

COMMITTEE ON PETITIONS

(TENTH LOK SABHA)

TWENTY-FIFTH REPORT



[Presented to Lok Sabha on 22 December, 1995]

**LOK SABHA SECRETARIAT
NEW DELHI**

R December, 1995/Agrahayana, 1917 (Saka)

1 Price: Rs. 12.00

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE ON PETITIONS	(iii)
INTRODUCTION	(v)
REPORT	
I. Petition requesting take over of Sick Textile Mills of Madhya Pradesh by National Textile Corporation and providing assistance to various Textile Mills to run on cooperative basis	1
II. Petition regarding nationalisation and upgradation of the Bankura Damodar River Railway, West Bengal	7
APPENDICES	
I. Petition requesting take over of Sick Textile Mills of Madhya Pradesh by National Textile Corporation and providing assistance to various Textile Mills to run on cooperative basis	17
II. Comments forwarded by Smt. Sumitra Mahajan, MP, on the reply of the Ministry of Textiles	19
III. List of Mills reported to be registered with BIFR as sick	21
IV. List of Mills not functioning in Madhya Pradesh	22
V. Petition regarding nationalisation and upgradation of Bankura Damodar River Railway, West Bengal	23
VI. Comments furnished by the Ministry of Railways (Railway Board) on the list of points for oral evidence	25

COMPOSITION OF THE COMMITTEE ON PETITIONS
(1994-95)

- Shri P.G. Narayanan—*Chairman*
2. Shri L. Adaikalaraj
 3. Shri Naresh Kumar Baliyan
 4. Shri Prataprao B. Bhosale
 5. Shri Lokanath Choudhury
 6. Prof. Sudhir Giri
 7. Dr. B.G. Jawali
 8. Shri Lalit Oraon
 9. Shri Sarat Chandra Pattanayak
 10. Shri Prabhulal Rawat
 11. Shri Muhiram Saikia
 12. Shri Gabhaji Mangaji Thakore
 13. Dr. Ramesh Chand Tomar
 14. Shri Arjun Singh Yadav
 15. Shri Satyapal Singh Yadav

SECRETARIAT

Shri S.N. Mishra	—	<i>Additional Secretary</i>
Shri G.C. Malhotra	—	<i>Joint Secretary</i>
Shri Ram Autar Ram	—	<i>Deputy Secretary</i>
Shri J.P. Jain	—	<i>Under Secretary</i>

**TWENTY-FIFTH REPORT OF THE COMMITTEE ON PETITIONS
(TENTH LOK SABHA)**

INTRODUCTION

I, the Chairman of the Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Twenty-Fifth Report of the Committee to the House on the following matters:

- I. Petition requesting take over of Sick Textile Mills of Madhya Pradesh by National Textile Corporation and providing assistance to various Textile Mills to run on cooperative basis.
- II. Petition regarding nationalisation and upgradation of Bankura Damodar River Railway, West Bengal.
2. The Committee considered the draft Report at their sitting held on 21 December, 1995 and adopted it.
3. The observations/recommendations of the Committee on the above matters have been included in this Report.

NEW DELHI;
21 December, 1995

30, Agrahayana 1917 (Saka)

P.G. NARAYANAN,
*Chairman,
Committee on Petitions.*

I

PETITION REQUESTING TAKE OVER OF SICK TEXTILE MILLS OF MADHYA PRADESH BY NATIONAL TEXTILE CORPORATION AND PROVIDING ASSISTANCE TO VARIOUS TEXTILE MILLS TO RUN ON COOPERATIVE BASIS

Smt. Sumitra Mahajan, MP, presented to Lok Sabha on 28.8.93 a petition (No. 34—See Appendix I) signed by Shri K.K. Matai, resident of 27/3 Palsikar Colony, Indore, and others, regarding take over of sick textile mills of Madhya Pradesh by National Textile Corporation and providing assistance to various textile mills to run on cooperative basis.

1.2 In the petition, the petitioners raised *inter alia* the following main points:

- (i) As a result of indifference of the Central Government, the sick textile industry of the country which has been struggling for its revival is being compelled for its closure.
- (ii) Workers of several textile mills in Madhya Pradesh want to run the mills on cooperative basis but they are not being given any incentive by Central Government or financial institutions.

1.3 The petitioners, therefore, prayed that:

- (a) National Textile Corporation should take over the textile mills of Madhya Pradesh which are on the verge of closure.
- (b) Assistance should be provided to various textile mills to run on cooperative basis.

