nov. '61).

News, Notes and Comments

New First Class Railway Coach

A fully furnished first class coach of the integral design rolled out of the newly erected furnishing unit of the Integral Coach Factory, Perambur, on 16-1-'62.

Launching the coach on the eve of his retirement, Mr. K. Swarup, Chief Administrative Officer, said that the coach cost Rs. 1.4 lakhs and was a masterpiece in production technique. He said that the coach had been entirely designed and produced by Indian engineers and compared very favourably with any coach of similar type produced in the more advanced countries in the West.

The new furnishing unit has been completed at an estimated cost of Rs. 3.6 crores.

Mr. C. G. Devayya, Deputy Chief Mechanical Engineer, who welcomed the guests said that the unit was now capable of furnishing 350 coaches a year. The capacity of this unit will be increased to 750 in the next three years under a phased programme, Mr. Devayya added. He also said that the I.C.F. would turn out a greater number of sleeper coaches to meet the increasing need of railway passengers.

* * *

Code of Professional Conduct for Railway Accountants

The need for laying down a clear Code of Professional Conduct for Railway Accountants is at present more urgent than ever. Suggestions are therefore invited from Members of the Profession for a Draft Code. *Ed., R.A.*

* * *

Monthly Statistics of Indian Railways

I

Gross Earnings: The approximate Gross Earnings for November 1961 were Rs. 41.48 crores, inclusive of Passenger Fares Tax, as against the actuals of Rs. 37.40 crores (excl. of Tax) for Nov. 60.

The cumulative earnings from April to Novr. 61 were Rs. 326.06 crores (incl. of P.F. Tax) as against the actuals of Rs. 291.30 crores for April to Nov. 60.

Wagon Loading: The number of wagons loaded during Nov. 61 was less than that during Nov. 60 by 1.97 & 12.2% respectively over B. G. & M. G. The cumulative loadings for the first eight months however showed increases of 4.13 & 1.01% respectively, as compared with the corresponding period of 1960.

The increased loadings in the month were due mainly to the following commodities:

B. G.	*M. G.*
Coal & coke for public	Coal & coke for public
Sugar	Sugar
Iron & Steel - others	Sugarcane
All metallic ores	Cement
Limestone & Dolomite	Iron & Steel - others
Miscellaneous Full wagons	Tea
Coal for other Govt. Rys., etc.	Metallic Ores - others
	Miscellaneous Full Wagons
	Coal for Home Line

The increases were partially set off by decreased loadings under

B. G.	*M. G.*
Grains and Pulses	Grains and Pulses
Cotton raw	Oilseeds
Cotton manufactured	Manganese ore
Jute raw	Iron ore
Sugar cane	Miscellaneous Smalls
Cement	Other Ry. Stores
Miscellaneous Smalls	
Coal for Home Line	
Other Ry. Stores	

x x x

II

Gross Earnings; The approximate Gross Earnings for December 61 were Rs. 41.09 crores, inclusive of Passenger Fare Tax, as compared to the actuals of Rs. 38.84 crores (excl. of Tax) for Dec. 60.

The cumulative earnings from April to December 61 were Rs. 367.48 crores including P. F. Tax, as against the actuals (excl. of P. F. Tax) of Rs. 330.14 crores for the period April to Dec. 60.

Wagon Loading: The number of wagons loaded during Dec. 61 was less than that during Dec. 60 by 4.41 & 12.1% respectively on B. G. & M. G. The cumulative loadings for the first nine months, however, showed an increase of 3.07% & a decrease of 0.70% respectively over B. G. & M. G., as compared to the corresponding figures for the first nine months of 1960.

