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**STANDING COMMITTEE
ON RAILWAYS
(1997-98)**

ELEVENTH LOK SABHA

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

RAILWAY FINANCE

NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 1997/Shravana 1919 (Saka)

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STANDING COMMITTEE ON
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(1997-98)

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MINISTRY OF RAILWAYS
(RAILWAY BOARD)

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Presented to Lok Sabha on.....

Laid in Rajya Sabha on.....



LOK SABHA SECRETARIAT
NEW DELHI

August, 1997/Shravana 1919 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON RAILWAYS
(1997-98)

Shri Basudeb Acharia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Naik
3. Shri Jagdambi Prasad Yadav
4. Shri Satya Deo Singh
5. Shri Anand Ratna Maurya
6. Shri Dhirendra Agarwal
7. Shri Ashok Sharma
8. Dr. Sahebrao S. Bagul
9. Dr. Ramvilas Vedanti
10. Shri Ashok Gehlot
11. Shri Priya Ranjan Das Munshi
12. Shri Nandi Yelliah
13. Shri K.P. Singh Deo
14. Km. Sushila Tiriya
15. Shri Imchalemba
16. Shri V.M. Sudhecran
17. Shri Dinsha J. Patel
18. Shri Qamarul Islam
19. Shri Chun Chun Prasad Yadav
20. Shri Raja Rangappa Naik
21. Shri P. Theertharaman
22. Shri Ram Singh Shakya
23. Shri K. Parasuraman
24. Shri Kondapalli Pydithalli Naidu
25. Shri Narayan Gajanan Athawalay
26. Shri Sukhlal Khushwah
27. Shri Ram Bahadur Singh
28. Dr. Prabin Chandra Sarma
29. Shri E. Ahamed
30. Shri S. Bangarappa

Rajya Sabha

31. Shri Satyanarayana Dronamraju
32. Maulana Habibur Rahman Nomani
33. Shri Balbir Singh
34. Shri W. Angou Singh
35. Shri Shivajirao Giridhar Patil
36. Shri Gopalsinh G. Solanki
37. Dr. Ishwar Chandra Gupta
38. Smt. Malti Sharma
39. Shri Nagmani
40. Shri Rahasbihari Barik

41. Smt. Chandra Kala Pandey
42. Shri S. Niraikulathan
43. Shri K.M. Saifullah
44. Shri Tridib Chaudhuri
45. Shri Wasim Ahmad

SECRETARIAT

- | | | |
|-------------------------|---|-----------------------------|
| Shri S. N. Mishra | — | <i>Additional Secretary</i> |
| Shri R.C. Gupta | — | <i>Deputy Secretary</i> |
| Shri Surinder N. Dargan | — | <i>Under Secretary</i> |
| Shri O.P. Shokeen | — | <i>Committee Officer</i> |

INTRODUCTION

I, the Chairman of Standing Committee on Railways (1997-98) having been authorised by the Committee to present the Report on their behalf present this Ninth Report of the Committee on 'Railway Finance'.

2. In order to have detailed examination of the subjects taken up by the Committee, six Study Groups were formed. The Study Group I (Railway Finance) consisted of the following Members:

1. Shri K.P. Singh Deo — Convener
2. Dr. Prabin Chandra Sarma — Alternate Convener
3. Shri Satya Deo Singh
4. Shri Anand Ratna Maurya
5. Shri V.M. Sudheeran
6. Shri Qamarul Islam
7. Smt. Malti Sharma
8. Shri Rahasbihari Barik

3. The Study Group I had informal discussion with the Financial Commissioner and other Railway officials on the subject 'Railway Finance' on 10 and 28 October, 1996 and asked them to furnish information on certain points. The Study Group had informal discussion with the Chairman, Railway Board and other officials of the Ministry of Railways on 7 and 15 November, 1996. The draft Report on the subject was considered by the Study Group on 15 January, 1997; 27 January, 1997; 28 January, 1997 and 15 March, 1997. The draft Report was, after its finalisation, referred to the Chairman, Standing Committee on Railways for taking formal evidence on the subject.

4. The Committee took evidence of the representatives of the Ministry of Railways at their sittings held on 25 June, 1997 and 4 July, 1997. The Report was considered and adopted by the Committee at their sitting held on 20 August, 1997.

5. The Committee wish to express their thanks to the representatives of the Ministry of Railways (Railway Board) who appeared before the Committee and shared their considered views on the matters which came up for discussion during evidence. They also wish to thank them for furnishing the material and information desired by the Committee.

NEW DELHI;
21 August, 1997

30 Shravana, 1919 (Saka)


BASUDEB ACHARIA,
Chairman,
Standing Committee on Railways.

PART I

REPORT

The Railway Finances were separated from General Finance in 1924 as a result of acceptance of the recommendations of the Acworth Committee by the Government. A resolution to that effect was adopted by the Legislative Assembly on 20.9.1924. The main objectives underlying the Separation Convention were that:—

- (i) The Government which invests money in the Railway Undertaking should get a fair and reasonable return;
- (ii) Separation of Railway Finance from General Finance would enable establishment of a proper Depreciation Fund and building up Railway Reserves so as to ensure that the Railway Undertaking functions as a Commercial Undertaking; and
- (iii) As an organisation under finance department, Railways cannot close on end of financial year and start again on 1st April. It has to be a continuous organisation with long term financial plan.

2. Since then, the financial arrangements between the Railways and the General Revenues, have been reviewed from time to time and modifications/changes carried out to meet the requirements of the changing time. As a result thereof, the administrative and financial set up of the Ministry of Railways has come to acquire a somewhat unique character. The Railway Ministry has been delegated with substantial powers relating to all Railway matters and the Railways have their own independent and integrated financial set up, in that:—

- (i) Railway budget is presented separately;
- (ii) Railway Ministry enjoys substantial powers of financial sanction to expenditure which are vested with the Financial Commissioner, Railways;
- (iii) Accounts are maintained by the Railways' own accounting cadres and not by the Comptroller and Auditor General; and
- (iv) Railway Projects are not cleared by PIB as is done for projects of other Ministries.

3. Recently, a system of clearance by an Expanded Board and Cabinet Committee on Economic Affairs (C.C.E.A.) has been introduced.

4. Asked about the major changes/modifications made in financial arrangements between Railways and the General Revenues during the last

10 years and the reasons therefor, the Ministry of Railways in a written note stated:

“The major changes noticed in financial arrangements between Railways and the General Revenues during the last 10 years are:

- (i) Gradual decline in the budgetary support to the Railway by the Government resulting in increased dependence on costlier extra budgetary resources in financing the Railway Plan.**
- (ii) Decline in budgetary support also forced the Railways to part finance their investment needs for which a new fund called Capital Fund was created during 1992-93. From 1.4.93 two of the Railways funds namely the Revenue Reserve Fund (RRF) and the Accident Compensation Safety and Passenger Amenities Fund (ACSPF), which had become redundant, were abolished.**
- (iii) Despite the above, the Railways not only kept the commitments of dividend payment to General Exchequer but also fully discharged the deferred dividend liability and the loan account in 1992-93.**
- (iv) The Railways have also been maintaining balance to the credit of their reserve funds which are kept with the Ministry of Finance. This contributes to the ways and means of the General Exchequer. In 1997-98, these funds have been estimated to have balances of the order of Rs. 3723 crores.**
- (v) The Railways at present are borrowing (domestic as well as foreign) from public through Indian Railway Finance Corporation (IRFC) and have also recently been attracting private investments through “Own Your Wagon (OYW)” and “Build Own Lease Transfer (BOLT)” schemes. The cost of these borrowings and private investment is very high, as compared to the traditional funding. In 1997-98, liability on account of lease charges to be paid to IRFC and others is expected to be around Rs. 1900 crores.**
- (vi) The rate of dividend being paid to the General Exchequer was raised from the slabs of 6% and 6 & 1/2 % in respect of Pre-80 and Post-80 capital investments, to a uniform 7% irrespective of the year of investment.**
- (vii) The financial relationship between the Railways and the General Exchequer is determined by the Railway Convention Committee, in so far as the rate and other conditionalities of payment of dividend are concerned. The Railway Convention Committee (1991) in their 9th and 12th reports recommended for treating the Pre-52 capital as dividend free but the Ministry of Finance seems disinclined in accepting it.**
- (viii) The Ministry of Railways had a free hand in selection of projects to be included in the Railways Plan but since 1993-94, all projects costing more than Rs. 50 crores are now required to be cleared by**

the Expanded Board and Cabinet Committee on Economic Affairs (CCEA).

- (ix) Concept of National Projects has been introduced. Railways have been directed to take up construction of Udhampur-Srinagar-Baramulla New Line as a National Project where capital is to be dividend free and operating losses is supposed to be made good by the Central Government.
- (x) Railway Budget is presented to the Parliament in much greater detail as compared to other Ministries, which enables greater transparency and detailed scrutiny by the Standing Committee."

5. As the Ministry of Railways have stated that they have been delegated with substantial powers relating to all Railway matters and they have their own independent and integrated financial set up, the Committee enquired as to whom the Railways maintain accountability and responsibility in their financial spending. The Ministry of Railways replied as under:

- “(i) The entire expenditure of the Railways is met out of the Consolidated Fund of India and is subject to the same control of the Parliament as applicable to the spending of the Ministry of Finance through the Central Budget.
- (ii) Even though Railway finance stands separated from the general finance, they are still subject to the overall control of the Ministry of Finance. The Financial Commissioner of Railways who heads the financial organisation of the Railways is a nominee of the Ministry of Finance and functions under the guidance of and is accountable to Minister of Finance.
- (iii) The Railway Budget though passed independently by the Parliament, is incorporated in the General Budget and is subject to the overall ways and means of the Government.
- (iv) All policy directives and instructions of the Ministry of Finance and other nodal Ministries, such as Ministry of Home Affairs, DOP etc., are equally applicable to the Railways.
- (v) Plan expenditure of Railways forms part of the overall plan expenditure of the Government of India and is subject to clearance of the Planning Commission. In this connection it is relevant to point out that utilisation of funds from Railway's own funds like DRF, DF, etc., for plan expenditure is also subject to clearance by Planning Commission/Ministry of Finance.
- (iv) Recently a new procedure has been evolved under which projects costing above Rs. 50 crores require prior approval of Planning Commission, Expanded Board [consisting of Members of the Railway Board, Secretary (Expenditure) Ministry of Finance, Secretary, Planning Commission and Secretary, Department of

Programme Implementation] and CCEA. Besides all projects falling under the plan head New Lines, Gauge Conversion, Railway Electrification, setting up of new production units even though forming part of the approved plan of the Railways require prior clearance of the Planning Commission, before execution.

- (vii) Railway Finances are also subject to scrutiny and control of the various Parliamentary Committees like Estimates Committee, Public Accounts Committee, Standing Committee etc.
- (viii) The general arrangements between the general finances and Railway finances are based on the recommendations of the Railway Convention Committee as approved by the Parliament and is subject to its periodical review.
- (ix) All receipts, payments, investments etc. in Indian Railways are subjected to Statutory Audit by Comptroller & Auditor General (C&AG). Railways have to provide Appropriation Accounts every year for grants and appropriations approved by the Parliament. This account is checked by the C&AG and discussed in the Public Accounts Committee."

6. Asked about the mechanism to monitor the accounts of Railways, particularly when the accounts are maintained by their own accounting cadres and not by the Comptroller and Auditor General of India, the Ministry stated:

"(1) Mechanism for review of earnings and expenditure

The Indian Railway Financial Code lays down in detail the procedure to monitor the accounts of Railways. The Railways are perceived to be a commercial organization and hence a proper mechanism had to be devised for watching the progress of the expenditure in individual units *vis-a-vis* the Budget Grants as also the accrual of earning with reference to the target set. The monitoring of the earnings and the expenditure is achieved through the mechanism of breaking down the annual expenditure budget and the earning targets month-wise. The month-wise Budget Proportions/Earning targets are to a large extent, based on the patterns as noticed in earlier years plus additional factors, if any. For works expenditure the monthly progress is watched Plan Head wise and source of fund wise with reference to the budget allotment as well as last year's trend. The progress of expenditure as well as earnings are reviewed at the unit level, the Divisional and Zonal Headquarters level every month first on approximate basis and subsequently on actual basis.

A statement of approximate receipts and expenditure under prescribed heads is sent to Railway Board on due date for the purpose of watching the expenditure *vis-a-vis* proportionate budget allotment. A consolidated statement is also furnished to Ministry of Finance every month.

(2) Exchequer Control

From about the year 1976-77, the practice of "Exchequer Control" has also been evolved. In simple terms an exercise is undertaken to break the total expenditure budget between cash transactions and adjustment transactions. For the cash portion, the total requirement during the year is distributed firstly for each quarter and thereafter for each month in a quarter. Refinements have also been made to regulate the cash expenditure under more specific heads known as primary units such as wages, dearness, overtime etc. This practice has also helped in regulating the expenditure within the limits of the budget.

(3) Monthly Financial Reviews

The Railways have a practice of preparing Financial Reviews based on the trends of earnings and expenditure, at the Division Level as well as Zonal Headquarters. The information furnished in these Reviews highlights the department wise performance in order to enable timely corrective action. These reviews are also prepared at Railway Board's level every month to watch the performance of individual units.

(4) Financial control through primary units of expenditure

A system of concurrent and continuous control of expenditure is exercised in the Railway every month by the nature of expenditure i.e. salaries, dearness allowance, contracts, contingency, material from stock etc."

7. Although the Railway Finance have been separated from the General Finances, the former continue to be part of the overall Government Finances in that estimates relating to receipts and expenditure of the Railways are incorporated in the General Budget as part of the total receipts and expenditure of the Government of India.

8. The Railways earn their Revenues mainly from earnings from goods and passenger traffic. The working expenditure of Railways is met from these revenues. Excess of Revenue receipts over expenditure (internal resources) is appropriated to various funds used for development and expansion of Railways.

9. A statement showing the comparative position of Railway Finances from 1991-92 onwards is as under:—

Comparative Position of Railway Finance

(Rs. in crores)

Particulars	91-92	92-93	93-94	94-95	95-96	96-97 (BE)	97-98 (Assumed)	(B.E.)
Gross Traffic Receipts	13730	15688	17946	20101	22418	24800	25670	27855
Ordinary Working Expenses	9209	10480	11760	12700	14375	16423	19533	20935
Appropriation to D.R.F.	2000	2300	1875	1885	2060	2000	2000	2000
Appropriation to Pension Funds	1180	1200	1500	2005	2090	3150	2300	2200
Total working expenses	12389	13980	15135	16590	18525	21573	23833	25135
Net Traffic Receipts	1341	1708	2811	3511	3893	3227	1837	2720
Net Misc. Receipts	200	247	291	297	243	276	309	284
Net Revenue	1541	1955	3102	3808	4136	3503	2146	3004
Payment of Dividend to General Revenue	1106	1514	1296	1362	1264	1587	1697	1630
Excess	435	441	1806	2446	2872	1916	449	1374
Operating Ratio	89.5%	87.4%	82.9%	82.6%	82.4%	87.8%	92.8%	91.4%

Mobilization of Resources by Railways

10. To meet their capital requirements on new projects, modernization, expansion or diversification etc., of existing projects, the Railways mobilise funds from various sources. The Railway Plans are financed through (a) budgetary support from General Exchequer; (b) internal resources; and (c) extra budgetary resources i.e. Railway Bonds etc.

11. A statement indicating the position of resource mobilisation in the last three years and expectation in the next two years is as below:

Position of Resource Mobilisation

(Rs. in crores)

S. No.	Item	93-94	94-95	95-96	96-97	97-98 B.E.
A.	Budgetary Support	974	1145	1150	1431	1831
B.	Internal Resources	4030	3582	4423	4401	3419
C.	Extra Budgetary Resources	856	745	1927	2460	3050
Total Resources		5860	5472	7500	8300	8300

S. Item No.	93-94	94-95	95-96	96-97	97-98 B.E.
%age to Total					
1. Internal Resources	68.8%	65.5%	59.0%	53.0%	41.2%
2. Extra Budgetary Resources	14.6%	13.6%	25.7%	29.0%	36.7%
3. Budgetary Support	16.6%	20.9%	15.3%	17.3%	22.1%

12. The Ministry of Railways in a note to the Study Group-I of the Committee, constituted to examine the "Railway Finance" have mentioned that the following efforts are being taken for mobilising the resources:—

- (i) To get the budgetary support enhanced.
- (ii) To mobilise internal resources to the best of capacity of the system by increasing productivity and saving working expenses; and
- (iii) To harness the market resources through issue of bonds and by inviting private investments under the Build-own-Lease-Transfer (BOLT) and Own Your Wagon (OYW) schemes.