1.4 The petition was referred to Ministry of Textiles for furnishing their comments on the points raised therein.

1.5 The Ministry of Textiles *vide* their communication dated 20 September, 1993 have furnished their comments on the main issues arising out of the petition stating *inter alia* as follows:

“.....the Textile Policy of 1985 while laying down that there will be no alternative but to close down those textile units which have no expectation of becoming viable at a reasonable period of time, also stressed that interest of labour in the event of permanent closure of such units would be fully safeguarded. As a consequence of this, Textile Workers Rehabilitation Fund Scheme (TWRFS) was created. Simultaneously, the mill sector was also given the facility for undertaking modernisation under a specially created Textile Modernisation Fund Scheme (TMFS).

Textile Workers Rehabilitation Fund Scheme (TWRFS)

The Textile Workers Rehabilitation Fund Scheme came into force w.e.f. 15.9.86

The objective of the TWRFS is to give interim relief to the workers rendered jobless due to permanent closure of the mills. Relief under the scheme is available only for three years on a tapering basis, 75% of the wage equivalent in the first year, 50% in the second year and 25% in the third year.

Criteria for mills eligibility

1. A closed textile mill should be licensed or registered under the I (D&R) Act, 1951 or with Textile Commissioner as a medium-scale unit on the date of the closure.
2. It has obtained the requisite permission for closure from the appropriate State Government under Section 25(O) of the Industrial Disputes Act, 1947, or taken over by the Official Liquidator appointed by the High Court.
3. The unit was closed down on or after 6th June, 1985.

By a recent amendment, TWRFS is also now applicable to the cases of partial closure on a case to case basis. Partial closure is restricted to cases wherein the State Government recommends that an entire uneconomic activity is scrapped as a part of rehabilitation package for sick/weak mills (as per the RBI definition) approved by Nodal Agency/BIFR, provided the scrapped capacity is surrendered for cancellation and endorsement is made on the license/Registration certificate to that effect.

In both the cases (i.e. permanent closure and partial closure) the scheme is applicable to workers who have been earning wage equivalent upto Rs. 2500/-per month.

The Textile Modernisation Fund Scheme (TMFS)

The TMFS was set up in 1986 in pursuance of Textile Policy, 1985. It Provides for modernisation of weak but viable spinning and composite mills in public, private and cooperative sector. A provision of Rs 750 crores was kept during VII Plan. The scheme is operated by IDBI.

Objectives of Scheme:

1. Upgradation of process, technology and product mix
2. Export orientation
3. Energy saving
4. Anti pollution measure
5. Fuller utilisation of capacity

Salient Features of Scheme:

Under the Scheme two types of loans are provided:

1. Modernisation loan (Corpus: 750 crores)
2. Special loans towards parts of the promoter's contribution for weak but viable units (Corpus: 100 crores)

The assistance through the modernisation loan has been discontinued as the initial corpus of Rs 750 crores is exhausted. However, financial institutions are providing assistance under normal lending procedures for modernisation.

M/s Rajkumar Mills, Indore, is a composite mill which was taken over by the State Textile Corporation, Madhya Pradesh, in April, 1986. In view of its obsolete technology and old machinery, the mill was facing financial crisis and could not turn round even after it was taken over by the State Government of Madhya Pradesh. Under these circumstances, the matter was taken up before the BIFR with a revival proposal incorporating rehabilitation and modernisation plans. The case of M/s Rajkumar Mills, is with BIFR.

Shri Sajjan Mills, Ratlam, is a composite mill which was taken over by State Textile Corporation of Madhya Pradesh in 1989 since it was facing acute financial problem. The case of Shri Sajjan Mills was referred to BIFR under Section 15 of the Sick Industries Companies Act 1985. The mill management submitted a scheme before the BIFR for rehabilitation by means of taking over the mills by workers' cooperative to the State Government. In the proposed scheme contribution was sought from the Central Government for an amount of Rs 290 lakhs. This package cannot be supported by the Central Government because there is no scheme to provide assistance for sick mills taken over by workers' cooperative.

A textile mill is eligible for TWRFS if (a) it is licensed or registered under I (D&R) Act, 1951 or with the Textile Commissioner as a medium scale unit on the date of closure; (b) it has obtained the requisite permission for closure from the appropriate State Government under Section 25(O) of the Industrial Disputes Act, 1947, or taken over by the Official Liquidator appointed by the High Court; and (c) the unit was closed down on or after 6th June, 1985.