The increased loadings in the month were mainly due to the following commodities:

B. G.	*M. G.*
Coal and coke for public	Coal and coke for public
Sugar	Sugar
Iron & Steel - others	Sugar cane
All metallic ores	Cement
Limestone & Dolmite	Iron & Steel others
Coal for other Govt. Rys.	Tea
Other Ry. Stores	Coal for Home Line

These increases were partially set off by decreased loadings under the following commodities:

B. G.	*M. G.*
Grains and Pulses	Grains and Pulses
Cotton, raw	Oilseeds
Cotton manufactured	Manganese ore
Sugarcane	Iron ore
Cement	Miscellaneous Full wagons
Miscellaneous smalls	Miscellaneous smalls
Coal for Home Line	Other Railway Stores

* * *

Railway Budget

The last session of the present Parliament will commence on 12th March 1962, when discussions will take place on the General & Railway Budget, which would be of a provisional nature. A 'Vote-on-Account' will be obtained for the period till the new Parliament votes the regular budget sometime in May or June 1962.

* * *

Coal Again

The Ministry of Mines and Fuel has announced an increase in the Royalty Rates on coal to be paid to the State Governments. This means that the Consumer's price of coal will be increased *pro tanto.* The Railways being the biggest consumers of coal, the coal bill of the Railways will go up, thereby reducing the surplus that would be available for development and expansion. The Planning Commission have made their calculations for Plan Finance on certain anticipated surplusses from the Railways and these are now being eaten into by the increased Royalty on Coal. It is time that a cry of 'HALT' is given to such interim increases in the prices of raw materials.

The Planning Commission and the Railway Board should give their attention to this important aspect of the matter.

* * *

Training of Cost Accountants

The Ministry of Finance has decided to set up a school for training cost accountants.

The school, which will start functioning from July 1, this year, will go a long way to meet the increasing demand from public sector undertakings and Government departments for trained cost accountants, says an official Press release.

The school will run a two-year course in cost accountancy. The course will generally cover the syllabus prescribed by the Institute of Cost and Works Accountants of India.

During training, each trainee will be given a stipend of Rs. 175. On completion of their training, the candidates may eventually be absorbed in the various departments of the Government of India and public sector undertakings.

Scientific Developments

Tiny Radio Receiving Set

A tiny radio receiving set that may be worn like a wrist-watch or pendant, will be marketed by a large Japanese maker soon. The new model, which is claimed to have the capacities of a full-scale set, is about the size of a cigarette lighter, but uses seven transistors and operates for 60 hours on a pair of 0.6 volt batteries encased in the set. It weighs about 85 grams. It has been tentatively priced at 8,000 yen (about 22 dollars). The manufacturers said in Tokyo that they would market the new sets around February 1962.

* * *

Tiny Lamp

An electric light so small that it can pass through the eye of a needle has been perfected by Donald J. Belknap an employee of the United States Army. It is expected that the diminutive lamp will be valuable for use in computers, aircraft instruments and medical appliances.

* * *

New Synthetic Rubber

Research scientists in the United States have now developed a synthetic rubber that will not freeze in the cold of space or in the Arctic or Antarctic regions.

The rubber is non-inflammable, perfectly flexible at temperatures as low as minus 40 degrees Fahrenheit and highly resistant to deterioration from hydrocarbon fuels such as petrol. The developers claim that the new rubber is the only completely fireproof, non-inflammable rubber known today.

* * *

Ultrasonic Sealer

A New method of quickly and inexpensively bonding plastic films and synthetic fabrics has been developed by Kleer-Vu Industries of New York City. The method uses ultrasonic sound waves.

Called the Ultrasonic Sealer, the new device permanently welds a wide range of plastic films, such as Mylar, polyethylene, polypropylene and cellophane; and fabrics such as nylon, orlon and dacron. The plastics can be bonded to other plastics or to synthetic fabrics.

The bonding is done by "hammering" the materials with sound waves that vibrate at the rate of 20,000 times a second. This creates a natural molecular bond.

Possible applications of the new method include the packaging of chemicals, lubricants and foods; the manufacture of footwear, clothing, plastic containers and auto seat covers; and binding zippers to garments.

* * *

Nylon Castings

Nylon can now be cast into large and massive plastic shapes for heavy industrial use as a result of the development of a new casting process developed in the United States.

The process will open up new markets for nylon in heavy industries that now use cast metal parts. Potential major markets include castings for metal-working equipment, railway equipment, paper making machinery and mining, construction and materials handling equipment.