13. However, the Ministry of Railways in a presentation shown to the study group have summed up the financial position scenario as under:

- More than 50% of revenue is generated internally. Little scope for increasing further.
- Budgetary Support declining steadily.
- Market borrowing increased from 15% in VII Plan to more than 20% in VIII Plan. Projected at 25% in IX Plan.
- Loan servicing already more than 10% of Working Expenses.
- Scope for reducing expenses limited due to projected increases in fixed components such as salaries and pensions.

14. Budgetary Support

The percentage of Budgetary Support to total Plan size which was 75% during the Fifth Plan has come down to 42% in the Seventh Plan and finally to 18.6% in the terminal year of the Eighth Plan. The dividend paid by Railways on Budgetary support at the rate of 7% during the last 3 years is as follows:

1994-95	—	1361.71
1995-96	—	1264.44
1996-97	—	1507.49

15. The Minister of Railways, in his Budget Speech putting a case for more budgetary support, has stated:

“The financial performance of the Indian Railways in 1995-96 was unprecedented and set new standards. The records established in the growth of goods and passenger traffic had a favourable impact on the financial well-being of the Indian Railways. Railways not only provided Rs. 1361 cr. as dividend to the General Revenues but have also increased their excess from Rs. 2318 cr. as per Revised Estimates, to an actual “excess” of Rs. 2577 cr. The gross traffic receipts are also expected to be Rs. 22241 cr., which will be an improvement on Rs. 22175 cr. as shown in the Revised Estimates. On the other hand, strict control was shown in restricting the Ordinary Working Expenses. This is likely to be better than Rs. 14590 cr. shown in the Revised Estimates. Spending less than the Budget Estimates despite payment of interim relief, increase in pension and other post-budgetary increases in the financial year reflected a financial discipline which has emerged as a bench-mark for the Indian Railways and requires to be praised. Their Operating Ratio has also improved from 84.6% projected in the Revised Estimates to 82.5%. In this financial year also, the Railways will help the Ministry of Finance by not only making full payment of dividend but also by increasing their contribution to the various Funds maintained by the Ministry of Finance by an amount of Rs. 759 cr. Railways had also maintained a strict control on net drawal of funds kept with the Reserve Bank of India and at the end of the year had a credit balance of Rs. 908 cr. I am sure that with all this, my friend, the Finance Minister, will be extremely happy and would agree for more budgetary support to the Indian Railways with an open heart.”

16. As the nomenclature ‘Budgetary Support’ is a misnomer particularly because it is a loan in perpetuity rather than the support, the Committee asked for the reasons for naming it as Budgetary Support. The Ministry of Railways replied:

“The term budgetary support appears to have emanated from the Budget documents of Government of India where any support to Public Undertaking — by way of loan or equity — is treated as budgetary support from Central Government. This should not apply on Railways as it actually is a loan in perpetuity on which Railway is required to pay interest as fixed by RCC.”

17. Asked about the suggestion for working out an arrangement whereby after certain years, the budgetary support should be exempted from payment of dividend, the Ministry of Railways stated:

“In the present situation this appears to be the only way out as Railways are not being fully compensated for huge social burden and also enormous pending dues against State Electricity Boards. Due to pressure from Road and demand being sensitive to price there is a limit to raising resources internally and if the country’s economic growth is to be matched by Railways infrastructural development, such a relief would help Railways as well as the economy, as Railways are the most environment friendly, cost and energy efficient transport alternative.

In some of the other countries also, the Government investments in Railways are free from any interest and in fact subsidy is given to the Railways for being social burden.”

18. The Committee desired to know the funds requirement of the Railways during Ninth Five Year Plan period. The Chairman, Railway Board submitted during evidence:

“We have requested for a much larger allocation and we have suggested a Plan size of Rs. 65,000 crore for the Ninth Five Year Plan. We will be going back to the Planning Commission. They have suggested a reduction to the level of Rs. 35,000 crore or Rs. 50,000 crore. We have to work out on these two scenarios. We may accept Rs. 50,000 crore because of the constraint of resources, but it would be very difficult if it is below Rs. 50,000 crore.”

To a further query the Chairman added:

“We should be in a position to carry 525 million tonnes off freight with that investment of Rs. 50,000 crore. That is our assessment.”

19. When pointed out by the Committee, whether the Railways would be able to carry 650 million of freight with the investment of Rs. 65,000 crores the Chairman, Railway Board, deposed:—

“Yes, we will be able to carry the freight to that extent. The budget projection for the Ninth Plan is Rs. 65,000 crore which we are prepared to reduce to Rs. 50,000 crore. A substantial component of that would be for doubling, rolling-stock, locomotives, railway electrification and replacements. For new lines, approximately Rs. 2000 crore have been earmarked for these five years. As I submitted, the new lines are not adding to our carrying capacity. Except for two lines, that is, the Daitari-Banspani line and the Sukinda-Talcher line, they are for the backward areas. Therefore, the thrust is on the balance activities other than new Railway Lines. Out of the Rs. 65,000 or Rs. 50,000 crore, the major investment is for these activities. Activities like

doubling, rolling stock programme, replacements etc. are carried out of internal resource generation or from borrowings. But items like additional wagon and locomotive procurement, new acquisition are chargeable to capital account. It is here that we may have a problem with the Planning Commission. Secondly, internal resource generation to the extent of Rs. 65,000 crore is not possible. Our plea is, therefore, either to cut the subsidy element on social burden which we give or increase the budgetary allocation so that we can charge even doubling to capital account. We have asked for more. For 1994-95, they had agreed that even as per their calculation — our loss was as much as Rs. 890 crore on passenger services. So, the estimate of Rs. 65,000 crore may become Rs. 50,000 crore. But the thrust is on doubling, rolling-stock, terminal facilities, renewals, replacements etc. Therefore, my point is that this cannot be done to the measure that we want unless additional budgetary resources become available. Thrust of the new lines are important to us from the view point of carrying freight traffic”.

20. The increase in budgetary support to Railways has been recommended by various Committees from time to time. Very recently, the Expert Group on the Commercialization of Infrastructure Projects 1996 (Chairman: Shri Rakesh Mohan) appointed by Ministry of Finance also emphasized that the projected acceleration in economic growth will clearly not be possible to achieve without a corresponding acceleration in rate of investment in infrastructure. The Expert Group noted that the Indian Road and railway network is already grossly inadequate for present transportation demand.

INTERNAL GENERATION OF RESOURCES

21. To increase their internal resources, the Railways have to augment earnings by reducing working expenses. The Ministry of Railways, in a note on their plans for maintaining economy and areas identified for curtailing wasteful expenditure, stated that Annual action plans are launched to effect economy in expenditure. Special areas on which attention is being bestowed are:—

1. Economy in energy consumption.
2. Closure of steam shed and phasing out steam traction.
3. Monitoring of purchases and control over inventory balances and improvements in turn over ratios.
4. Curbs on expenditure on items like overtime, travelling allowances etc.
5. Improved productivity despite reduction in staff.
6. Closure of yards, goods sheds and Transshipment points.
7. Better asset utilisation.
8. Manpower planning.

9. Introduction of cost centre profit-centre approach.
10. Zero-base budgeting.”

22. The Ministry in a presentation have mentioned the following constraints in internal generation of resources:

- Mix of Traffic:
- Passenger 60% & freight 40% (Train Kms).
- Revenue from passenger traffic has dropped from 41% in 1951 to 28% now.
- Freight and fares cannot be increased continuously.
- Low rate of returns on investments for social purposes.

23. Admitting the importance of generation of internal resources, the Chairman, Railway Board stated during evidence:

“.....the Railways cannot depend on budgetary support of very large magnitude for an indefinite period and therefore should generate resources itself to deal with new projects as they come in the country”.

Elaborating the point further he added:

“In regard to the first issue of internal resources generation I would like to submit that we get funds from three sources. First is the resources that we get from revenue minus the expenditure. The second is borrowing which we do ourselves like from the Indian Railway Finance Corporation. The third is the support that the Railway gets from the Finance Ministry, what we call the Budgetary support. If the Budgetary support dwindles, we would have to go for the first two only. We must maximise earnings and minimize expenditure. We have certain limitations in the Railways in regard to earning maximization and which, I would say, is there in every democratic set up and, that is, we are not given tariff freedom.”

24. As regards the non-availability of freedom in fixing the tariffs, the witness deposed:

“We do not have the tariff freedom which we would like to have. There are certain sectors which are subsidised. The Ministry of Finance and the Planning Commission have accepted that the

subsidised grant by the Railways is at least Rs. 900 crores for 1994-95. This is a mutually accepted figure. Maximisation of earnings has certain limitations in the atmosphere in which we are functioning and one has to recognise that."

25. On the issue of expenditure control, he informed the Committee as under:

"This is an obligation of the management and we must do it. Here I would like to place on record that our unions are very cooperative with us and we are perhaps the only organization which has consistently reduced the manpower by 2 per cent each year. Fifty per cent of our expenditure is on our staff. We have tremendously controlled our fuel bills. We have controlled expenditure on staff. We can give figures showing how we have reduced our staff strength. We can give figures showing as to how the energy consumption has been coming down."

26. In regard to stores inventories and scrap disposal, he stated:

"....We must maximise our revenues out of it. We have taken measures to control expenditure. We are continuing with these steps and must progress ahead."

27. As regards the utilisation of the resources generated internally, the Chairman, Railway Board stated:

"....we are using that for doubling of tracks and for terminal facilities, passenger amenities and all that. For this we are not dependent on the Ministry of Finance at all. It is done through our own internal resources generation. We are in a position to handle this. I would like to place on record here that there is a conflicting interest involved in this and that is commercial *vis-a-vis* regional interest. If I go for doubling of lines then certainly lesser amounts would be available for gauge conversion and higher amounts would be needed for doubling. There is a need as well as demand and aspiration for everything. There are certain things which are not made on commercial consideration but done, keeping in view the aspiration and needs of the people.

Therefore, there is a conflict and that conflict in a democratic set up is bound to arise. Some money is spent which is not hundred per cent commercial."

28. The Committee enquired about the difficulties faced by the Railways in spending the amount, available out of the funds, received from internal generation, on construction work, the Chairman, Railway Board stated as under during evidence :

"I would like to submit that except for a handful of new lines, which perhaps we can count on our fingers, all the other lines are not economically viable. For example, if I can recount here, we

have two lines in Orissa which are with return +14 per cent. It will give return hands down. But if I look at a line like Baramulah, conversion of Jorhat or Dibrugarh, Patna Bridge, I am not specific, I am talking of examples none of them give a return. It is not economically viable. We also do not have that kind of resources for doing that."

29. When asked about the measures adopted to economise the expenditure, the Chairman, Railway Board stated :

"Reduction in expenditure is our objective and it will continue. This is our effort to keep it running. Till date, the efforts made, were that where we do not need staff strength, there we should reduce it and redevelop it and bring it in an area where it is needed. The second area was of energy. Therein, efforts have been made for conserving energy and fuel efficiency. More efforts have been made on the stores side also. We will make savings in Store Inventory and keep expenditure under control. The first effort on the stores side will be maximum disposal of scrap and maximum earning from it. Secondly, purchasing be made in a way where no extra expenditure is involved. Besides these the other areas are that the Crew is a very very costly asset for Railways. So, optimal utilisation of crew is another area where we are putting our efforts."

30. However, it is seen from the budget proposals for the previous years and current financial year that the ordinary working expenses in 1994-95 were Rs. 12,700 cr. and in 1995-96 Rs. 14,375 cr. For 1996-97 and 1997-98 the working expenses are projected at Rs. 16,423 cr. and 20,935 crores respectively. Thus there is an increase of more than 10% every year in the working expenses. The Net Revenues has also declined from Rs. 4135 crores in 1995-96 to Rs. 3756 crores in 1996-97. The excess has been assumed at a very low figure from Rs. 2446 crores in 1994-95 to Rs. 1374 crores in 1997-98 after reaching a high of Rs. 2871 crores in 1995-96. The operating ratio is also assumed to increase to 91.4% in 1997-98 from 87.8% in 1996-97.

31. As the internal generation of resources by Railway has been going down during the last few years despite a steady increase in freight rates and passenger fares and that the operating ratio is expected to increase in 1997-98 to 92.8% from 87.98% in the year 1996-97, the Committee enquired whether the Railways have made any efforts to arrest this trend, the Ministry of Railways stated :

"The deterioration in Railways operating ratio from 87.98% in 1996-97 to 92.8% in 1997-98 is an abnormal situation and has taken place mainly due to the huge provision required to be made for meeting the likely impact of the V Pay Commission recommendations. Such an abnormality is bound to occur in the

initial stages of implementation of V Pay Commission, but with passage of time, the trend will not only be arrested but also improved. It may be mentioned if the provision for the impacts of V Pay Commission was not provided for, the Railways' Operating Ratio would have worked to 79.4%.

In the normal course, the Railways have shown a continuous improvement in their performance. The Railways operating ratio which was 93% in 1988-89 even with the usual type of expenditure, has improved gradually to 82.5% in 1995-96 even with a considerable expenditure of Rs. 1395 crores required to be made for interest charges on market borrowings. This has been possible through various measures taken for augmenting earnings and containing the expenditure, such measures will continue more vigorously in future also. Incidentally in 1996-97 we are likely to end up with an operating ratio of 86.1% instead of 87.98% (BE). The increase from 1995-96 is mainly due to higher provision under Pension Fund. Operating Ratio achieved by Indian Railways since 1988-89 (year-wise) are under :—

<i>Year</i>	<i>Operating Ratio</i>
1988-89	93.0
1989-90	91.5
1990-91	92.0
1991-92	89.5
1992-93	87.4
1993-94	82.9
1994-95	82.6
1995-96	82.5"

32. From the Tenth Report of the Railway Convention Committee (1991) on Progress of Modernisation Programme in Railways including Energy Conservation Measures, the Committee find that there is no control of the Ministry of Railways over the Electricity tariffs fixed by various State Electricity Boards. The average cost per unit of traction energy varied from Rs. 1.88 to 3.10 in 1994-95. Being a public utility service of national importance, the Railways are, instead of enjoying any benefits, made to pay a rate which is in some cases even higher than industrial tariffs.

33. Asked whether the Railways have identified the areas where expenditure could be curtailed, the Ministry stated that a list of areas where expenditure control is being carried out on Railways would be inexhaustible. However some of the important areas where economy measures are being undertaken are given below :

- (i) In Management Control.
- (ii) In Rolling Stock.

- (iii) By closure of Goods sheds.
- (iv) In Civil and Electrical Engineering Deptt.
- (v) In Signalling & Telecommunication Departments.
- (vi) In Stores Deptt.
- (vii) By Improvement in Design, and
- (viii) By Budgetary Control.

34. The Committee also wanted to know about the steps taken to motive and inspire the employees for better efficiency in their work, the Ministry of Railways stated :

“Indian Railways give high priority to the improvement of productivity of their workforce. A number of schemes are already in existence and it is the constant endeavour of the organisation to constantly improve upon these so that the employees are inspired and motivated for a better efficiency and productivity in their work. Some of these are listed below :—

1. Productivity Linked Bonus.
2. Participation of Railway Employees in Management.
3. Grievances Redressal Machinery.
4. Well laid down Personnel Policies and Staff Welfare Measures.
5. Cadre Restructuring.
6. Training of Employees.”

35. To another question whether there is any need for better management policies, the Ministry replied :

“In any organisation, the scope of improvement in management always exists and in this background the railways have been, as an ongoing process, continuously monitoring the need for change and taking appropriate steps.”

36. In a written note the Ministry submitted that appropriate steps were being taken to bring improvement in the following areas also :—

(a) Management Practices in financial Matters

The railways have recently had the benefit of the study and recommendations of two expert committees viz. Hasan Iqbal Committee and Poulouse Committee. Based on the recommendations of Hasan Iqbal Committee, a Pilot Project was implemented in Baroda Division/Western Railway and the same is now being extended to Zonal level. Similarly, Poulouse Committee was set up for fresh indepth review of the separation of the railway finances to fulfil the original objective and review of capital structure on the Railways.