In the case of M/s Rajkumar Mills and M/s Shri Sajjan Mills, these conditions are not satisfied and hence they cannot be covered under the TWRFS.

Shri Sajjan Mills cannot be covered under a scheme similar to NTC (Voluntary Retirement Scheme) either since NTC (VRS) is a part of a package for turn around strategy of NTC. The key elements of the strategy are selective modernisation and nationalisation of surplus working force to Voluntary Retirement (VRS). VRS is offered to officers, staff and workers of such critically sick mills which have no possibility of being revived and

which may have to be closed down or merged with adjacent units to ensure viability.

The interests of the workers of the mill company, Shri Sajjan Mills Ltd. are looked after by the Management/State Government."

1.6 The Committee considered the comments furnished by the Ministry of Textiles at their sitting held on 28 Jan., 1994 and decided to send an extract of the comments furnished by the Ministry to Smt. Sumitra Mahajan, MP, Incharge of the petition, for her perusal and comments if any.

1.7. Hon'ble member sent a letter dated 14 March, 1994 forwarding her comments (See Appendix II) on the reply of the Ministry of Textiles which were again forwarded to the Ministry of Textiles for comments.

1.8. The Ministry of Textiles *vide* communication dated 13 July, 1994 furnished further comments as follows:

"Out of 31 Cotton/Man-made Fibre Mills in the State of Madhya Pradesh, 31 Mills were reported to be registered with Board for Industrial & Financial Reconstruction (BIFR) as sick. The mill-wise details are at Appendix-III. 7 Mills in the State are not functioning. Details are at Appendix-IV. None of the Mills in the State is reported to be closed under ID Act or Companies Act.

Regarding Point I of your letter that Raj Kumar Mills is not run by State, it is submitted that till 1986, the mill was under private management and was closed down from 19.4.84 due to its inability to pay wages to the workers and as such the State Government of Madhya Pradesh had intervened and took over the management of the mill from private hands under the Tripartite Agreement entered into between the State Government of Madhya Pradesh and Private Directors and MP Sate Textile Corporation. Hence the mill is a 'STC' mill.

Regarding Point II i.e. refusal of IDBI in participating the package for revival of M/s Raj Kumar Mills, it is submitted that IDBI found the management of the mill as weak and refused to participate in the package of the mill. BIFR recommended winding up of the mill. Against the orders of BIFR, the management of the mill filed an appeal before AAIFR. The appeal of the mill is admitted and is pending with AAIFR.

Regarding eligibility of the mill/workers for getting relief under TWRF Scheme, it is informed that mill be closed under ID Act or Companies Act.

Regarding implementation of the recommendations of Abid Husain Committee Report, it is informed that the recommendations of the Committee were examined by the Ministry and a large number of

discussed in Tripartite Industrial Committee on Cotton Textile Industry meeting held on 31.5.94."

1.9. The Committee at their sitting held on 25 October, 1994 perused the reply furnished by the Ministry of Textiles on the comments of Smt. Sumitra Mahajan, MP, forwarded by her in response to the comments furnished by the Ministry of Textiles earlier on the petition. The Committee felt that the replies furnished by the Ministry on the main points raised in the petition were not satisfactory.

The Committee, however, decided to send extracts of the comments furnished by the Ministry of Textiles to Smt. Sumitra Mahajan, MP, for her perusal and comments, if any, and thereafter decide whether it was necessary to take evidence of the Ministry of Textiles.

1.10. Accordingly, comments as furnished by the Ministry of Textiles were sent to Smt. Sumitra Mahajan, MP, for her perusal and comments, if any upto a specified period. However, the Hon. member did not furnish any further comments.

Observations and Recommendations

1.11. The Committee note from the comments furnished by the Ministry of Textiles that till 1986, M/s Raj Kumar Mills, Indore, was under private management and was closed down from 19.4.84 due to its inability to pay wages to the workers and as such the State Government of Madhya Pradesh intervened and took over the management of the mill under the tripartite agreement entered into between the State Government of Madhya Pradesh and Private Directors and Madhya Pradesh State Textiles Corp.. In view of its obsolete technology and old machinery, the mill was facing financial crisis and could not turn around even after it was taken over by the State Government of Madhya Pradesh. Under these circumstances, the matter was taken up before the Board of Industrial & Financial Reconstruction (BIFR) with a revival proposal incorporating rehabilitation and modernisation plans.