* * *

Robot Weather Station

An automatic, unmanned weather station, powered by atomic energy, has begun operating on Axei Heiberg Island in northernmost Canada. It covers a previously bland area on the United States and Canadian weather maps. The station was designed and built for the U.S. Weather Bureau and the Atomic Energy Commission.

Every three hours the station automatically transmits reports on temperature, wind and barometric pressure. Expected to operate two years before refuelling, it is powered by a pound of Strontium-90 whose heat of radio-activity is converted into electricity.

The Strontium-90 is sealed in insoluble and corrosion-resistant materials.

* * *

Products from Smoke

The smoke from Pittsburgh's many steel mills in Pennsylvania, which once gave the industrial centre the name of the "Smoky City," is now being transformed into a host of useful products.

At the coke ovens of the United States Steel Corporation, a special recovery process transforms the smoke from each ton of coal burned in its conversion to coke into about 145 pounds of chemicals. The chemicals are used in the manufacture of paints, insecticides, explosives, nylon, cosmetics and perfumes.

Another product made from the by-product chemicals is a special bone glue that hardens so quickly that a patient can move a recently broken limb within a few hours after the glue has been applied. A fluorescent paint developed with the chemicals derived from coal smoke is now being used on planes to make them more visible and thus reduce the number of in-flight collisions.

* * *

Rock-Breaking Process

The Montana School of Mines and the Westing-house Electric Corporation of Pittsburgh have devised a process for breaking rocks electrically. A radio-frequency generator, similar to a small but powerful radio transmitter, is employed in the process.

Instead of sending its power through an antenna, the generator's power is directed through wires to a rock. The high frequency current heats a path through the rock which expands more than the unheated areas. The expansion differential causes the rock to crumble.

The developers claim that their method is far safer than the conventional rock breaking methods involving drilling and the use of explosives, as the rock crumbles gradually instead of disintegrating violently.

Personnel

Shri E. G. KOTISWARAN, C.M.E., Chittaranjan Loco Works, has been appointed as S.D.G.M., S. Ry., Madras, w.e f. 12-1-'62, in place of

Shri D. B. PATEL, who has been transferred to the Railway Board.

Sbri IQBAL HYDARI, took over on the 16th Jan. '62 as Chief Administrative Officer, I.C.F , Perambur, from

Shri K. SWARUP, who retired from Railways, and joined M/S Khandelwal Udyog Ltd., Bombay (Structural Engineers).

Shri S. GOPALAKRISHNAN, offg. Dy. C.A.O., N. Ry., transferred in the same capacity to Central Railway, vice Shri D. G. TERE, proceeding on leave.

Shri K. S. GUPTA, offg. Dy. C.A.O., N.F. Ry., transferred in the same capacity to N. Ry., vice Shri S. GOPALAKRISHNAN.

Shri JAGDISH RAI, S.A.O., N.F. Ry., appointed to officiate as Dy. C.A.O , N.F. Ry., vice Shri K. S. GUPTA.

Shri S. N. MAZUMDAR, temporary A. A. O , C.L.W., transferred to Eastern Ry., and appointed to officiate as S.A.O. on that Ry.

Shri G. V. SUBRAMANIYAM, offg. S. A. O., Eastern Ry., transferred to D.B.K. Ry., Projects.

Shri K. SRINIVASACHARYULU, offg. Dy. C.O.P.S(PL), Madras, was posted as offg. Divisional Supdt., Hubli, w.e.f. 30th Dec. '61.

Sri M. B. JAGANNATHAN, Dy. C.A.O / T.A , S. Ry., is transferred to the Integral Coach Factory, Perambur, as Dy. F.A. & C.A. O. He is to be relieved on the afternoon of 15th Feb.

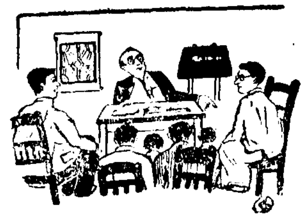
Sri P. T. VENUGOPAL, D.A.O./RPM. S. Ry., promoted to Junior Administrative Grade and posted as offg. Dy. C.A.O./T.A.