(b) Technological Management

The Railways are in the process of acquiring and absorbing the latest technology in the field of locomotives and passenger coaches through transfer of technology agreements. Once transferred these technologies are expected to enhance the Railway's capability of meeting the needs of its customers.

(c) Development of software-based Investment Planning model

The Long Range Decision Support System (LRDSS) has completed the freight forecasting model and made freight forecast for the year 2000-01. The LRDSS team has also identified the sections where bottlenecks are likely to occur in 2000-01. Based on the progress made Railway Board have accorded approval for the full blown development of a LRDSS for aiding investment planning and augmentation of capacity on Rail Network."

Losses on accounts of bearing Social Burden

37. Traditionally, Indian Railways has been providing certain services below the cost of operation as a part of social obligation. The important components of social obligation are :

- (i) Losses on freight services for carrying certain commodities at rates below cost.
- (ii) Losses on Suburban passenger services and
- (iii) Losses on non-suburban coaching services.

According to Railways, the losses due to this social responsibility were Rs. 1215 crores during 1994-95 excluding law and order and staff welfare costs for which the Railways are not compensated.

38. When enquired about the type of help which is required from this Committee as far as compensating the Railways for carrying the social responsibility is concerned, the Chairman Railway Board stated during evidence:

"We would need your valuable help in several areas..... Firstly in regard to certain services which we operate where we do not get the return. What we call the social obligation. This amount has already reached Rs. 890 crores.

A second area where we are seeking the assistance of the Committee and we would be very grateful for the Committee's help in regard to investment in backward areas, though not defined by us, yet the term has come to be used, be it the northeastern region or any other region where the projects have been sanctioned with full dividend liability and full operating cost on our account. We have sent a Cabinet note in this regard. There is also a tremendous demand for augmenting major suburban services in many areas such as Bombay, Calcutta and Madras. We are losing money not in

Bombay, but elsewhere. We have requested the Cabinet and we would seek the help of this hon. Committee that we would need certain assistance”.

It was also informed that no other mechanism such as licence fee, import duty on luxury goods etc. to compensate the losses was available except budgetary support on which dividend is to be paid. .

39. When asked about subsidies for social cost in foreign countries, the Ministry in their note stated:

“The practice of bearing social obligations is a built-in feature of Railway systems the world over. However such deficits, are compensated by various financial arrangements.”

40. The practice in this regard varies from country to country, but the reliefs are mainly in the following forms:

- (a) Out-right grant to cover the deficits;
- (b) Soft loans to meet the accumulated burdens;
- (c) The facility of writing off accumulated debts and unproductive capital;
- (d) Making Railway organizations financially viable and capable of earning marginal profits;
- (e) Equalization of terms of compensation; and
- (f) Compensation for socially reduced tariffs.

The financial support given to Railways for carrying social obligations in some of the foreign countries is given in Appendix-I.

41. In regard to the compensation to be paid to the Railways for carrying the social responsibility, the Ministry of Railways have submitted the following information to the Committee:

“In pursuance of Finance Secretary, Ministry of Finance suggestion, an Inter-Ministerial Working Group, consisting of members from Ministry of Finance, Planning Commission and Ministry of Railways was constituted to examine the issue of Social Service Obligation (social responsibility) in all its dimensions, the Working Group, after indepth study of social service obligation borne by Indian Railways, has submitted its report. The Group has estimated the Social Service Obligation in the year 1994-95 at Rs. 886 crores. The report of the Working Group has been furnished to the concerned Ministries including Ministry of Finance and Planning Commission.”

MARKET BORROWINGS

42. The Railways are also resorting to market borrowing to augment their resources. During the VIII plan period, the Market borrowing by the Railways had been as under:

	(Rs. in Crores)
1992-93	1025
1993-94	856
1994-95	745
1995-96	1118
1996-97	2460 (R.E.)

43. As large scale borrowings through IRFC may lead to debt trap in near future, the Committee enquired whether the Railways propose to gradually reduce their dependence on IRFC borrowings, the Ministry of Railways replied:

“The pros and cons of market borrowings vis-a-vis Budgetary Support for Resource Mobilisation have been considered in depth, including by the Railways Restructuring Committee (1994). There is realization that it is imperative to apply caution in resorting to borrowings and that efforts must be made to utilise borrowed fund only in the projects which yield returns higher than the cost of borrowed funds. If lease charges and dividend payments continue to increase at a rate faster than the rate of growth of current surplus, there is a danger that it may lead Railways into a debt trap in near future.

The Railways are, therefore, proposing to gradually reduce their dependence on IRFC borrowings subject of course to the needs for planned development and adequate levels of budgetary support being received from the Central Exchequer. If adequate budgetary support is not forthcoming, the Railways may have to cry a halt to their developmental activities, which will boomerang on the growth of the economy both in the short and long runs.

Under the BOLT Scheme, entrepreneurs and financial institutions are selected after inviting open bids for the projects to be executed.

Projects identified for taking up under BOLT Scheme are Gauge Conversion, Doubling of existing single lines, Electrification Projects, Telecom Projects, supply of Rolling Stock such as Wagons and Passenger Coaches, Diesel & Electric Locos, supply of Track-Machines, etc.

The progress of various projects identified for being taken up under BOLT Scheme is given below:

B.O.L.T. PROJECTS

44. The following 40 projects were then contemplated for being taken up under the BOLT scheme:

Projects Originality Contemplated

Head	No. of Projects	Est. Cost Rs. crores
Gauge Conversion	6	354
Doubling	8	743
Electrification	6	1049
Telecommunications	3	37
Bridges	2	70
Road overbridges (ROB)	6	13.8
Rolling Stock	9	2123
	40	4389.8

Subsequently, the following 13 projects were added to the BOLT scheme:—

Projects Subsequently Added

Head	No. of Projects	Est. Cost Rs. crores
Gauge Conversion	3	185
Doubling	1	283
Railway electrification	1	60
Rolling Stock	2	209
Track Machines	6	214
	13	951

45. Regarding the current status of schemes, the Ministry of Railways in a note have stated as under:

“Current Status:— As on date (17-10-1996) 35 projects (est. cost Rs. 3942 cr.), out of the 53 above have been approved for being taken up under BOLT scheme, 3 projects originally estimated to cost Rs. 758 Cr. have been awarded at an estimated cost of Rs. 360 cr. under BOLT scheme. (The change in estimated cost if Rs. 360 Cr. is on account of quantity and price variations from the original

estimates, and part award of wagon contract). 12 projects at an estimated cost of Rs. 946 crores have been dropped, discharged etc., on account of poor response, unfavourable offer, etc. The remaining 20 projects are in process."

46. Giving the background under which BOLT scheme was envisaged in the Railways, the Ministry stated:

"The BOLT scheme was envisaged by the Railways to supplement the resources for development of rail infrastructure projects by offering certain projects for funding and execution by parties in private sector.

The scheme has not been very successful in respect of infrastructure projects such as Gauge Conversion, Doubling and Electrification of lines. The response has been poor and the bidders are quoting high rates due to unforeseen risks such as price escalation, changes in statutory taxes/levies etc. and non-availability of adequate benefits under extant tax laws.

47. With a view of make the BOLT scheme more acceptable to the investors, a number of discussions have been held with them, and the terms & conditions of the scheme modified to suit them as far as possible. Ministry of Finance has already been requested to agree to certain tax proposals so as to make the extant fiscal benefits more attractive.

48. As the BOLT scheme has not been successful in the Railways, the Committee enquired whether they have made any comparative study of this scheme in other Ministries/Departments. The Ministry of Railways stated as under:

"It appears that no scheme akin to the Indian Railways' BOLT scheme has so far been launched by any other Ministry/Deptt. Hence a comparative study could not be made. However, practices obtaining in other countries in the highway construction are under examination."

49. Asked about the steps taken to involve other agencies such as State Government, public and Private in execution of their planned projects, the Ministry of Railways stated:

"Railways have initiated steps to involve other agencies viz. users, beneficiaries and the State Governments for funding of the various project. The following are few of the examples".

Dalli-Rajhara-Jagdapur New Line

M/s SAIL, NMDC, Government of Madhya Pradesh and Railways are sharing the cost. While the contribution of Government of Madhya Pradesh is in the form of free land and concession on duties levied by the State Government. M/s SAIL and NMDC are providing funds at an interest rate of 7%.

Daitari-Banspani New Line

M/s TISCO, L&T, Neelanchal Ispat and MESCO will share part of the cost and will get interest at a rate to be decided in advance.

Surendranagar-Bhavnagar, extension to Pipavav Gauge Conversion Project

M/s Gujarat Pipavav Port Limited have offered to provide funds in return for lease payment.

Anjar-Mundra New Line

M/s. Adani Ports have offered to construct the new line at their cost with sharing of profits. Proposals is under consideration.

Suburban Projects in Mumbai are being financed on the basis of cost-sharing with CIDCO on 1/3: 2/3 basis.

50. As the Railways have equity participation of the three States viz. Maharashtra, Karnataka and Kerala on Konkan Railway Project. The Committee therefore wanted to know whether the arrangements worked satisfactorily, the Ministry of Railways replied in affirmative.

51. To a question whether the Railways have any proposal to try the above arrangement for other projects. The Ministry replied:

“Mumbai Rail Development Corporation (MRDC) has been formed with 51% equity participation by Railway and 49% by the State Government of Maharashtra. This Corporation will undertake construction of all urban transport projects in Mumbai.”

52. Asked about the other steps taken to involve State Governments in their various planned projects, the Ministry have stated that a dialogue was being initiated with concerned State Governments for sharing of the cost and/or provision of free land.

EXTERNAL LOAN

53. The Railways also seek funding from external agencies like World Bank, Asian Development Bank, EX-IM Bank, OCEF, or from different countries under bilateral arrangements in a bid to raise resources for expansion/augmentation of Railway Network.

54. The Ministry, in a note to the Committee, have stated:

“The demand for seeking funds from external sources is very competitive, amongst various countries, as these are basically soft loans available at comparatively low interest rates. The present prevailing rates for loans from ADB and World Bank is @ 6 - 7%

per annum. Besides, if the funds come as aid/grant, then the interest rate is either nil or very low. The details of the interest rates, being given by different external agencies is as under:

Sl. No.	Loan	Currency	Commitment charges	Interest charges	Repayment period
1.	World Bank Loan No. 2935-IND	US Dollars	@0.75% p.a.	@7% p.a.	20 yrs. (incl. grace period of 5½ years)
2.	ADB Loan No. 857-IND	US Dollars	@0.75% p.a.	@5.97% p.a.	25 yrs. (incl. grace period of 5½ years)
3.	Saudi Loan	Fund Saudi Riyal	NIL	@3% p.a.	20 yrs. (incl. 5 years grace period)
4.	EXIM Japan	Bank/ Japanese Yen	@0.25% p.a.	@5.3% p.a.	12½ years starting 7 years after 1st disbursement

These rates are in sharp contrast to the prevailing market interest rates in the country which is around 20—22% per annum.

55. The Ministry have further stated:—

“Railways do propose projects for foreign funding, but it is for the funding agency to agree to extend the loan. Recently, the Ministry of Railways have discussed the possibility of financing six projects with ADB, and are pursuing the matter with them.

As part of the preparatory exercise for Bombay Urban Transport Project-II, World Bank has provided Project Preparatory Facility (PPF) Advance to both Government of Maharashtra and Ministry of Railways for carrying out preparatory studies.”

56. The details/progress of all the ongoing works which are being executed through external agencies is as under:

EXTERNALLY AIDED PROJECTS
The details of the on-going externally aided projects are as under:

Sl. No.	Name of project	Estimated cost	Funding agency	Loan/aid component	Amount utilised	Date on which agreement signed	Closing date	Extended upto
1.	1st Railway Project— Loan No. 857 IND: Procurement of 3 phase High Horse Power Freight Locom, with Transfer of technology, upgradation of Railway facility and equipment.	US \$442.00 million	Asian Development Bank	US \$190.00 million	US \$136.12 million	16.12.1987	31.01.93	31.03.97
2.	Procurement of 3 phase High Horse Power Passenger Locom and substation facilities	Included in project above	EXIM Bank, Japan	US \$ 110.00 million	US \$ 102.30 million	10.8.1988	10.11.93	30.09.96
3.	IIInd Railway Project—Loan No. 1140-IND: Electrification of Patratu-Sonagar and 3rd lines between Sonagar-Maghasara, etc.	US \$500.00 million	Asian Development Bank	US \$ 107.70 million	Rs. 42.39 million	06.04.1992	31.12.96	30.6.98
4.	Construction of Board Gauge line between Korapat-Rayagada	Rs. 442.32 crores	Saudi Fund	Saudi Riyal 88.00 million	Saudi Riyal 62 million	11.08.1983	30.06.92	31.12.93
5.	Procurement of Rails, etc.	33.00 mln. U.K. Pounds	U.K. Grant	33.00 mln. U.K. Pounds	30.67 million U.K. Pond	199030.09.95		March 97
6.	Design, manufacture, etc. commissioning of continuous Automatic Train Control (ATC) system.	FF 56.295 million+ Rs. 2.30 crore	French Credit	FF 56.295 million	FF 50.872 million	24.06.1998	30.07.92	30.06.97

57. From the above Table, the Committee have noted that the utilisation of external aid has been very poor. Enquired about the reasons for this trend, the Ministry of Railways stated:—

“The procedure for International competitive bidding and the requirement of clearance from the aid agencies at various stages of procurement tends to slow down the pace of utilisation of external aid. The utilisation of external aid has also been affected in some cases when, during the course of implementation changes have been made, as for example, by reducing the scope of imports when it is realised that some of the requirements can be met from indigenous sources. The extent of import of rails, was for instance, reduced considerably from the scope of World Bank Loan No. 2935. Similarly in the ADB loan No. 1140 IND, the procurement of ‘BOX N’ wagons and unit exchange spares for locomotives was also reduced after a review.”

58. Asked about the steps taken/being taken to ensure that there is timely utilisation of external aid so that there is no surrender of funds, the Ministry of Railways stated:—

“The implementation of the externally aided projects is closely monitored at Board’s level. The progress of loan utilisation is reviewed periodically with the lending agencies and also the Ministry of Finance (Department of Economic Affairs) and also MOF, through whom the disbursement applications are submitted to the lending agencies.

As regards, ongoing loans from ADB, a disbursement schedule for each year is drawn up at the beginning of the year in consultation with the lending agency, and the achievement *vis-a-vis* target given in the disbursement schedule is watched every quarter.

The procurement of goods, which is a crucial component of the project implementation, requires prior approval by the lending agency of tender documents and contract awards. Close touch is kept with the lending agencies for obtaining quick approval at each stage. For expediting this, the Standard Bidding Documents are now being used. Procurement of goods for externally aided projects under International Competitive Bidding has been centralized in the Board’s office. Use of direct payment/commitment procedure for payment to the suppliers, rather than the reimbursement procedure is increasingly being used to expedite disbursement.”

59. At present there are only 6 on-going externally aided projects with the Railways. The Committee therefore enquired whether the Railways, in view of globalisation and liberalization have explored the possibility of

attracting direct foreign investment and joint venture with foreign companies. The Ministry of Railways stated:—

“Railways have identified some potential projects for ADB’s consideration for funding and submitted to them the feasibility study reports. These projects are:

1. Third line between Bilaspur and Bhilai (132 Km.)
2. Banspani-Tomka New Line including electrifications (155 km.)
3. Bombay Division (CR)—Conversion of DC to AC system.
4. Bomaby Division (WR)—Conversion of DC to AC system.
5. Third line between Sonua and Manoharpur (40 Km.)
6. Haridaspur-Paradeep New Line Project (78 Km.)

At present ADB has not given any commitment for funding railway projects but have commissioned a Rail Sector Improvement Study. This study has begun and is being carried out by ADB appointed consultant M/s. Mckinsey-Swede Rail. It is understood that as an outcome of the study, some potential projects for funding by ADB will materialise.

World Bank aided PPF studies are underway as part of Mumbai Urban Transportation Project-II (MUTP-II). They are nearing completion. There is a possibility of getting World Bank Aid for funding the project so identified. No policy decision in regard to direct foreign investment/joint venture with foreign countries has been contemplated as the Railways are treated as Government organisation.