1.12. The Committee have been informed by the petitioner that Board of Industrial and Financial Reconstruction (BIFR) accepted package of Rs. 10 crores 85 lakh of the Raj Kumar Mills, Indore, on 25.11.91, but financial institutions like IDBI and IRBI refused to give financial support which is unconstitutional and in violation of order of BIFR. The Ministry of Textiles in this regard have stated that IDBI found the management of the mill as weak and refused to participate in the package of the Mill. BIFR recommended winding up of the mill. Against the orders of BIFR, the management of the mill filed an appeal before Appellate Authority for Industrial and Financial Reconstruction (AAIFR). The appeal of the mill is admitted and is pending with AAIFR.

1.13. The Ministry of Textiles have further informed the committee that the Sajjan Mills, Ratlam which was a composite mill was taken over by

State Textile Corporation of Madhya Pradesh in 1989 since it was facing acute financial problem. The mill management submitted a scheme before BIFR for rehabilitation by means of taking over the mill by workers' cooperative. In the proposed scheme contribution was sought from the Central Government for an amount of Rs. 290 lakhs. This package could not be supported by the Central Government because there was no scheme to provide assistance for sick mills taken over by workers' cooperative.

The Ministry have also informed that both M/s Raj Kumar Mills and Sajjan Mills were not covered under the Textile Workers Rehabilitation Fund Scheme (TWRFS).

1.14. The Committee find that in case of both these textile mills, BIFR had accepted revival proposals but since the revival package was not supported with requisite financial assistance either by the financial institution like IDBI or by the Central Government for one reason or the other, these mills could not be revived and had to be ultimately recommended by BIFR for winding up. The workers were, thus, rendered jobless without even interim relief to its workers under the Textile Workers Rehabilitation Fund Scheme (TWRFS). Similarly, there are other textile mills which had to be recommended by the BIFR for winding up.

1.15. The Committee regret to note that the assistance through the Textile Modernisation Fund Scheme (TMFS), specially created by the Government in pursuance of the Textile Policy of 1985 for modernisation of weak but viable spinning and composite mills in public, private and cooperative sector, has been discontinued as the initial corpus of Rs. 750/- Crores has been exhausted.

1.16. The Committee is constrained to observe that the government have failed to take adequate steps to implement the textile policy so as to promote the textile industry and also protect the interests of textile workers.

1.17. The Committee recommend that adequate funds may be provided by the Government for the Textile Modernisation Fund Scheme in pursuance of the objectives of the Textile Policy so that closure of sick textile mills which are likely to turn around is avoided for want of funds. At the same time, the conditions for a textile mill to be eligible for relief to its workers in the event of closure of the mill should be made liberal so that the interests of the workers of such mills are safeguarded.

1.18. The Committee is surprised to note that there is no scheme to provide assistance for sick mills taken over by workers' cooperatives. The Committee recommend that Government should examine and formulate a scheme to provide financial assistance to workers' cooperatives to take over the sick mills in which they have been working in case take over by the workers' cooperative is recommended by BIFR.

II

PETITION REGARDING NATIONALISATION AND UPGRADATION OF BANKURA DAMODAR RIVER RAILWAY, WEST BENGAL

2.1 Shri Basudeb Acharia, M.P. presented to the Lok Sabha on 31 March, 1995 petition No. 38 (See appendix V) signed by Shri Chandi Mukherjee, President, Bankura Damodar River Railway Paribahan Sangram Samiti, Schooldanga, P.O. and District Bankura, West Bengal, and others regarding nationalisation and upgradation of the Bankura Damodar River Railway, West Bengal.

2.2. The main points raised in the petition are as follows:

- (a) The Bankura Damodar River (BDR) Railway (Narrow guage line) which is being run by the Government of India on lease basis since 1967 has been neglected.
- (b) The lease which is renewable after every ten years is due for renewal in 1997 and there is an apprehension of the closure of this Railway causing inconvenience to lakhs of people in Purulia, Bankura, Burdwan and Hooghly districts of West Bengal.

2.3. The petitioners have, therefore, prayed for nationalisation of the BDR Railway and for taking measures like conversion of the line into broad guage, extension of line to Tarakeshwar to link up with Eastern Railway at the Eastern side and with Durgapur at the Northern end, improvement of passenger and freight traffic services and replacement of Steam Engines by Diesel Engine to make the BDR railway economically a viable entity for serving the prime economic and industrial needs of people of the said four districts.