Sri G. V. Raja, offg. S.A.O./W/PER, S. Ry., transferred to Rayapuram as D.A.O/RPM.

Sri P. S. HARIHARAN, S.A.O/S/PER, to hold additional charge of the post of S.A.O./W/PER until further orders.

Sri R. CHINNAPPA, transferred from N. Ry. to S. Ry., will, on reporting for duty on the S. Ry., be posted as Dy. C.A.O./Construction, a temporary post created for three years. He will also be in charge of Electrification Projects executed by the ENC & CEE, S. Ry.

Sri K. SIVANNA, transferred from Central Ry., and posted as A.P.O., Mysore (S.Ry.)



STUDENTS' CORNER

A TEST OF INTELLIGENCE

At page 263, January 1962 issue, was given a question with six sub-divisions. The following are the solutions thereto.

(i) 18 13 8 ? 3
5 5 5

Each subsequent figure is less than the previous one by 5. Hence the required figure is 8-5 or 3.

(ii) 1 9 25 49 ? 81
8 16 24 32

The figures progress by differences also increasing uniformly ; 8, 16, 24 ; i.e., 8 x 1, 8 x 2, 8 x 3. Hence the last difference should be 8 x 4 or 32. Thus, the required figure should be 49 plus 32 or 81.

(iii) 2 8 25 80 ? 242
6 18 54 162

Here also the figures are increasing by differences which are also increasing regularly: 6 – 18 – 54 : i.e., 2 x 3, 2 x 3 x 3, 2 x 3 x 3 x 3. Hence, the last difference should be 2 x 3 x 3 x 3 x 3 or 162. Thus, the required figure will be 80 plus 162 or 242.

(iv) 4 6 9 13 ? 18
2 3 4 5

The differences are increasing here by units, viz., 2, 3, 4 ; the last difference should therefore be 5. The required figure will thus be 13 plus 5 or 18.

(v) 3 5 9 17 ? 33
2 4 8 16

The differences here are in geometrical progression, i.e., 2, 2^2, 2^3; thus the next difference should be 2^4 or 16. The required figure will thus be 17 plus 16 or 33.

(vi) 1 5 14 30 ? 55
4 9 16 25

The differences between the progressive figures here also are increasing: 4, 4 plus 5, 4 plus 5 plus 7. The next difference would therefore be 4 plus 5 plus 7 plus 9; or 25. The required figure will thus be 30 plus 25 or 55.

RAILWAY ACCOUNTANT, January 1962 Issue

CORRECTIONS

PAGE 282 : Column 1. In the 7th line from bottom, for September, read December.

PAGE 267 : WAGON TURN-ROUND by KALAB. Para 2, column 1.
For the second and third sentences, substitute the following : "This is interpreted in different ways, but the most reasonable definition would be the period taken by a wagon from the time it is available for loading till it is unloaded at destination and made available for reloading."

o o o o

Institute of Railway Accountants

I. R. A., Madras: Amendment to Membership Rules

In regard to the Proceedings of the Institute of Railway Accountants General Body Meeting published at page 283 of this Journal for Jan. 1962, Mr. B. G. BALAKRISHNAN, Hon. Editorial Adviser, writes:

"While the I. R. A. can admit non-qualified staff as STUDENT members, they can't be full-fledged members, if the I. R. A. is to be considered as a Professional Body. Associates, Members and Fellows (possessing Railway Accountancy qualifications and experience) alone can constitute a Professional Body as such."

* * * *

The Railway Accountant

The Sub-Committee appointed by the General Body of the Institute on the 5th January met the Managing Editor of the RAILWAY ACCOUNTANT and obtained from him detailed particulars on a variety of matters on the 28th January. They have since met by themselves in order to come to a decision as to the feasibility or otherwise of the Institute taking over the running of the RAILWAY ACCOUNTANT. The Sub-Committee will meet the Editor again before their Report to the Committee is finalised.

* * * *

Enrolling Additional Members

As decided by the General Body of Members at their last Meeting on the 5th January 1962, all Divisional Offices of the Southern Railway were addressed to enrol more Members to the Institute. Favourable results are anticipated.

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Mg. Editor.

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