It may be added that although a number of projects which have the potential for being funded by external aid agencies have been identified from time to time, very often it has not been found possible to progress them adequately on account of the fact that the aid agencies set conditions that are not consistent with the Indian Railways functioning as a Department of Government of India. For instance, ADB have stipulated increased privatisation which is not possible under the existing situation. Similarly, there have been suggestions that the relationship between Indian Railways and the Government of India should be redefined. There should be total flexibility of determining the fare and freight structure on purely commercial terms, opening up the procurement of Rolling Stock on the basis of International bids, etc. As all these have implications in the larger national context, such conditions have been found unacceptable and negotiations could not proceed. In the case of bilateral aid, the scope for use of aid also gets restricted on account of stipulations that normally made that such aid will be available only for imports emanating from the donor countries.”

Commercial Exploitation of Railway Land

60. When inquired about Railways plan for commercial exploitation of Railway land and other assets to generate additional resources, the Ministry in their note stated:—

“The Indian Railways need large amount of funds for going ahead with their development and expansion programmes. The budgetary support from Planning Commission has been steadily going down over the last few years and now there is virtually no support available to the Railways. On the contrary, the expectations of public as well as society and the country at large, from the Railways have increased tremendously. It is, therefore, necessary for the Indian Railways to exploit their hitherto untapped resource of real estate. *i.e.* land. However, since the Railways would in any case be needing land in future for further development and expansion, it is the air space which can be commercially exploited to advantage. Experience on foreign railway system in this regard indicates the tremendous revenue earning potential that this concept has got.”

61. Enquired about the present utilisation of land by Railways, the Ministry stated:—

“Railways own about 4.19 lakh hectare of land spread over the length and breadth of the Country. Out of this about 3.33 lakh hectare is under direct use for track and structures, Stations, yards, circulating areas, workshops, offices, staff colonies, etc. A portion of the remaining land has been put to intermediate uses like plots licensed to rail-users for loading/unloading of goods, afforestation, grow more food, etc., About 25000 hectare is presently lying unutilised and about 2500 hectare is under encroachment. These lands are also required for maintenance needs and future developmental works of the Railways and are, therefore, not surplus or eligible for disposal.”

62. When enquired about the Railways exact proposals about the commercial exploitation of the railway land, the Chairman, Railway Board stated during evidence:—

“We are now addressing this problem or issue in two-ways. The first is to rebuild all stations. In rebuilding stations which have outgrown, we would take care of the air-space for commercial exploitation.

We would like to raise resources and use it for development. Our view now is that it is not necessary to seek Cabinet approval because we are only replacing an existing asset. There is nothing that prevents us from creating that air-space and commercially exploiting it.

The second point is that in a totally greenfield area like Bandra, we have gone back to the Cabinet. We have also identified many surplus areas. It is a test case. It is an absolutely vacant land. In places like Andheri, we use the ground floor for railway purposes and the space above for commercial exploitation”.

63. The Ministry of Railways have informed the Committee that “Indian Railways have identified about 70 sites for commercial exploitation of air space above Railway land. Since it will be virtually an experiment of the first kind not only for the Railways but also for the country, a pilot project of air space exploitation, by way of constructing a multi-storeyed commercial-cum-office complex on a 4.2 hectare size of Railway land at Bandra, Mumbai is being pursued. A Similar project for Bangalore Cantonment is also under consideration.

64. To a specific question whether at any point of time the Prime Minister, the Finance Minister, the Railway Minister and the Planning Commission had deliberations on this specific issue, the witness deposed:—

“We had a meeting on this issue with the Planning Commission. We had represented that resource mobilisation through commercial exploitation, to a certain extent, is possible. A figure has also been indicated. But there has been no dialogue at our level with the Prime Minister or for that matter with the Finance Minister.”

He added in this connection:—

“We have mentioned it to our own Minister. But almost in the last one year we have not gone to the Prime Minister or the Finance Minister on this issue. We have again sent a note to CCEA for consideration.”

65. Asked whether the Cabinet Group on Economic Affairs did not approve the proposal for commercial utilisation of Railway land because they thought that it would have some repercussions, the witness stated:—

“They referred it to the Committee of Ministers. They referred it to the Urban Affairs Committee who gave guidelines, and the guidelines had been sent to the Ministry. It has been going on like a pendulum but nothing has been happening.”

66. Giving details of progress of proposal, the Ministry of Railways further stated:—

“Ministries of Law, Urban Development, Finance, Planning Commission and C&AG have been consulted on the above proposal. While the Scheme had been supported by all the concerned Ministries and the Planning Commission, when it was submitted to the Cabinet for consideration, the Cabinet felt that as such a Scheme would have wide ramifications on other Ministries/Departments holding land, it was necessary to take an overview of

the matter before permission is granted to the Railways, for taking up the Scheme (28.11.1991). Consequently, the matter was considered by the Committee of Secretaries and the draft Guidelines prepared by the Ministry of Urban Development were approved (16.12.1993). When these were put up to the Cabinet (16.8.1994), the Cabinet directed that the issue needed to be examined by a Group of Ministers, which was constituted for the purpose. The Group of Ministers directed (7.9.1994) simplification of the procedures envisaged and the Ministry of Urban Development prepared a fresh set of Guidelines which were then approved by the Group of Ministers (8.5.1995). When the Guidelines prepared were put before the Cabinet, a decision on the issue remained pending. However, as the Railways felt that their Schemes were of a different nature and as there was urgent need to raise resources for developmental projects, the Pilot Schemes for Bandra and Bangalore Cantonment Station were sent for consideration of the Cabinet. The Memorandum submitted by this Ministry for Cabinet's approval on the proposals *inter-alia* stipulated the following:—

- (i) There will be no sale of the land and the title will continue to vest with the Railways.
- (ii) The funds so generated will be utilised for Railway development works.

Presently the Proposal for Bandra has been deferred by the Cabinet (since October, 1995) till such time the larger issue of utilisation of Central Government's lands for commercial purposes is examined and finalised.

In the meantime, a Study Group has been set up jointly by the Ministry of Railways and the Government of Maharashtra which is examining and going into various aspects of the project."

67. The Study Group further wanted to know about the other assets of Railways apart from Railway land like museum, Machinery etc. and assets acquired from Railway companies at the time of independence. They also enquired if any survey/valuation has been done of these assets or there is any plan for their commercial exploitation for generating more revenues. The Ministry of Railways in their written note stated:—

"Railway lines and other assets originally constructed and financed by guaranteed Railway Companies were acquired by Government in the period from 1925 to 1944. Further, as a result of integration of the Indian States with the Union, the State Railways also came under the control of the Central Government. The practice of maintaining Block Accounts for the Railways, under which Railway assets are valued and shown class-wise was introduced for the first time during 1951-52. The grouping of assets in the Block

Account was, however, different from the grouping under which information has been sought by the Study Group-I of the Standing Committee on Railways. A copy of the Block Account on the Indian Government Railways for 1951-52 is, however, given below for the information of the Study Group-I of the Standing Committee on Railways.

BLOCK ACCOUNT OF INDIAN GOVERNMENT RAILWAYS (COMMERCIAL LINES)

Classes of Assets	Expenditure incurred during the year 1951-52.											Total to the end of the year
	Expenditure financed from other sources.										Miscellaneous	
	Revenue											
	2	3	4	5	6	7	8	9	10	11		
	Total Expenditure to end of the previous year	Expenditure charged to Capital from the loan Account	Development to Fund	Depreciation Reserve Fund on improvement of assets replaced	Open Works	Line New Works	Minor Works	Total Columns 4 to 7	Total for the year (Cols. 3+8)			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
I. Preliminary Expenses...	3,89,36,582	1,56,116	2,637	2,637				2,637	1,58,753	20,776	3,91,161	
II. Land....	16,13,39,787	28,26,056	62	62				62	28,26,118	3,082	16,41,668	
III. Structural Engineering Works..	4,18,23,57,336	3,19,60,161	5,72,33,577	2,04,99,034	1,70,37,855	1,32,21,990	10,79,92,456	13,99,52,617	17,28,693	17,28,693	4,32,40,386	
IV. Equipment..	32,94,40,586	2,86,28,535	29,16,007	14,95,628	17,04,503	19,50,715	80,66,853	3,66,95,388	1,00,853	1,00,853	36,62,368	
V. Rolling Stock...	1,83,29,80,244	6,99,67,260	60,50,564	4,37,15,963	60,772	1,39,632	4,89,66,931	11,89,34,191	2,24,758	2,24,758	1,95,21,39,11	
VI. General charges..	37,79,35,910	27,55,390	40,95,403	12,347		*17,047	41,25,031	68,80,421	2,48,788	2,48,788	38,50,651	
VII. Collieries..	7,44,99,921	-3,79,215						-3,79,215			7,41,20,71	
VIII. Miscellaneous..	23,14,56,625	-5,94,367	-7,81,611			-236	-7,78,524	-13,72,891	-8,69,915	-8,69,915	22,92,13,81	
IX. Purchase....	66,01,91,300	6,11,56,670	14,42,027				14,42,027	6,25,98,697		-59,638	72,27,30,31	
X. Purchase of Railway Lines...	62,83,28,321									-27,47,943	62,55,80,31	
XI. Investment in shares of Commercial concerns..	2,03,21,487	1,67,92,005							1,67,92,005		3,71,13,40	
Total	*8,53,77,88,099	21,32,68,611	6,99,58,636	6,57,22,972	1,88,03,128	1,53,32,707	16,98,17,473	38,30,86,084	-13,50,546	-13,50,546	8,91,95,236	

*Revised figures.

As regards the issue of commercial exploitation. It is stated that there is no prevailing practice of Railway assets being so utilised.”

There is no practice of survey or valuation of the assets in the Block Account.

68. To a question whether any fresh efforts have been made for expediting the decision on commercial utilisation of Railway land. The Ministry of Railways replied:

“Yes. Railways have been regularly interacting with the Ministry of Urban Affairs & Employment for expediting finalisation of general guidelines of commercial utilisation of land. Recently it has been advised by them that they have prepared the revised draft, based on the comments of the Finance Ministry and would be circulating it to the concerned Ministries for comments shortly.

Meanwhile, Ministry of Railways have decided to once again approach Cabinet for clearance of their Pilot Project at Bandra. A Cabinet Note would be shortly submitted to the Cabinet.”

Encroachment of Railway Land

69. Railways own about 4.19 lakh hectare of land out of which 2457 hectare constituting only 0.6% of the total holding, is under encroachment.

Though the percentage is negligible but the land under encroachment is prime land, generally in metropolitan cities and industrial towns in the country, where land is normally required by the Railways for their own developmental activities.

70. The profile of encroachment over past 4 years is as below:

Year	No. of Encroachments	Increase/Decrease
1993	1,66,641	
1994	1,67,583	+ 942
1995	1,67,244	- 339
1996	1,64,007	- 3,237

71. Railway-wise and Division-wise details of encroachments on Railway land as on 01.04.1996 are given below:—

Zone	Area under encroachment (in hectares)	Division	Area under encroachment (in hectares)
(1)	(2)	(3)	(4)
Central	64	Mumbai	35
		Bhusawal	7
		Nagpur	2
		Jabalpur	1
		Solapur	3
		Jhansi	14
		Bhopal	2
Eastern	85	Sealdah	19
		Howrah	17
		Asansol	2
		Dhanbad	13
		Mughalsarai	2
		Malda	3
		Danapur	29
Northern	900	Allahabad	12
		Bikaner	27
		Delhi	440
		Firozpur	202
		Jodhpur	10
		Lucknow	13
		Moradabad	191
		Ambala	5
North Eastern	115	Izzatnagar	103
		Lucknow	1
		Varanasi	8
		Sonpur	1
		Samastipur	2
Northeast Frontier	304	Alipurduar	133
		Tinsukia	17
		Katihar	19
		Lumding	86
		Maligaon	49

1	2	3	4
Southern	83	Madras	51
		Palghat	1
		Trivandrum	7
		Bangalore	2
		Mysore	4
		Tiruchchirappalli	17
		Madurai	
South Central	84	Secunderabad	2
		Hyderabad	40
		Vijayawada	33
		Guntakal	4
		Hubli	5
South Eastern	715	Adra	45
		Bilaspur	6
		Chakradharpur	73
		Khurda Road	540
		Kharagpur	27
		Nagpur	4
		Sambalpur	11
		Vishkhapatnam	9
Western	107	Mumbai	9
		Vadodara	3
		Ratlam	14
		Kota	3
		Ajmer	6
		Jaipur	3
		Rajkot	40
		Bhavnagar	29
Total:	2457		2457

72. In regard to action taken to remove encroachment and fixing responsibility/accountability, the Ministry of Railways have stated as under:

“From the figures above, it would be observed that encroachments have remained, by and large, static over the last 4 years. Removal of encroachments by following appropriate procedure as per the PPE Act 1971 is a continuous exercise but additional encroachments also keep coming. So the figures, in spite of removal of encroachments have remained almost static.

Railways have very well defined system of giving jurisdiction of land to various officials working under different departments. Land

in the commercial area is generally under the jurisdiction of the commercial staff and outside commercial area is with the Engineering staff. As such, officials of different departments have different, well-defined jurisdiction and are accordingly accountable for the increase/decrease and removal of the encroachments. However, help of RPF, engineering staff and others is coordinated by the official under whose jurisdiction the land falls.

Difficulty arises because of the fact that Railway has long strips of land across the country. It is very difficult to watch strips of land, as the same would require huge man-power. Problems get compounded due to inadequate powers with the local officials to deal with the matter then and there on the site. Problem is also aggravated because of the sympathy the encroachers get being generally from the poor sections of the society. Sometimes these encroachers also get political patronage. All these problems have created a very difficult and helpless situation among the officials in the metropolitan cities."

73. The Ministry further stated:

"To effectively deal with the problem of encroachment. Railway is considering to suitably amend RP (UP) Act so that Railway Protection Force is given this responsibility of protecting the Railways land.

The issue of removal of slums in urban areas and the rehabilitation of the persons living as encroachers has been engaging the attention of the Government for a long period but there has been no resolution to this rather difficult problem. A major impediment is the very real likelihood of the land once got vacated from the encroachers who are resettled elsewhere, being reoccupied by fresh encroachers.

The Railways' stand on this subject till now has been that as providing housing to urban dwellers is a State Subject, all evicted encroachers need to be rehabilitated by the State Government. It may also be mentioned that the general inability of the Railways to remove slums from urban areas is mostly because of the non-availability of an adequate Police Force to protect Railway staff during demolition exercises."

74. The Committee also wanted to know the steps taken/being taken by the Ministry of Railways to prevent further encroachment of Railway land. The Ministry of Railways have stated as under:

"There has been no increase in the number of encroachments during the last 4 years. As per the figures the total number of encroachments on first of April, 1997 was 1,62,150 as against 1,66,641 in 1993. This has been possible because of constant vigil kept by the field staff of the Railways. Instructions have been

given to the Zonal offices to construct boundary wall fencing to protect Railways. Land Jurisdiction of various Railway officials have been clearly demarcated so far as land ownership is concerned. The land within the Station limits are with the Commercial officials and outside the Station Limit. They are with the Engineering Officials. It is a fact that the encroachments are removed and fresh encroachments, come up which are soft in nature. Continuous drives are launched by the Zonal Railways to remove these soft encroachments. In 1993 it has been decided by the Ministry to include Railway land and buildings in the word "Railway Property" as defined in the RPUP Act. The RPF are actively associated in removal of encroachments and they also coordinate with the State Police in seeking their help for removal of encroachments."

75. The Ministry of Railways have also pointed out the following deficiencies in the P.P.E. Act:—

- (a) "The Estate Officers have only quasi judicial authority. They are not empowered to issue directions to local police, whose help is a must in evicting the unauthorised occupants. It is a common experience that invariably every eviction turns into a law and order problem.
- (b) It does not empower the Estate Officers to appoint bailiffs or Court Amins to execute the orders.
- (c) It does not empower the Estate Officers to issue prohibitory orders of injunction during pendency of the estate case from proceeding with unauthorised constructions.
- (d) It does not empower Estate Officers direct attachment of encroacher's property with a view to meet the dues of the Railways.
- (e) To frustrate the Act after eviction proceedings are started the party disposes of the property to other persons and as per the Act the case has to be started a fresh.