2.4. The petition was referred to the Ministry of Railways (Railway Board) on 3 April, 1995 for furnishing their comments on various points raised therein. The Ministry in their reply dated 3 May, 1995 have explained the position as under:—

“Bankura Damodar River (BDR) Railway line, a privately owned narrow guage line (length 96.4 kms) is worked by South-Eastern Railway w.e.f. 1.7.67, in terms of an agreement entered into with the Company.

The traffic carried on this Railway is very meagre and the prospects of any significant increase in the volume of traffic is not very encouraging in the foreseeable future.

The agreement provides for an option to the Central Government, recurring at intervals of every 10 years, to purchase the line. The agreement, however, does not provide for rehabilitation or conversion into BG unless the line itself is purchased by the Government. The question whether the line should be purchased, which in terms of agreement, involves payment of huge amount to the Company., by way of compensation, was examined in great detail in 1986 during the decennial review. In view of the heavy working losses being suffered by the Railway, it was decided not to purchase the line. The loss suffered by the Railways for operating the line, came to Rs. 1.26 crores during 1993-94. The question of conversion of the line into BG would arise only if a decision to purchase the Railway line is taken. The next option falls due in 1997.

As regards replacement of Steam Engines by Diesel Engines, the decision rests with the private company owning the "BDR" Railways. At present, the section is served by two pairs of mixed trains operated by steam locomotives, on an one engine system. Changeover to diesel traction will entail heavy investments without commensurate returns, since the traffic offerings are meagre, considering the fact that there is a parallel road alignment to the Bankura-Rainagar rail link, which caters for road traffic.

Regarding extension of the line upto Tarkeshwar at present there is no such proposal under consideration."

2.5. The Committee at their sitting held on 20 June, 1995 perused the comments furnished by the Ministry of Railways (Railway Board) and felt that the reply of the Ministry was not satisfactory. They, therefore, decided to visit the site for an on the spot study of the grievances of the petitioners.

2.6. The Committee conducted the study visit to Bankura on 13 October, 1995 and held informal discussions on the subject with representatives of the Bankura Damodar River Railway Paribahan Sangram Samithi, West Bengal, (ii) Political parties of the State of West Bengal, and (iii) the representatives of the South Eastern Railway.

2.7. In their discussion with the petitioners, the Committee were informed that the management of Bankura Damodar River Railway was taken over by the Central Govt. in 1967 with a view to manage the affairs of the company in a more efficient manner and to provide better services and amenities for the users. But the South-Eastern Railway authorities took a negative approach from the very beginning. Their calculated inactions have resulted in gradual withdrawal of almost all the existing passenger amenities and suspension of the normal services of this railway. Once this railway was the lifeline of this part of South Bengal and now after 27 years of Government Management it has become a dying concern. The Committee were told that the Railway has not spent even a single paisa on the BDR Railway. The trains are run by old and outdated steam

engines. The request has been made to the South-Eastern Railways to change the steam engines by diesel engines but nothing has been done so far. The railways do not incur any expenditure because of the fact that it is privately owned. A few coaches have been brought from the Nagpur Section of the narrow gauge and used on this line but the diesel engines have not been brought. Further there is only one train running on the line. It makes two trips in a day, 8 hours in one way. It has become, therefore, useless to the travelling passengers. The railways have abandoned most of the railway stations and there is no system of ticket checking and selling. The area covered by BDR Railway is greenery and rice bowl. If the tracks are revitalised and number of trains are increased from one to two, the line can be made viable. The Railways are requested to have the positive attitude for the welfare of the people of the area. The petitioner, further informed the Committee that there is no parallel road affecting the railway use. The contention of the Railway authorities is therefore, not correct. The Railway have not carried out any survey of the area. Hence the contention that in future the line would not be economically viable, is not correct. The representatives of the Samiti suggested to take over the railway from the private company and revitalise it. It was stated that the Sangram Samiti does not want railway to depute permanent employees for selling of the tickets. It can and would be managed by the people of the region. The Railways are required to put the checking staff to check the ticketless travellers.

Shri Chandi Mukherjee, a representative of the Sangram Samiti told that if the railway line is revitalised, it can cater to 35 lakhs of the people. If this railway is properly maintained then it can be of much use to the pilgrim centres and the tourist resorts. By revitalising the railway line the time taken in travel can be lessened from 8 hours on one way to 5-6 hours. He informed the Committee that there are coal mines/resources, which can be exploited if they are linked by the railway. According to him there are mica, granite, China clay and other industries which can be developed if the rail facility of transportation of labour is made available. There are bidi workers, mills which can grow further if they are linked with fast railway communication. The Samiti told the Committee that during the last few years 20 out of 24 stations have been closed. Goods traffic has been suspended long ago. 3 pairs of passenger trains also were gradually withdrawn and only one pair of passenger train runs daily at present. The engines are not only outdated but these have been condemned long ago. There is no certainty of arrival of trains. Sometimes the train does not come at all. The train service remains suspended on Sundays. Passengers who still depend on this railway wait on stations for hours together. The tele communication system have been withdrawn. Nobody knows when the train will come. Tickets are not issued and very often the fare is collected without issuing any ticket. The people of the area are at a loss to appreciate as to how a railway can earn revenue and serve the people under these circumstances. He further told the Committee that if the number of trains are increased and gauge is converted from narrow to

broad gauge then thousands of tons of goods will be transported from this short route resulting in socio-economic development of the backward districts of South Bengal. The extension upto Durgapur will cater to the needs of small and medium entrepreneurs and office going passengers and also solve the transportation problems of steel plants and other industries. Further the vast agricultural rich area of Hooghly, Dakshin Damodar area of Burdwan and a part of Bankura will get a direct short railway route for importing coal, cement, steel, chemicals, manure, kerosene, grocery etc.

The representatives of the Samiti requested for conversion of narrow gauge BDR Railway running from Bankura to Rai Nagar and extend it upto Tarkeshwar, another distance of about 32 kms.

2.8 In their discussions with the political parties, the Committee were informed that Bankura is a Western District of West Bengal having an area of about 6882 sq. kms. and a population of 28 lakhs. The district forms part of the Chota Nagpur Plateau and is agriculturally and industrially not advanced. The area through which BDR railway runs is thickly populated and comprises the comparatively better agricultural fields in the district.

If the BDR Railway gauge is converted and is improved, it will become viable and also develop the area linking three districts namely Bankura, Hooghly and Burdwan with Calcutta. They requested for running 3 pairs of daily passenger trains with diesel locomotives pending conversion it gauge.

2.9 During discussions with the Railway authorities the Committee were informed that it is a private rail line. The private company (owner) was, therefore, required to invest money in terms of the agreement. He, further told that as per decision of the Central Government, the line was to be closed but it could not be done for want of the approval from the Government of West Bengal. The South-Eastern Railways had conducted a survey and submitted a report to the Central Government. According to the estimate of the Railways about Rs. 10 crores were needed to be spent in improvement of the BDR. The self-generated income from BDR was very meagre. The estimated amount was to be spent from the self generated income of the BDR. But since this income was so meagre that no expenditure could be afforded to be done on this railway line. As per decision of the Railway no fund could be brought from outside to spend on this railway line.

They informed the Committee that tele-communication facility is available on all the important stations. According to the figure given by him there were 25 stations including halts. In so far as the running of the goods train is concerned he told that the railways are not aware if there was any goods train running on this line prior to 1967. The assets of BDR is assessed to be around 67 lakhs. If it is acquired and sold, it would not fetch this much amount.

The Committee were informed that trains do not run on Sundays. The Railways have the information that even on roads, running parallel to the BDR, there is not much movement of goods. They apprehended that the line if revitalised would not be economically viable.

2.10 The petitioners subsequently represented to the Committee that the information furnished by the Ministry of Railways (Railway Board) vide their letter dated 3 May, 1995 to the Committee contained misrepresentation of facts regarding the number of trains, number of passengers travelling on the train and amount of compensation etc. payable to the company in the event of its purchase by the Govt. After considering the contradictions pointed out by the petitioners, the Committee decided to take oral evidence of the representatives of the Ministry of Railways.

2.11 Accordingly, the Committee heard oral evidence of the representatives of the Ministry of Railways (Railway Board) on 14 December, 1995 in the matter.

2.12 Explaining about the problems of BDR Railway and its deteriorating rolling stock, coaches, track and replacement of steam engine by diesel engines and the delays in journey timings of the trains etc., the Chairman of the Railway Board stated as under:

"The locomotives and coaches which have been placed on the line are very old. In fact the locomotives are old steam engines. The time tables shows two pairs of trains. But we are running only one pair of train. The reason is that the locomotives and coaches acquired for the Railway are very old. The locomotives were manufactured in 1907 and 1908 i.e. about 87 years back. They have outlived their economic or useful life. Actually, we are finding it difficult even to run one pair of train properly. So due to declining position of the rolling stock and locomotives. We are not able to run two pairs of trains. The assets don't belong to us. We have given only working and management contract. We will run the railway line while the assets belong to M/s. Macloid Company. We are paying 3.5 per cent of the capital value of the line. So we are not able to do any capital investment on the line. We are only running the line and repairs according to the agreement. Due to unsatisfactory condition of the locomotive, the train is not able to maintain the scheduled timings."