76. In view of these deficiencies, the PPE Act has not been able to effectively help Railway in removing the encroachments.

The Railway is stated to have also moved a proposal earlier to the Ministry of Urban Affairs and Employment for granting executive Magistrate's powers to the Estate Officers covering the above deficiencies. However, the same was not agreed to by the Ministry of Urban Affairs and Employment.

The Ministry further added:—

"Since Railway have got their own RPF, the Railway's proposal for granting executive Magistrate's powers to at least Estate Officers

appointed by the Railways needs to be favourably considered by the MOU&E. It is proposed to again refer the matter to the Ministry of Urban Affairs and Employment who are the nodal Ministry for PPE Act, 1971."

NEW LINES

77. The Railways informed that the policy for construction of new lines being followed by the Railways is based on the recommendations of the National Transport Policy Committee dated May, 1980 which laid down the following criteria for taking up construction of new lines.

1. Projects oriented lines to serve new industries for tapping mineral and other resources;
2. Missing links for complete alternative route to relieve congestion on existing saturated routes;
3. Lines required for strategic reasons; and
4. Lines for establishment of new growth centers or giving access to remote areas.

78. New line projects are taken up based on the above criteria. In each case a preliminary engineering-cum-traffic survey is done and after the results of the survey establish the viability of the project or the project conforms to one of the above criteria, the report is forwarded to the Planning Commission for their consideration and after their approval is received, approval of the Expanded Board and CCEA is obtained for projects costing over Rs. 50 Crs. and thereafter the work is taken up through the Railway budget. For works costing below Rs. 50 Crs. only Planning Commission's approval is taken before including the works in the Railway Budget.

79. As there were a number of projects that have been sanctioned but were pending which have led to cost and time over run, the Committee asked about the total requirement of funds for these lines. The Minister of Railways informed that the total requirement of funds was Rs. 6000 crores. When inquired about the impact of cost and time over run on Railway Finance, the Ministry stated:

"Subsequent to the approval of the project, a detailed estimate is made for such works on the basis of various technical specifications, quantities and detailed drawings. With so much effort going into the estimation into the cost of work, normally there should be no case of cost overrun, specially because these estimates at various stages, are vetted by internal finance also. However, despite such a detailed procedure, some cases of time and cost overrun do take place.

The main reason for these are:—

- (i) Incorporating technological advancement and changes specially in projects like signalling, telecommunication, computerisation etc. which becomes necessary during the execution of projects.
- (ii) Changes in the quantities taking place because of various site conditions and agitation of local population etc.
- (iii) The estimates are prepared on current rates and do not provide for escalation in prices. (Planning Commission also envisages a plan being made at constant prices). But since the railway projects take anything from 2 to 5 years to complete, some cost increases invariably take place due to inflationary factors of the economy.
- (iv) Some works which have to be completed in traffic conditions also suffer delay because of the priorities of running existing trains.
- (v) There is a large shelf of works and funds cannot be provided for all the works at the same time. Hence some prioritisation in fund allotment has necessarily to be done which causes time overrun and consequently cost overrun in low priority works. In this connection, Ministry of Railways have already fixed some norms for new works so that such time overruns are kept to the minimum. But it is not possible to rule out the same completely.
- (vi) Sometimes, the projects have to undergo a major modification due to technological considerations, change in the priority or local demands which increases the cost of the project.

80. Asked about accountability and responsibility of the officers, the Ministry stated:—

“Whenever such cost overruns are likely to take place, Indian Railways have a system of taking competent sanction for revision in the original estimate through revised/completion estimates where, if the cost exceeds a certain percentage, the case is put up for sanction to the original sanctioning authority which, in most cases of large projects, is the Minister for Railways. In all cases where there is a variation between the original estimate and the revised/completion estimate, reasons for such variations are analyzed in detail and due explanation provided. In this analysis, the accountability and responsibility of the officers managing the project is also duly evaluated and appropriate action taken.”

Developmental Lines in Backward and Remote Areas

81. Asked about the criteria for taking up developmental lines, the Ministry of Railways states:—

“As far as developmental project are concerned, demands for construction of such lines are received from MPs and State Governments After *prima facie* examination, if it is revealed that the line would

provide the infrastructure for development of an area which has the potential for economic and industrial growth but has remained backward for want of such infrastructure, a survey is taken up. Further consideration of the project in consultation with Planning Commission and the process of obtaining further clearances as indicated above than follows.”

In their written note, the Ministry further stated:—

“It is not that low priority is being given to developmental projects as such. The position is that the Railways have a huge throwforward of requirement of funds for completion of new line projects. The throwforward of all new line projects funded out of the railways plan *i.e.* excluding Udhampur—Srinagar Baramula is Rs. 10954 crs. while the funds being made available each year out of budgetary support have been of the order of Rs. 200 crs. This year, owing to the thrust of the present Government of infrastructure development in backward and tribal areas, the amount has been increased to Rs. 325 crs.

Funds for the construction of the Udhampur-Srinagar-Baramula railway line (cost approx. Rs. 2500 crs.) are being provided by the Finance Ministry outside the railways allocation. The allocation this year is Rs. 75 crs.

Out of the total amount made available for new lines as indicated above, all the projects of new lines all over the country have to be funded. It is considered essential to first fund those lines optimally which are required on urgent operational or capacity generation considerations or on strategic considerations warranted by the country's defence requirements, as also those lines on which work has been going on for many years but which are now nearing completion so that the nation can start reaping the fruits of its investments. The allotment of funds each year to new line projects is done considering the above policy objectives.

In the meantime, the State Governments have been requested to assist the Railways with free land and by providing labour for earthwork under the Jawahar Rojgar Yojana. If this assistance is forthcoming and if Government are able to provide more fund for new lines in the shape of additional budgetary support, the target dates of completion of these projects would be brought forward.”

82. Asked if the Railway have any special sub-plan for expansion of Railway network in backward and tribal areas, the Ministry stated:—

“Railways are actively participating in the development of backward regions and are engaged in building a rail transport infrastructure of construction of new lines and conversion of MG NG lines to BG selectively so that the industrial and economic

development of these areas which through having a potential for growth, have not been able to develop for want of an adequate rail infrastructure. Though there is no separate programme for such lines, the new projects are taken up based on surveys which in turn are initiated on the basis of demand received from the State Governments /MPs and on the Railways own perceptions of traffic requirements. Whenever the surveys reveal a potential for development, the project reports are sent to the Planning Commission and once they agree, the projects are appraised by the Expanded Board and are taken up with the approval of the Cabinet Committee on Economic Affairs."

83. The Ministry informed that following lines are at present under construction in backward areas:—

- (i) Amravati-Narkher (138 kms. in Maharashtra)
- (ii) Joghopa-Guwahati (142 kms. in Assam)
- (iii) Pedapally-Nizamabad (117 kms. in Andhra Pradesh)
- (iv) Lanjigarh Rd.-Junagarh (54 kms. in Orissa).
- (v) Khurda Rd.-Bolangir (28 kms. in Orissa)
- (vi) Dhukma-Mandarhill-Rampur (130 kms. in Bihar)
- (vii) Khumarghat-Agartala (119 kms. in Tripura)
- (viii) Haridaspur-Paradeep (78 kms. in Orissa)
- (ix) Sakri-Hassanpur (76 kms. in Bihar)
- (x) Kadur-Chickmagalur-Sakleshpur (100 kms. in Karnataka)
- (xi) Nandyal-Yerraguntala (126 kms. in Andhra Pradesh)

84. The following lines, though taken up as project lines, will also serve backward areas and will help in their development:—

- (i) Talcher-Sambalpur (174 kms. in Orissa)
- (ii) Indore-Dahod-Dewas-Maksi (316 kms. in Madhya Pradesh)
- (iii) Daitari-Banspani (147 kms. in Orissa)

In addition, work is likely to be taken up on Dallirajahara-Jagdarpur new line in Madhya Pradesh for which modalities are being finalised with Ministry of External Affairs, Ministry of Steel and Madhya Pradesh Government."

85. The Ministry further stated:—

"There are a number of demands for other new lines in tribal and backward areas but the problem is that owing to non-existence of industry and other development, the surveys do not reveal adequate traffic potential and as a result most of these lines are found to be non-viable. The Planning Commission and Expanded Board have generally taken a view that only viable projects should

be taken up. Exceptions have been made in respect of certain lines based on very strong representations from the State Government/MPs of the areas.

The main problem faced by the Railways in taking up construction of such lines and of progressing those lines which do get included in the budget is the constraint of resources. New Lines are funded out of budgetary support provided by the Planning Commission and this has been dwindling, having come down from 75% to 15% Since the 5th Plan the funds required for completing the ongoing new line projects including the national line from Udhampur to Baramula are more than Rs. 6000 crores while the amount allocated each year is of the order of Rs. 200 crs. which is barely enough to take care of inflation and to progress one or two projects having urgent operational/strategic priority. On the other projects, we can allot funds only to keep the projects going, slowly progressing long lead items till the resource position improves and higher priority projects get completed. Since this Government have decided to accord priority to developmental works in backward areas, particularly in the NE Region, the Minister for Railways have already requested the Prime Minister and Planning Commission for increasing the amount of budgetary support so that the works in backward areas can be progressed faster."

86. The Report of NTPC under the Chairmanship of Shri B.D. Pandey has recommended:—

"It has been represented to the Committee that the present pattern of concentration of growth in certain areas, with its accumulated problems of congestion, cannot be overcome without establishing new growth centres and that, if such new growth centres are to attract industrial activity rail connections are necessary. In exploitation to mineral and forest resources rail participation is significant. Movement of bulk commodities like minerals is best served by railways. Efforts have to be continuously made to develop underdeveloped regions through wide-ranging Government intervention. These underdeveloped regions are often a disadvantage because of their inaccessibility. For example, the North-Eastern region and certain other parts of the country suffer from isolation from the mainstream due to their geographical remoteness and relative inaccessibility. We feel that a "non-rail" situation will not help development and exploitation of natural resources if they exist on an appreciable scale. Therefore, any region where natural resources on a large scale are evidently available an integrated plan should be evolved to develop new growth centres and promote economic activity, the provision of a new rail line being an element in such development plans. In these schemes socio-economic benefits should have priority over purely

financial considerations. It may, therefore, be necessary to undertake projects which may yield a lower return than the stipulated 6.75 per cent. However, it will not be advisable to take up new railway lines which cannot meet operating costs, including contribution to depreciation."

87. On an enquiry to give details of the lines which have been sanctioned due to strong representations from State Government and Members of Parliament, the Ministry stated:—

"There are always strong demands from the State Govts. and Members of Parliament for construction of new line in their States/Constituency areas. Wherever the demand appears to be prima facie worth considering on considerations of serving project areas, mines and industrial concentrations, or where the lines are required on strategic considerations, on operating considerations to provide additional carrying capacity, and/or are required for provision of a transport infrastructure in areas having the potential for development, surveys are taken up. Once the survey reports become available, the projects are considered in consultations with the Planning Commission and once their clearance has been obtained, are considered further by the Expanded Railway Board consisting of, besides the Members of the Railway Board, the Secretaries from the Planning Commission, Ministry of Programme Implementation and Finance Ministry (Expenditure). Once the project have been cleared by the Expanded Board they are considered by the CCEA and after their clearance has been obtained the works are included in the budget and taken up with the approval of Parliament. While the above procedure is being followed, the approval of the lines through the various stages does get a boost where the State Govts. and Members of Parliament follow it up with strong representations at the various stages of approval. Some of the ongoing projects which have been taken up on account of strong representation by the Members of Parliament and the State Govts. are as under:

No.	Project	
1.	Mandarhill-Rampurhat	Strong representations from the Jharkhand MPs.
2.	Peddapalli-Karimnagar-Nizamabad	MPs from Andhra Pradesh State Govt. of Andhra Pradesh.
3.	Kapadvanj-Modasa	MPs from Gujarat.
4.	Tamluk-Digha	MPs from West Bengal.
5.	Eklakhi-Balurghat	MPs from West Bengal.
6.	Amravati-Narkhed	MPs from Maharashtra.

- | | |
|-----------------------------------|---------------------------|
| 7. Lanjigarh-Junagarh | MPs from Orissa. |
| 8. Khurda Rd.-Bolangir | Orissa Govt. |
| 9. Nangal Dam-Talwara | HP Govt. |
| 10. Kottur-Harihar | MPs from Karnataka. |
| 11. Nandyal-Yerraguntala | MPs from Andhra Pradesh. |
| 12. Kadur-Chickmagalur-Sakleshpur | State Govt. of Karnataka. |
| 13. Sakri-Hassanpur | MPs from Bihar" |

88. Enquired about the progress of Talcher-Sukinda line (via Dubri) which have rate of return of the 23.3% for which primary work has already been done and has been committed by four Railway Ministers in the past, the Ministry informed that the proposal is under consideration. The work has since been cleared by CCEA and included in the supplementary Budget, 1997-98.

89. Giving details of progress in new lines under construction in backward areas, the Ministry stated:—
DETAILS OF NEW LINE ONGOING PROJECTS IN BACKWARD AREAS

Project	Year of approval	Kms.	Cost Rs. in crs.	Exp. upto 31.3.1996	Outlay 1996-97	Funds required as on 1.4.1997	re- for completion	Target date of completion	Remarks
1. Talcher-Sambalpur (Orissa)	84-85	174	348	192	50	106	106	TD Dec' 97	Viable project line.
2. Joghope-Garwahati (Assam)	83-84	142	496	363	27	100	100	TD June' 98	Viable line to provide doubling.
3. Daitari-Banspasi (Orissa)	92-93	155	243	57	20	400	400	Dec' 99	Viable line, for carrying iron ore.
4. Mandarhali-Rampurhat (Bihar)	94-95	130	170	2	1	167	167	X Plan	Not viable. Taken up for development of backward area.
5. Peddapalli-Karimnagar	93-94	177	193	8	3	182	182	-do-	-do-
6. Amravati-Narkhed (Maharashtra)	93-94	138	183	3	3	177	177	-do-	-do-
7. Lujigarh-Junagarh (Orissa)	93-94	54	100	4	1	95	95	-do-	-do-
8. Godhra-Indore via Dahod (Gujarat & MP)	89-90	316	297	10	1	286	286	Work being done only on Devas-Maksi (Total cost Rs. 48 cr.) Rest is under review.	-do-
9. Kharda Rd-Bolangir (Orissa)	94-95	289	353	2	1	350	350	X Plan	-do-
10. Nandyal-Terraguntala	96-97	126	156			155	155	X Plan	-do-
11. Kador-Chichmagalur-Saklesapur	96-97	100	157	0	1	156	156	-do-	-do-
12. Kumarghat-Agartala	96-97	119	575	0	1	574	574	-do-	-do-
13. Sakri-Hassanpur	96-97	76	103	0	3	100	100	-do-	-do-
14. Hariidspur-Paradeep	96-97	78	121			121	121	Planning Commission's clearance awaited.	

90. In a subsequent reply, the Ministry of Railways however admitted:—

“Railways have always been the harbinger of development and are guided by this philosophy in opening up backward areas as well by investing in laying of new lines to such areas. No specific criteria for determining backwardness is however available.”

91. During the course of evidence, it came out that certain areas, if exploited would prove most remunerative. When asked to look into this aspect, the Chairman, Railway Board, submitted:—

“We have a conflict of two sides. One is resources being used only where earnings come. This would be the management’s interest. At the same time, we have an absolutely national requirement of building backward areas too. We are trying to balance the two. In this balancing process, because of the constraint of resources, we have not been able to do as well as we should. Therefore, our pleading is for larger resources.

Secondly, there is no doubt there is a tremendous demand for passenger services in some sectors. Here again, paucity of resources come in the way to have line capacity, motive power and coaches required. Within this limited capacity, we try to do as much as possible.”

92. Elaborating further the Chairman, Railway Board has submitted that Railways was conscious of the commercial aspects and the earnings which were also important because they could run it without generating revenues, in these remote areas, particularly in areas like northeast, J&K and some of the tribal areas which were minerally rich, which has large chunk of population and no other means of transportation.

He added:—

“We are definitely keen for development of any area which is minerally rich and where there is potential for transport. We have taken steps which are I would say pro-active.”