2.13 Asked about purchase of the line by the Railways by paying compensation of Rs. 27 lakhs to the Company, the representative of the Ministry stated that the issue was not of the initial compensation which would perhaps be Rs. 40 lakhs according to the agreement. What was important was the huge amount of money required for investment to make this line working. Even just to upgrade the track and bring it to proper standard, Rs. 10 to 12 crores are required. Now the steam engines are not available and therefore they have to go for diesel locomotives which will mean Rs. 20 crore or more. According to their assessment, even after

spending such amount the line would not be financially viable as there is not enough traffic.

2.14 Asked to explain why such an investment can't be made in public interest, the witness stated that they are a very large railway system and there are many sectors and lines which require rehabilitation and improvement.

2.15 Asked about the circumstances under which the BDR Railway was taken over and the reasons for not making proper investments to make the line a viable one to avoid discomfort to the people, the representative stated that the line was taken over in 1967 and they were not immediately aware of the circumstances under which it was taken over. The same would be found out and submitted to the Committee. According to the agreement, they were not supposed to incur any expenditure of capital nature. Only Revenue expenditure had to be borne by the Govt of India and all other expenditure of capital nature was to be borne by the Company. Therefore, no improvements had been made in the rolling stock and tract.

2.16 Asked about the proposal of the Ministry regarding extension of the line upto Tarakeswar, the representative stated that the matter was considered and found financially not viable because the traffic potential of the route especially the goods traffic was not much. Therefore, no decision was taken to convert the line into broad gauge and extend it upto Tarakeswar. They had not conducted a field traffic survey but their assessment revealed that there was not much traffic potential.

2.17 Asked to state basis of such an assessment and the break-up of costs for establishment and running of this line, the representative stated that the working expenses are about Rs. 1.3 crore per year during the last 6 or 7 years and the exact break-up of cost would be furnished to the Committee later.

2.18 When asked to explain whether the problems being faced by the Ministry in running the line were placed before the Government, the representative stated as under:

"My submission is that the Ministry of Railways is the Govt. of India. There is a provision in the agreement that every ten years, there is a purchase option. Before expiry of that ten year period, there is an evaluation, the financial analysis to know what are the expenses and revenue and then the Govt. takes a decision to the effect whether to purchase the line or not."

In this context the representative further informed that they had appointed a Committee in 1986 to conduct work study to find out the ways for increasing revenue or saving expenditure to bring down the losses or find the best way of overcoming the situation. They recommended four options. One option was to offer this alignment to West Bengal Govt. In

place of this railway line, they could have a highway for plying roadways buses. This option was considered the least expensive to meet the demands of the passenger traffic. The idea was to close the railway line because it was incurring working losses. But the Govt. of West Bengal did not agree to it. The most viable option was that West Bengal Govt. take over and run it. If the West Bengal Govt. had agreed, they would have taken this line from the BDR company and handed it over to the State Govt.

2.19 Asked about why the Ministry can't spare the investment required for upgradation of BDR Railway to meet the demands of the people, the representative stated they have a large system of about 7000 km. with a tremendous demand on it. The budgetary support had been dwindling for the Railway plan outlay. The Railways are struggling to meet the requirements of upgradation and replacement of the existing system which is owned by the Railways. For any additional demand, they had to go to various agencies like Planning Commission etc. If it is not going to be economically viable, it would place a tremendous resource constraint.

2.20 When pointed out that there is a need for balancing economic viability and peoples needs, the representative stated that earlier also they made some proposals for closing down certain lines which were incurring losses. But the Railways were not authorised to close down the lines on its own and they had to get the permission of the State Govt. concerned for that. There are such narrow gauge lines incurring losses but could not be closed. The representative further stated that if the public of that region were to get a faster and efficient and economical transport by way of Roadways buses to travel, there is no harm. It was also offered to the State Govts. to complete the highways so that they would have better bus services and can travel in comfort and less time.