He further added:—

“...If the area has potential and no exploitation is in sight of our investing money would be untimely because the investment which we do will be absolutely without utilisation. What we do is, at the inter-Ministerial level, we circulate our plan document. We are in touch with the steel sector, the coal sector, the oil sector and various other sectors and have a dialogue with them as to which area has the potential for being exploited, which area has sustained economic input and then we plan our resources on that basis.”

Funding new lines outside the Budget

93. The Study Group pointed out that the former Prime Minister made an allocation of Rs. 2500 crores for Udhampur-Baramullah railway line. Asked how the allocation was made, the Group was informed that funding for these lines were made, to the Railways from outside the budget. In this connection, the Ministry of Railways stated:

“In view of the urgent need to bring the Kashmir Valley on the national rail network and to provide avenues of employment and infrastructure for development to the State of Jammu & Kashmir, it was desired by the Hon'ble Prime Minister to include the construction of a new line from Udhampur to Srinagar in the Railway Budget 94—95. The Prime Minister had also indicated that this would be a high priority National Project.

Based on the surveys done in the past. The cost of this line was estimated at Rs. 1500 crs. Later the scope of this line was extended upto Baramullah and the cost was revised to Rs. 1900 crs. Present indications are that the construction of the 290 kms. long line would cost Rs. 2500 crs.

The proposal was sent to the Planning Commission, Ministry of Finance, Ministry of Defence, Ministry of Surface Transport, Ministry of Home Affairs, Deptt. of J&K Affairs and Ministry of Programme Implementations.

The proposal was sent to the CCEA on 9.3.95 for their consideration with the comments of these Ministries.

The CCEA had at its meeting held on 28.3.95, accorded 'in principle' its approval to the construction of the above line, to be funded outside the Railway's plan. At that time the procedure for consideration of such projects by the Expanded Board had not yet come into force.”

94. It was pointed out that the Prime Minister during his tour to North Eastern States in October 1996 had made several commitments on Railway Projects. When Asked as to how these projects would be funded, the Ministry in their note stated that it would be possible to complete the works as per the commitments given by the PM provided additional budgetary support totalling Rs. 500 crs. is made available by the Planning Commission next year and this is further hiked to about Rs. 800 crores per year in the subsequent years of the 9th Plan. The representative of Ministry of Railways during informal discussion with the study Group indicated that they have asked for separate allocation for these projects.

Progress of new line work announced in 1995-96

95. When enquired about the details of progress of projects for new lines announced in the Railway Budget 1995-96 the Ministry of Railways stated:

"The position of these lines is as under:

1. Ahmednagar-Beed-Parli Vaijnath on Central Railway

Length	:	275 Kms.
Year of Approval	:	1995-96
Anticipated Cost	:	Rs. 353 Crores
Outlay 1996-97	:	Rs. 0.05 Crores
ROR	:	Negative

The work of construction of new line from Ahmednagar to Parli Vaijnath via Beed was included in the Railway budget 1995-96, which has since been passed by the Parliament. However, since there was not enough time, the Railway was advised to take up the work only after obtaining the clearance of the Planning Commission and CCEA.

A proposal was sent to the Planning Commission on 28.02.1995, who after considering the same replied on 23.08.1995 that they are unable to support the above project as the same was not financially viable.

The work was put up to the Expanded Board also on 11.09.1995 and it was decided by the Board that in view of the large shelf of projects and unremunerative nature of this line, the project may be deferred.

However, in view of the commitments, having been given to Parliament, the matter was again taken by MOSR with the Dy. Chairman, Planning Commission on 05.09.1995 and he has replied vide his DO letter Dated 25.09.1995 that since the work has been included in the budget which has been passed by the Parliament, it was open to the Ministry of Railways to process the matter further.

Accordingly, Central Railway has been asked to review the traffic and send a fresh proposal with necessary justification so that the case may be processed afresh for obtaining the approval of the Expanded Board and CCEA and the work can thereafter be taken up on priority. Unless clearances are obtained from Expanded Board and CCEA, construction work cannot be started. Final location survey will be taken up immediately after the clearances have been obtained.

2. Kottur-Harihar new line on Southern Railway:

Year of approval	:	1995-96
Length	:	65.01 Kms.
Cost	:	Rs. 65.94 crores
Outlay 96-97	:	Rs. 1 Cr.
Exp. upto 31.03.1996	:	Rs. 0.10 Crs.
Throwforward	:	Rs. 64.84 crs.

The work was included in 1995-96 budget. Final location survey and preparation of land plans and papers for land acquisition has been taken up. The actual construction work would be taken up once the land becomes available.

3. Dallirajahara-Jagdapur on S.E. Railway—

Length	:	235 Kms.
Estimated cost	:	Rs. 369 crores
Outlay for 1996-97	:	Rs. 1 Crores

The work has been included in Railway Budget on 1995-96. The project is to be funded by SAIL, NMDC, MP Govt. and Ministry of Railways. MOU is under finalisation.

SAIL will bear the actual cost of Construction between Dallirajahara and Rowghat (95 kms). Work can be taken up after the signing of MOU and deposit of money by SAIL, and other parties. Ministry of Steel are awaiting final clearance from MOEF to use of Bailadial Mines."

Procurement of Wooden Sleepers/Concrete Sleepers

96. Prior to the large scale adoption of Concrete Sleepers from about mid-Eighties onwards, requirement of Wooden Sleepers on Indian Railways was huge — to the tune of about 3.75 lacs cums. per year. Wooden Sleepers used for laying of ordinary track are called Line Sleepers. At special locations like bridge and Turnouts, special Wooden sleepers are used. Out of the above requirement of 3.75 lacs cums. about 3 lacs cums. was for Line Sleepers (about 35 lacs nos.) and the remaining 75,000 cums. was for special sleepers.

97. The supply of Wooden Sleepers is being taken only from the Public Sector Undertakings of either the Central Government or the State Governments. The Orders for total quantity of 87,000 cums. required in the next 2-3 years have been placed on the following PSUs:

- (i) M.P. Export Corporation, Bhopal.
- (ii) M.P. Rajya Van Vikas Nigam, Bhopal.
- (iii) State Trading, Ranchi, Bihar
- (iv) Haryana Forest Development Corporation, Haryana.
- (v) M.M.T.C., New Delhi
- (vi) MARCOFED, Nagaland.

98. During the course of evidence, it came out to the notice of the Committee that the Ministry of Railways have been spending huge amount over the purchase of wooden sleepers inspite of the fact that the concrete sleepers. if used. were more durable and economical. The Chairman, Railway Board apprised the Committee that wooden sleepers were replaced with concrete sleepers even in those bridges

which have not come up for repair. In the steel bridges, concrete sleepers cannot be used because they crack under vibrations whereas the wooden sleepers absorb these vibrations.

Giving reasons for using wooden sleepers in steel bridges, the witness informed the Committee as under:

“On our own initiative, we are not procuring the wooden sleepers. We bought it for steel bridges. Unfortunately, due to vibration the fixture gets cracked and it does not stand. Moreover, it is not suitable for higher speeds of 130 or 140 Kmph. We are now going for composite sleepers so that the project could go on. We have decided to go for special concrete sleepers. So the quantity of wooden sleepers is coming down substantially. I will reduce the purchases. But for over-bridges we have not been able to get the solution as the steel has not been very good alternative.”

99. As regards purchase/procurement of wooden sleepers, he deposed before the Committee as under:

“We are procuring wooden sleepers for Bombay Suburban Railway for maintenance purposes only. But there is a reduction in this. We are, of course, very positive about the environment and we are committed to it. We are paying higher price for the wooden sleepers besides paying penalty to the Ministry of Environment and Forest. Now, we are importing the wooden sleepers so that the Indian forests could remain intact. There are some countries like Indonesia, Malaysia and Brazil who are cutting their trees. There are a lot of technical problems involved in it also.”

To a specific query, he informed that no serviceable sleepers were thrown away and they were used in casual renewals.

100. The Committee wanted to know the system of procurement of wooden sleepers, at present in vogue. The Chairman, Railway Board stated:

“The wooden sleepers are not procured by the Railways directly. As per the old procedure prescribed by the MOSR, the wooden sleepers are always procured by the Ministry of Forests on behalf of the Indian Railways. Only this year, our Minister felt that we can go directly to the Forest Corporation. We are not going to the agents, but we are going only to the Forest Corporation like Madhya Pradesh Forest Corporation, Forest Corporation of Maharashtra, It is a limited tender. Earlier, we were spending more when we procured the same through the Ministry of Forests. Now, we are not going to a private party. All the transactions are between the Ministry of Railways and the Forest Corporation of the State Government concerned.”

101. When asked, whether the system had any impact in bringing down the cost, the Chairman, Railway Board informed the Committee that they had been able to save Rs. 15 crores. He also informed the Committee that with the use of concrete sleepers, the purchase of wooden sleepers getting decreased.

102. In their post evidence reply, the Ministry of Railways have informed the Committee the Quantity of Wooden Sleepers procured during the last 5 years has been under:

<i>Year</i>	<i>Quantity</i>
1991-92	27,000 cums
1992-93	50,000 cums
1993-94	45,000 cums
1994-95	30,000 cums
1995-96	15,600 cums

103. In line with the National Policy of Conservation of Forests in the country and to maintain ecological balance, the Central Government took a decision to avoid the use of wood. Asked whether the Indian Railways took up the development of alternatives to wooden sleepers or alternate material having the same strength of wood, the Chairman Railway Board stated:

“We have gone for composite material. We have an association with the Defence Research and Development Organisation. We have sanctioned a project for them.”

104. In this regard the Ministry of Railways in their post evidence note, have submitted as under:

“Concerted efforts have been made by Indian Railways for developing alternative type or sleepers to reduce the intake of Wooden Sleepers:

- (a) Cast-iron and steel sleepers are used wherever possible. Indigenous development of Concrete Sleepers was taken up from early seventies onwards. As a result of sustained efforts made in this direction. Adequate production capacity of concrete ‘Line’ Sleepers has been developed in this country to meet Indian Railways’ complete requirement. Procurement of Wooden Line Sleepers was, therefore, stopped since November 1991 onwards except for a very small quantity required to cater to the requirement of Bombay Sub-Urban Section as use of any other type of sleepers in certain locations is not technically feasible.
- (b) As regards development of alternative types of sleepers for special locations, steel sleepers are used on turnout wherever possible. Development, of Concrete Sleepers for turnouts has also been taken up and production capacity for these sleepers is being built up. Instructions have been issued to use only Concrete Sleepers on Turnout in new Construction Projects. However, for locations

financial considerations. It may, therefore, be necessary to undertake projects which may yield a lower return than the stipulated 6.75 per cent. However, it will not be advisable to take up new railway lines which cannot meet operating costs, including contribution to depreciation."

87. On an enquiry to give details of the lines which have been sanctioned due to strong representations from State Government and Members of Parliament, the Ministry stated:—

"There are always strong demands from the State Govts. and Members of Parliament for construction of new line in their States/Constituency areas. Wherever the demand appears to be prima facie worth considering on considerations of serving project areas, mines and industrial concentrations, or where the lines are required on strategic considerations, on operating considerations to provide additional carrying capacity, and/or are required for provision of a transport infrastructure in areas having the potential for development, surveys are taken up. Once the survey reports become available, the projects are considered in consultations with the Planning Commission and once their clearance has been obtained, are considered further by the Expanded Railway Board consisting of, besides the Members of the Railway Board, the Secretaries from the Planning Commission, Ministry of Programme Implementation and Finance Ministry (Expenditure). Once the project have been cleared by the Expanded Board they are considered by the CCEA and after their clearance has been obtained the works are included in the budget and taken up with the approval of Parliament. While the above procedure is being followed, the approval of the lines through the various stages does get a boost where the State Govts. and Members of Parliament follow it up with strong representations at the various stages of approval. Some of the ongoing projects which have been taken up on account of strong representation by the Members of Parliament and the State Govts. are as under:

No.	Project	
1.	Mandarhill-Rampurhat	Strong representations from the Jharkhand MPs.
2.	Peddapalli-Karimnagar-Nizamabad	MPs from Andhra Pradesh and State Govt. of Andhra Pradesh.
3.	Kapadvanj-Modasa	MPs from Gujarat.
4.	Tamluk-Digha	MPs from West Bengal.
5.	Eklakni-Balurghat	MPs from West Bengal.
6.	Amravati-Narkhed	MPs from Maharashtra.

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

107. The Committee find that after the separation of Railway Finance from General Finance. Railways enjoy considerable financial and administrative autonomy in the management of their finances. The Ministry of Railways have been delegated with substantial powers relating to all Railway matters and the Railways have their own autonomous and integrated financial set up under a Finance Commissioner who is a Member of the Railway Board with the status of ex-officio Secretary to the Government of India. He is a nominee of the Ministry of Finance and functions under the guidance of and is accountable to Minister of Finance. After going through the evidence and written submissions and observations of the Study Group-I, the Committee have come to the conclusion that the responsibility of the Railways is not commensurate with the authority and autonomy conferred to it under the statute. The Committee recommend that the Railways should evolve an attitude particularly towards project implementations to avoid time and cost overrun, public utility. Railway and Public Safety, passenger amenities and timely running of trains naming only a few. The Railways should, therefore develop an efficient and professionally managed system.

108. The Committee are concerned that the Railways are finding it increasingly difficult to raise the resources required for expansion of railway network, modernization, replacement of assets, diversification and optimum commercial utilisation of all their assets. At the same time, the internal generation of resources are going down which is another cause of concern. Added to this, increase of 10% per year in the working expenses of Railways has accentuated the problem. According to Budget Estimates 1997-98 of the Ministry of Railways the working expenditure is expected to increase by 29.6% in 1997-98 as against the traffic receipts to increase by 14% only which includes 12% increase proposed in freight rates and 10% increase in passenger fare charges of AC I & II tier in the Budget. The Committee are distressed to note that the Railways expect the operating ratio to increase from 87.8% in 1996-97 to 92.8% in 1997-98. They, therefore, desire that Railways shall have to take a Systems managements and Professional Approach to improve the generation of their internal resources by reduction in wasteful expenditure, better utilisation of assets and inventory control. The Committee, therefore stress the need for closer participation and cooperation of management and employees, higher inspiration & motivation, better work culture & technique leading to better management practice and achievement of desired aims & objectives.

The Study Group-I have reported to the Committee that despite

enquiries, the Railways have failed to furnish the details of their assets inherited and acquired since independence. This is a very bad state of affairs. The Committee, therefore, recommend that the railways should immediately take up the identification and inventorisation of their assets in a scientific manner in this era of advance technological development. The progress made in this regard should be reflected every year in their Annual Report.

109. The Committee find that budgetary support to Railways has been going down despite Railways showing comparatively improved financial performance. It seems contrary and paradoxical to the Planning Commission policy by which, the State Governments, which show better utilisation of resources get higher budgetary support. The Committee hope that Planning Commission shall follow the same criteria with the Railways and enhance budgetary support to so vital a sector essential for the development of economy and socio-economic life of the country.

110. The increase in budgetary support to Railways has been recommended by various Committees, including this Committee, from time to time. Various Experts have also recommended increased investment in infrastructure like the Railways. Recently, Expert Group on the Commercialisation of Infrastructural Projects, 1996 appointed by Ministry of Finance has also recommended that in order to achieve accelerated rate of growth in economy, corresponding acceleration in rate of investment in infrastructure is essential. The Group has also *inter-alia* noted that the railway network is already grossly inadequate for meeting the present transportation requirement. The Committee therefore strongly recommend that budgetary support to Railways be increased sufficiently for strengthening the vital infrastructure and creating permanent durable national assets.

111. The nomenclature 'Budgetary Support' seems to be a misnomer particularly because it is a loan in perpetuity rather than the support. In this connection, the Ministry of Railways have informed the Committee that the term budgetary support appears to have emanated from the budget documents where any support to Public Undertakings—by way of loan or equity is treated as budgetary support from Central Government. The Committee is of the opinion that this term should not be used in the case of Railways, as budgetary support actually is a loan in perpetuity, on which the Railways are required to pay dividend as fixed by the Railway Convention Committee from time to time.

112. The Committee note that traditionally Indian Railways have been providing certain services below the cost of operation as a part of their social obligation. In regard to compensation to be paid to the Railways for carrying the social responsibility, the Ministry of Railways have informed the Committee that in pursuance of Finance Secretary's suggestion, an inter-ministerial Working Group consisting of Members from Ministry of

Finance, Planning Commission and the Ministry of Railways, was constituted to examine the issue of social service obligation in all its dimensions. The Group has estimated the social service obligation in the year 1994-95 at Rs. 886 crores. The practice of bearing social obligations is a built-in feature of railway system the world over and to cover such deficits, grants are sought by Railways and sanctioned by Governments in many countries (Appendix-I). The non-payment of compensation for carrying social burden has forced the Railways to raise money through market borrowings for which they had to pay lease charges on a very high rate. The Committee are of the firm opinion that both the Planning Commission and the Ministry of Finance should appreciate this fact and find ways and means of compensating the Railways for undertaking the social responsibility, national obligation, social mobility and national unity and national development.

113. The Committee have also been informed that some State Electricity Boards/NTPC are charging from Railways tariff rate much higher than the cost at which they buy electricity from N.T.P.C., N.H.P.C. etc. In most of the cases the tariff rates are 3 to 4 times of the rates which they charge from domestic and agricultural and industrial consumers. The Committee, therefore recommend that Railways should also have the option to levy higher freight charges from such State Electricity Boards/Public Undertaking for movement of coal etc.

114. The Committee also observe with seriousness that the Railways have not been able to raise requisite resources through market borrowings. The operations of the Build Own Lease Transfer (BOLT) schemes initiated by the Railways has been dismal. Against 53 projects contemplated under BOLT scheme only 3 projects have been awarded so far. This has already led to delay in execution of several urgent projects pushing up the cost & the time over run. The Committee desire the Railways to conduct scientific evaluation and introspection to find out as to why the scheme has not yet been materialised to expectations. The Committee recommend that Railways may interact with the Public Sector Undertakings and Apex Industrial and Commercial Organisations to find out lacuna in the BOLT Scheme and also make necessary amendment. They should also make a comparative study of BOLT scheme in other Ministries and similar organizations outside the country where it has been successfully implemented to find out the shortcomings and effect the necessary changes, to make it market friendly and relevant to the Country.

115. The Railways are also raising funds through external aid which are soft loans. The Committee are constrained to note that there are at present only 6 on-going externally aided projects. The utilisation of the external aid in some projects has been poor resulting in surrender of loans which is unacceptable to the Committee. The Committee further note that the Railways had posed to Overseas Economic Cooperation Fund (OECF), Japan through Ministry of Finance 3 projects in December 1990, which did

not materialise. The Committee are distressed to note that thereafter since the last 6 years no further efforts seem to have been made by the Ministry to explore the possibility of securing external aid. They therefore, desire the Railways to explore the possibility of attracting direct foreign investment and joint ventures, similar to Konkan Railways, in view of the Globalisation and Liberalization. It is all the more essential for the Railways to make positive efforts in this direction in view of the resource constraints inherent in the system, heavily dependent on the budgetary support which has been dwindling progressively. The outcome of the efforts made by Railways in attracting direct foreign investments and joint ventures, should be intimated to the Committee periodically.

116. The Committee are of the view that commercial exploitation of land, property and assets can be an important resource mobilisation as is prevalent in many countries of the World. The Committee are not satisfied with the reply of the Ministry that the issue of commercial utilisation of land has been pending with Government for a long time without any decision. The Railways should make concerted efforts to resolve this long pending proposal. The Committee desire that the proposal should be put before the Cabinet for its approval without any further delay.

117. The Committee are constrained to note that the Ministry of Railways has not been able to furnish the elementary information regarding assets and property sought by the Study Group-I. What is more disturbing to the Committee is the fact that the Railways do not have any record of the Railway line lands, building, rolling stocks, stores, equipments and other assets originally constructed and financed by guaranteed Railway Companies which were acquired by Government during the period from 1925 to 1944 and thereafter when India achieved independence. According to the Railways, the practice of maintaining Block Accounts for the Railways, under which Railway assets are valued and shown class-wise was introduced for the first time during 1951-52. The Committee are thus unable to know the quantum of assets acquired by Railways from 1925 to 1944 and thereafter from private Railway companies. This is highly irregular on the part of the Railways for not maintaining such an important record. The Committee, therefore, record its severe displeasure. The Railways need to be censured and are to be made responsible for making further an honest and sincere effort to furnish the information to the Committee within three months. The Committee desire that an empowered and competent body may be constituted to take a scientific inventory management and quantify all assets and codify the same, settle points of dispute with State Governments and prepare a comprehensive Master plan of commercial utilisation of such assets.

118. The Committee also find that a large area of prime Railway land is under encroachment. New encroachments are steadily coming up and Railways are unable to take any preventive and effective action in this regard. Out of about 4.2 lakh hectares of land owned by the Railways,

2457 hectares is under encroachment. The total number of encroachments by the end of the year 1996 has been 1,64,007. The Committee recommend that accountability and responsibility should be fixed on the GRP/RPF and corresponding railway official authorities at appropriate levels, incharge of the areas at the time when the encroachment is being committed. The Railways should also ensure cooperation of the State Governments in this regard at appropriate/corresponding level. Timely action can deter encroachment of Railway land/assets. The Railway should take steps to amend RP(UP) Act so that the Railway Protection Force is given the responsibility of protecting the Railway land.

119. The Railways undertake new projects for expansion/modernisation. However, the Committee are dismayed to find a large number of new line projects pending for want of adequate funds leading to delay and cost and time overrun. The Railways informed the Committee that Rs. 6000 crores, which is likely to go up with the present inflation, are required to undertake all the pending new line projects upto 31.3.97 while against this background the allocation has been only Rs. 200 crores per year on an average as per date. Due to non-availability of required funds, the Railways are prioritising and reprioritising the pending projects with the result that the projects are launched, freezed and then re-started thus leading to cost and time over runs. The absence of Corporate ethos, aims, objectives and non-existence of any Master Plan/Sub-Plan for tribal, remote and backward areas and reliance on pressure of State Governments and others has led to adhocism, uncertainty and present unsatisfactory situation. The Committee feel that though increase in budgetary support is very necessary, yet all the requirements for funds cannot be met with this increase in budgetary support. Hence, the Railways have to evolve other innovative methods and also efficiency in their resource management to raise the necessary resources. Other agencies such as Government, Public and Private, foreign direct investment and joint ventures need also to be involved for raising resources for the Railways.

120. The Committee have been informed that Railways have taken up construction of lines in backward areas on the demands of Members of Parliament and State Governments and Railways themselves have not carried out any comprehensive exercises in consonance with corporate aim or ethos. The Committee are of the firm view that the Railways should have also carried out comprehensive and systematic exercises/surveys to identify these areas and prepare projects accordingly. The Railway must have a special approach/programme concept and ethos for planning for backward, remote and undeveloped/underdeveloped areas similar to special sub-plan concept evolved for tribal areas, hills areas North Eastern states, KBK by Planning Commission with regard to Five Year Economic Development Plan. Dovetailing of resources of poverty alleviation programme with developmental schemes of Railways should be worked out with a view to create permanent and durable national assets infact to become harbinger of

national development, The Committee, therefore, recommend that a Master Plan for the Railways as a whole and a sub-plan for backward areas and remote areas should be designed on priority basis.

121. The Committee find that there are 11 on-going new line projects in backward areas. They however feel that these lines have been taken up in a half hearted manner which is indicative from the fact that these lines have been scheduled for completion at the end of the 10th Plan while even the 9th Plan is in conceptual stage. Instances have come to the notice of the Committee where staff has been withdrawn after laying of foundation stones. The Committee are surprised to find that the Railways have not prepared any sub-plan for development of backward areas. They have admitted that no criteria is available with them for determining the backward areas. The Committee are unhappy at this indifferent attitude of the Railways and recommend that the Railways should take steps to complete the ongoing developmental line projects expeditiously during the 9th Plan itself. The Planning Commission and Railways should evolve a institutional machinery to formulate, conceive and implement the sub-plan for backward, remote and tribal areas.

122. The Committee also find that some new projects have been taken up from outside the budgetary support which have been put up for approval to the Cabinet. These projects have been proposed by the then Prime Minister himself and have been graded as high priority projects. The Committee hope that the projects announced by the then Prime Minister will be executed in a time bound frame.

123. The Committee note that Planning Commission and Expanded Board have generally taken a view that only viable projects should taken up. However, they find that new lines in tribal, remote, backward and underdeveloped areas possessing abundant endowments of natural and human resources have not been taken into consideration ostensibly due to survey reports of inadequacy of infrastructure, absence of industry, development and inadequate traffic potentials whereby most of these lines are considered to be non-viable by the Planning Commission and the Expanded Board even after the sanction of the Parliament has been obtained. The Committee deplore this attitude of Planning Commission and the Expanded Board. The Committee are of the firm view that when the Planning Commission have a special plan for development of backward and tribal and hilly areas, development of infrastructure like Railways in these areas should have been visualised by them, and not allowed to be neglected.

124. The Committee also find that the criteria for taking up new lines do not include the potential for social mobility that the new lines can give to the people living in remote and backward areas which are hitherto not well connected by various modes of communication. The Committee fell that apart from development of the country, this factor is very important

for social and emotional integration though it may not yield the required rate of return immediately.

The National Transport Policy Committee under the chairmanship of Shri B.D. Pande (ICS and Retired Cabinet Secretary and Former Governor) have in their Report, in as early as in May 1980, stressed this aspect, wherein it has recommended formulation of an integrated plan for regions where natural resources are available in a large scale to develop new growth centres and promote economic activity. The Committee are of the view that the provision of new rail facilities including lines is an essential element in such developmental plans. In these schemes socio-economic benefits should have priority over purely financial considerations. The Committee therefore, recommend that it should be made necessary to undertake projects which may yield a lower return than the stipulated 6.75 per cent.

125. The Committee find that out of 3 projects for new lines viz. Ahmednagar-Beed-Parli Vaijnath on Central Railway, Kottur-Harihar new line on Southern Railway, Dalirajahara-Jagdapur on South Eastern Railway announced in budget of 1995-96, one new line project viz. Ahmednagar-Beed-Parli Vaijnath has been termed unviable. Subsequent to Parliament sanction, the Planning Commission and Expanded Board have recommended not to take up this project. The Committee take a very serious view as to how the project was included in the budget without the Planning Commission and Expanded Board's clearance and the approval of Parliament taken and subsequently abandoned the project, amounting to contempt of Parliament. The Committee desire that the Ministry of Railways must ensure proper coordination between the various processing agencies before incorporating such proposals, offering commitments and seeking approval of the Parliament.

126. The Committee are satisfied to note that in line with the National Policy of Conservation of Forests in the Country, to maintain ecological balance, the Indian Railways have taken up the development of alternatives to Wooden Sleepers. As stated by the Ministry, the intake of wooden sleepers has considerably come down from 27,000 cums in 1991-92 to 15,600 cums in 1995-96.

The requirement of the Railways for the next 2-3 years is about 87,000 cums. During evidence, the Chairman, Railway Board had informed the Committee that the wooden sleepers are required for steel bridges as concrete sleepers cannot stand and due to vibrations the fixers get cracked. However, he also informed the Committee that the Indian Railways have taken up the development of alternatives to wooden sleepers by going in for composite material which would be having the same strength of wood. For that purpose, a project has been sanctioned in association with the Defence Research and Development Organisation (DRDO). Although, the Ministry of Railways have conceived the idea of using composite material in place of wooden sleepers, yet the development of this technology has been moving at

snail's pace. The Committee would like to know the latest position in regard to development of composite material which could be used for the wooden sleepers. They also desire the Ministry to find out the latest material available in other Countries which could be used as an alternative to the wooden sleepers.

During the course of evidence it has also come to the notice of the Committee that the concrete sleepers are more economical and technically best suited for high speed and heavy density traffic. The Committee desire the Ministry of Railways to make concerted efforts to develop adequate capacity for the production of the concrete sleepers in the country so that there may not be any need for import of these sleepers in the near future. The existing units of concrete sleepers should also be given sufficient orders.

NEW DELHI;
21 August, 1997

30 Shravana, 1919 (Saka)


BASUDEB ACHARIA,
Chairman,
Standing Committee on Railways.

APPENDIX
(See page 10 of Report)
STATE SUPPORT TO RAILWAYS ABROAD
(FOR THE YEAR 1994)

(Figures in millions)

Sl. No.	Currency	Operating Expenses	Total traffic receipts	State Support in 1994	State support as % of total operating expenses	State support as % of total traffic receipts	Profit/Loss i.e. total traffic receipts less total operating expenses	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1	UK-British Railway	GBP	5695	2751	2063	36.2%	75.0%	-2944
2	UK-Railtrack	GBP	2081	2275	49	2.4%	2.2%	194
3	Luxembourg National Railway Co.	LUF	15326	4776	9870	64.4%	206.7%	-10550
4	Hellenic Railway Organisation	GRD	92034	16193	14475	15.7%	89.4%	-75841
5	Irish Transport Company	IEP	389	312	97	24.9%	31.1%	-77
6	Portugese Railway	PTE	83436	34147	13249	15.9%	38.8%	-49289
7	Italian State Railway*	ITL	15907	7091	2195	13.8%	31.0%	-8816
8	Netherland Railway	NLG	3797	2147	1476	38.9%	68.7%	-1650
9	Spanish National Railways	ESP	384091	139466	140770	36.7%	100.9%	-244625
10	Belgian National Railway Company	BEF	136955	29546	35278	25.8%	119.4%	-107409

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
11	French National Railway Company	FRF	81046	41202	13609	16.8%	33.0%	-39844
12	Swiss Federal Railway	CHF	5837	2974	830	14.2%	27.9%	-2863
13	Norwegian State Railway	NOK	7160	1619	1008	14.1%	62.3%	-5541
14	Austrian Federal Railways	ATS	44688	17469	8016	17.9%	45.9%	-27219
15	Swedish National Rail Administration	SEK	10811	0	9458	87.5%	*	-10811
16	Finnish State Railways	FIM	3581	3176	266	7.4%	8.4%	-405
17	Estonian Railways	EEK	718	515	30	4.2%	5.8%	-203
18	Gyor-Sopron-Ebenfurt Railway	HUF	7271	2609	290	4.0%	11.1%	-4662
19	Hungarian State Railways	HUF	106841	53649	9632	8.8%	18.0%	-55192
20	Polish State Railways*	PLZ	57421	43631	5762	10.0%	13.2%	-13790
21	Slovenian Railways	SIT	32403	17468	5003	15.4%	28.6%	-14935
22	Tunisian National Railway Company	TND	142	82	24	16.9%	29.3%	-60
23	Saudi Railways Organisation	SAR	284	78	84	29.6%	107.7%	-206
24	Turkish Republic State Railways*	TRL	18780	3563	2331	12.4%	65.4%	-15217
25	Gabon State Railways	XAF	48059	13556	2000	4.2%	14.8%	-34503
26	South African Rail Commuter Corp. Ltd.	ZAR	1529	353	1254	82.0%	355.2%	-1176
27	Cameroon National Railway System	XAF	26678	20770	2023	7.6%	9.7%	-5908
28	Malagasy National Railway System	MGF	22424	19726	28	0.1%	0.1%	-2698
29	Association of American Railroads	USD	25511	30019	27	0.1%	0.1%	-4508
30	Japanese Railway*	JPY	3681	4154	90	2.5%	2.2%	-473
31	Malayan Railway	MYR	212	177	12	5.7%	6.8%	-35
32	Taiwan Railway	TWD	22989	14598	9	0.0%	0.1%	-8391

*Figures in billions

Source: UIC (International Railway Statistics) 1994 edition

PART II

MINUTES OF THE FIRST SITTING OF THE STUDY GROUP-I (RAILWAY FINANCE) OF STANDING COMMITTEE ON RAILWAYS (1996-97)

The Study Group-I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Thursday, the 10th October, 1996 from 1100 hours to 1230 hours in Committee Room '62', Parliament House, New Delhi.

PRESENT

- Shri K.P. Singh Deo— *Convenor*
2. Dr. Prabin Chandra Sarma
 3. Shri Anand Ratna Maurya
 4. Shri V.M. Sudheeran
 5. Smt. Malti Sharma
 6. Shri Rahas Bihari Barik

SECRETARIAT

Smt. Anita Jain — *Assistant Director*

MINISTRY OF RAILWAYS

1. Shri V. Sivakumaran — Financial Commissioner
2. Shri P.V. Vasudevan — Additional Member (Finance)
3. Shri N.P. Srivastav — Additional Member (Budget)

The Study Group held informal discussion with the Financial Commissioner & other Officers of Railway Board on Railway Finance. The Study Group desired that information on the following points be furnished by Ministry of Railways.

1. A comprehensive note on Railway Finances.
2. Mobilization of resources by Railways-efforts made and results achieved in the last 3 years and projection for next 2 years.
3. Impediments in generation of resources.
4. Challenges of 9th Five Year Plan.
5. On going projects and schemes
 - (a) less than 50 crores.
 - (b) more than 50 crores.
 - (c) Priority fixed when they were started.
6. Railway projects running time and cost overrun. How they have affected the Railway Finances.
7. Accountability and Responsibility for time and cost overrun of projects.

8. Plans to maintain better economy.
9. Cut in wasteful expenditure.
10. Areas where to increase expenditure.
11. Preventive Measures—Railways plans in this regard.
12. Steps for modernization of tracks and other assets.
13. New Lines—Infrastructural inadequacies.
14. Creation of Railway Division—still not complete.
15. Technological upgradation. Selection of appropriate technology.
16. Shortage of coaches. Production and Requirement of coaches.
17. Subsidy to Railways.
— Information from other countries from all the Railway systems.
18. Diversion of resources from developmental projects.
19. Social obligation of Railways.
— Reimbursement of some social obligations by Ministry of Finance.
20. Planning Commission formula for determining backwardness of areas.
— Do Railways have any criteria to determine backwardness of an area and if they have special plans for backward areas.
21. Activities in IRCON, Konkan projects.
22. BOLT Scheme.
23. B.D. Pandey Committee Report—Implementation of recommendations.
24. Delegation of Administrative and Financial powers to Railway Divisions.
— CFA and ARC reports on the subject.

The Study Group decided to hold their next sitting on 28.10.1996. The Group also decided to visit Rail Bhawan the same day to attend a presentation by Ministry of Railways on the subject.

The Study Group then adjourned.

MINUTES OF THE SECOND SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)

The Study Group—I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Monday, the 28th October, 1996 from 1100 hours to 1330 hours in Committee Room 'E', Parliament House Annexe, New Delhi and at Rail Bhawan, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
 3. Shri Satya Deo Singh
 4. Shri Anand Ratna Maurya
 5. Shri V. M. Sudheeran
 6. Shri Qamarul Islam
 7. Smt. Malti Sharma
 8. Shri Rahas Bihari Barik

SECRETARIAT

- Smt. Roli Srivastava — *Joint Secretary*
Shri R.C. Gupta — *Deputy Secretary*
Smt. Anita Jain — *Assistant Director*

MINISTRY OF RAILWAYS

Shri V. Sivakumaran — *Financial Commissioner*

The Study Group held further discussion with the Financial Commission, Railway Board on the subject 'Railway Finance'. The Study Group thereafter visited Rail Bhawan to see a presentation by the Ministry of Railways on 'Perspective Plan for Indian Railways'. The presentation, while giving the past trends, also highlighted the future challenges of Railways in regard to infrastructural and financial requirements. The representatives of the Ministry of Railways replied to various queries raised by the Members of Study Group during the presentation.

The Study Group decided to hold their next sitting on 7.11.1996 for further discussion on the subject.

The Study Group then adjourned.

MINUTES OF THE THIRD SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)

The Study Group—I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Thursday, the 7th November 1996 from 1100 hours to 1230 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
 3. Shri Satya Deo Singh
 4. Shri V. M. Sudheeran
 5. Smt. Malti Sharma

SECRETARIAT.

- Shri R.C. Gupta — *Deputy Secretary*
Smt. Anita Jain — *Assistant Director*

MINISTRY OF RAILWAYS

1. Shri V. Sivakumaran — *Financial Commissioner (Railways & Ex-Officio Secretary to the Govt. of India.*
2. Shri M. Ravindra — *Member Engg. & Ex-Officio Secretary to the Govt. of India.*
3. Shri V. K. Agarwal — *Member (Staff) & Ex-Officio Secretary to the Government of India.*

2. The Study Group considered the material received from the Ministry of Railways on various points on Railway Finance and also held discussion with representatives of the Ministry of Railways on the subject. The study Group felt that the material furnished by the Ministry of Railways on Railway's special sub-plan for expansion of Railway network in backward and tribal areas is not exhaustive and desired that detailed information be furnished to the Study Group for their perusal. The Study Group also discussed with the representatives of the Ministry of Railways the issues relating to encroachment of Railway land and Railway Protection Force. The Study Group thereafter decided to hold further discussion with the representatives of Ministry of Railways on 15 November, 1996.

The Study Group then adjourned.

MINUTES OF THE SIXTH SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)

The Study Group-I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Wednesday, the 15th January, 1997 from 1100 hours to 1300 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

P R E S E N T

Shri K.P. Singh Deo — *Convener*

2. Dr. Prabin Chandra Sarma
3. Shri Satya Deo Singh
4. Shri V. M. Sudheeran
5. Shri Qamarul Islam
6. Smt. Malti Sharma

S E C R E T A R I A T

Smt. Roli Srivastava — *Joint Secretary*

Smt. Anita Jain — *Assistant Director*

The Study Group considered the Draft Report on Railway Finance and gave suggestions regarding further amendments/modifications in the Draft Report.

The Convener, Study Group directed that the modifications suggested by the Group may be incorporated in the Draft Report. The Group further decided to consider the Revised Draft Report at their next sitting to be held on 27.01.1997.

The Study Group then adjourned.

**MINUTES OF THE SEVENTH SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)**

The Study Group-I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Monday, the 27th January, 1997 from 1100 hours to 1430 hours in Committee Room "62", Parliament House, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
 3. Shri Satya Deo Singh
 4. Shri Anand Ratna Maurya
 5. Smt. Malti Sharma

SECRETARIAT

- Shri R.C. Gupta — *Deputy Secretary*
- Smt. Anita Jain — *Assistant Director*

The Study Group considered the revised draft report on "Railway Finance". As it could not be completed, the Study Group decided to continue their consideration of Draft Report in their next sitting to be held on 28 January, 1997.

The Study Group then adjourned.

MINUTES OF THE EIGHTH SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)

The Study Group-I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Tuesday, the 28th January, 1997 from 1100 hours to 1300 hours in Chairman's Room No. "112", Parliament House Annexe, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
 3. Shri Satya Deo Singh
 4. Shri Anand Ratna Maurya
 5. Smt. Malti Sharma

SECRETARIAT

- Smt. Roli Srivastva — *Joint Secretary*
Shri R.C. Gupta — *Deputy Secretary*
Smt. Anita Jain* — *Assistant Director*

The Study Group resumed their consideration of Draft Report on "Railway Finance" and directed that a Chapter on "Railway Protection Force" also be incorporated in the Draft Report. The Study Group decided to consider the Chapter on "Railway Protection Force" in their next sitting to be held on 17.2.1997.

The Study Group then adjourned.

MINUTES OF THE NINTH SITTING OF THE STUDY GROUP-I
(RAILWAY FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)

The Study Group-I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Friday, the 14th March, 1997 from 1500 hours. to 1800 hours in Chairman's Room "112", Parliament House Annexe, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
3. Shri Satya Deo Singh

SECRETARIAT

- Smt. Roli Srivastava — *Joint Secretary*
Shri R.C. Gupta — *Deputy Secretary*
Shri O.P. Shokeen — *Committee Officer*

The Study Group-I considered the Draft Report on the subject—"Railway Finance". The Group however decided that the Report on Railway Finance" should be prepared in two parts—one on "Railway Finance" and the other on "Railway Engineers Territorial Army". The Group also decided that next would be held the next day on 15th March, 1997.

The Study Group then adjourned.

**MINUTES OF THE TENTH SITTING OF THE STUDY GROUP-I
(RAILWAY , FINANCE) OF STANDING COMMITTEE ON
RAILWAYS (1996-97)**

The Study Group—I (Railway Finance) of Standing Committee on Railways (1996-97) sat on Saturday, the 15th March, 1997 from 1500 hours. to 1800 hours in Chairman's Room No. 112, Parliament House Annexe, New Delhi.

PRESENT

- Shri K.P. Singh Deo — *Convener*
2. Dr. Prabin Chandra Sarma
3. Shri Satya Deo Singh

SECRETARIAT

- Smt. Roli Srivastva — *Joint Secretary*
Shri R.C. Gupta — *Deputy Secretary*

The Study Group further considered the Draft Report on Railway Finance and finalised the same.

The Study Group then adjourned.

MINUTES OF THE THIRTY-SECOND SITTING OF THE STANDING
COMMITTEE ON RAILWAYS (1996-97)

The Committee sat on Wednesday, the 25th June, 1997 from 1500 hours to 1700 hours in Committee Room "C", Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia—*Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Naik
3. Shri Jagdambi Prasad Yadav
4. Shri Dharendra Agarwal
5. Shri K.P. Singh Deo
6. Shri Chun Chun Prasad Yadav
7. Shri K. Parasuraman
8. Shri Narayan G. Athawalay
9. Shri Dinsha J. Patel

Rajya Sabha

10. Shri Wasim Ahmad
11. Shri W. Angou Singh
12. Shri Gopalsinh G. Solanki
13. Dr. (Smt.) Chandrakala Pandey
14. Shri S. Niraikulathan

SECRETARIAT

Shri R.C. Gupta — *Deputy Secretary*

Smt. Anita Jain — *Under Secretary*

WITNESSES

1. Shri M. Ravindra Chairman, Railway Board & Ex-Officio
Principal Secretary to the Government of
India.
2. Shri V. Sivakumaran Financial Commissioner (Railways) & Ex-
Officio Secretary to the Government of
India.
3. Shri L.K. Sinha Member Mechanical & Ex-Officio
Secretary to the Government of India.

4. Shri V.K. Agarwal Member Staff & Ex-Officio Secretary to the Government of India.
5. Shri S.K. Khanna Member Electrical & Ex-officio Secretary to the Government of India.
6. Shri Shanti Narain Member Traffic & Ex-Officio Secretary to the Government of India.

2. The Committee took evidence of the representatives of the Ministry of Railways on the subject "Railway Finance". Railway Officials replied to various points raised by the Committee Members on the subject.

3. The Committee also decided to take further evidence of the Ministry on the subject.

4. The verbatim record of the proceeding has been kept.

The Committee then adjourned.

MINUTES OF THE THIRTY-THIRD SITTING OF THE STANDING
COMMITTEE ON RAILWAYS (1996-97)

The Committee sat on Friday, the 4th July, 1997 from 1100 hours to 1340 hours in Committee Room "62", Parliament House, New Delhi.

PRESENT

Shri Basudeb Acharia—*Chairman*

MEMBERS

Lok Sabha

2. Shri Jagdambi Prasad Yadav
3. Shri Dharendra Agarwal
4. Dr. Ramvilas Vedanti
5. Shri Ashok Gehlot
6. Shri Nandi Yelliah
7. Shri K.P. Singh Deo
8. Km. Sushila Tiriya
9. Shri V.M. Sudheeran
10. Shri Qamarul Islam
11. Shri Chun Chun Prasad Yadav
12. Shri K. Parasuraman
13. Shri Narayan G. Athawalay
14. Shri Sukhlal Khushwah
15. Shri Ram Bahadur Singh
16. Shri Dinsha J. Patel
17. Dr. Prabin Chandra Sarma
18. Shri S. Bangarappa

Rajya Sabha

19. Shri Wasim Ahmad
20. Shri W. Angou Singh
21. Shri Gopalsinh G. Solanki
22. Dr. Ishwar Chandra Gupta
23. Smt. Malti Sharma
24. Dr. (Smt.) Chandrakala Pandey

25. Shri S. Niraikulathan
26. Shri K.M. Saifulla
27. Maulana Habibur Rehman Nomani

SECRETARIAT

Shri R.C. Gupta — *Deputy Secretary*

Shri Surinder N. Dargan — *Under Secretary*

WITNESSES

- | | | |
|----|---------------------|---|
| 1. | Shri M. Ravindra | Chairman, Railway Board & Ex-Officio
Principal Secretary to the Government of
India |
| 2. | Shri L.K. Sinha | Member Mechanical & Ex-Officio
Secretary to the Government of India |
| 3. | Shri V.K. Agarwal | Member Staff & Ex-Officio Secretary to
the Government of India |
| 4. | Shri S.K. Khanna | Member Electrical & Ex-officio Secretary
to the Government of India |
| 5. | Shri Shanti Narain | Member Traffic & Ex-Officio Secretary to
the Government of India |
| 6. | Shri P.V. Vasudevan | Addl. Member (Finance) |

2. The Committee took further evidence of the representatives of the Ministry of Railways on the subject—"Railway Finance." The representatives of the Ministry replied to various points raised by the Members on the Committee during evidence on the subject.

3. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE FIRST SITTING OF THE STANDING
COMMITTEE ON RAILWAYS (1997-98)**

The Committee sat on Wednesday, the 20 August, 1997 from 1500 hours to 1620 hours in Committee Room "C", Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia — *Chairman*

MEMBERS

Lok Sabha

3. Dr. Ram Vilas Vedanti
4. Shri Priya Ranjan Das Munsi
5. Shri K.P. Singh Deo
6. Km. Sushila Tiriya
7. Shri Imchalemba
8. Shri Chun Chun Prasad Yadav
9. Shri Ram Singh Shakya
10. Shri K. Parasuraman
11. Shri K.P. Naidu
12. Shri Sukhlal Khushwaha

Rajya Sabha

13. Shri Wasim Ahmad
14. Shri W. Angou Singh
15. Smt. Malti Sharma
16. Shri Rahasbihari Barik
17. Shri S. Niraikulathan

SECRETARIAT

1. Shri R.C. Gupta — *Deputy Secretary*
2. Shri Surinder N. Dargan — *Under Secretary*
3. Shri O.P. Shokeen — *Committee Officer*

The Committee considered and adopted the following Reports with amendments/modifications as indicated in Annexures I & X:

(i) Draft Ninth Report on the Subject "Railway Finance"

(ii) * * * *

2. The Committee authorised the Chairman to finalise the Reports after making consequential changes. If any, arising out of factual verification by the Ministry of Railways or otherwise and to present the Reports to both the Houses of Parliament or the Hon'ble Speaker, Lok Sabha.

The Committee then adjourned.

* Relates to other matters.

*Amendments/Modifications Made by Standing Committee on Railways in
the Draft Report on 'Railway Finance'*

S. No.	Page No.	Para No.	Line		
1	2	3	4		
	01	71	109	13	For 'demand' Read 'requirement'
	02	72	111	17	After 'Countries' Add (Appendix-I)
	03	73	112	06	For 'and' Read “,”
	04	73	112	07	After 'agricultural' Add 'and industrial' Delete “The tariff is also usually much higher than the charges from industry”.
	05	74	113	06	After 'Expectations' Add The Committee recommend that Railways may interact with the Public Undertakings. Apex Industrial and Commercial organisations to find out lacuna in the BOLT Scheme and also make necessary amendment.
	06	75	114	03	After 'ventures' Add 'similar to Konkan Railways'
	07	75	114	12	For 'within three months' Read 'periodically'.
	08	77	117	10	After 'GRP/RPF' Add 'and corresponding railway official'
1					
	09	77	117	13	After 'committed' Add The Railways should ensure cooperation of the State Governments in this regard at appropriate/Corresponding level'.
2					
3.					

1	2	3	4	
10	77	118	06	After 'crores' Add 'which is likely to go more with the present inflation'
11	78	118	09	After 'tribal'. Add 'remote'
12	80	120	17	After 'itself'. Add 'The Planning Commission and Railways should evolve a institutional machinery to formulate, conceive and implement the sub-plan for backward, remote and tribal areas'.
13	80	121	07	After 'the'. Add 'then'
14	81	122	04	After 'tribal'. Add 'remote'
15	83	124	10	After 'project' Add 'amounting to contempt of the Parliament'.
16	83	124	13	For 'proposals and offering commitments to' Read 'proposals, offering commitments and seeking approval of'