2.21 Asked how the traffic can be improved when the passenger facilities are withdrawn and services provided are negligible, the representative stated that today's earning is of the order of Rs. 2.50 lakhs per year and if the facilities are improved the earning may go up to Rs. 4 or 5 lakhs while the expenditure being incurred is Rs. 1.30 crore per year. Even when the railways was run by the private company it was incurring losses.

2.22 When asked about the survey conducted by the South Eastern Railways according to which Rs. 10 crore are required for improving the BDR Railway, the representative stated that there were three aspects in the report. One was coaches, the other was track and third was locomotives. Rs. 10 crores are required for rehabilitation of the 97 k.m. track. Roughly Rs. 60 lakh to 80 lakhs plus the amount to be spent on bridges are required for conversion of the gauge. The representative further informed that the total foodgrain traffic is not enough to justify the conversion of the gauge.

The Committee then suggested that apart from foodgrains, there are cash crops and mines in the region for which rail transport is required. The

Committee then directed that officials of the Ministry to furnish precise written replies to the questionnaire by 18 December, 1995.

2.23 The Ministry of Railways (Railway Board) *Vide* their O.M. dated 18 December, 1995 furnished the requisite replies on the questionnaire (See Appendix VI).

Observations and recommendations

2.24 The Committee have perused all the material placed before them containing the issues raised in the petition, the reply furnished by the Ministry of Railways (Railway Board), the submissions made by the petitioner, political parties and the representatives of the South-Eastern Railway during study visit and also the information furnished by the Ministry during evidence including their subsequent written replies to the questionnaire.

2.25 The Committee note that the main issues raised by the Petitioners in their petition are that the Bankura Damodar River (BDR) Railway, a privately owned company, the management of which was taken over by the Government of India in 1967 under an agreement has been neglected leading to a deterioration of the services rendered by the Railway to the people of the region. They have also an apprehension that the BDR Railway may be closed when the present agreement, which is renewable every ten years, comes up for renewal in 1997.

2.26 The Committee note that the petitioners have prayed for nationalisation of the BDR Railway and also for taking measures like gauge conversion, extension of the line upto Tarakeshwar, improvement of passenger and freight traffic, replacement of steam engines by diesel engines etc. to make the BDR Railway a viable entity for serving the economic and industrial needs of the people of the region.

2.27 The Committee note from the submissions made by the Ministry that the Government of India through South-Eastern Railway took over the management of BDR Railway in 1967 under an agreement on the condition that the Railway is to be worked on recovery of actual working expenses plus overhead charges. As per terms of the agreement, the Ministry of Railways could incur only revenue expenditure on the working of BDR line. Capital expenditure, if any, is required to be borne by the BDR Company owning the Railway. The Government was given only working and management contract. They were not authorised to make any capital investments on the BDR Railway unless the Government exercises the option to purchase it.

2.28 The Committee also note that the Railways are not authorised to close down the BDR Railway line unless the State Government of West Bengal agrees to the same.

2.29 The Committee further note that the working expenses of Ministry on BDR amount to over 1 crore rupees per year while the gross earning of

the line were a meagre Rs. 2.54 lakhs per year. They also note from the reply of the Railways that there is no potential for goods traffic in the area and adequate revenue can't be generated from passenger services which in any case is subsidised.

2.30. The Committee note that in the event of purchase of the BDR Railway line by the Government, the purchase price of the BDR Railway, as assessed in 1986, would be Rs. 21.75 lakhs i.e. Rs. 34.00 lakhs as compensation price minus Rs. 12.25 lakhs of outstanding dues from the BDR Railway. Thereafter the approximate expenditure for change over to diesel traction on the BDR Railway will work out about Rs. 31.73 crores and a recurring expenditure of Rs. 89.20 lakhs. Conversion of gauge and extension of the line to Tarakeshwar will involve additional expenditure.

2.31. At present due to fast deteriorating rolling stock, track etc. only one pair of train could be run. The average daily passenger travelling on this Section over the last 5 years is 175 only.

2.32 The Committee note that Ministry of Railway have a resource constraint in view of the dwindling budgetary support. In such a scenario, they are not in a position to incur expenditure on unviable lines.

2.33 After considering the submission made by the petitioners and the Ministry of Railways in the matter the Committee agree with the Ministry of Railways that they have a resource constraint and it is difficult for them to make huge investments on BDR line after purchasing it by paying initial compensation. But the Committee fail to understand how the Ministry had allowed the working of BDR Railway to drift and deteriorate in such a manner over the last 27 years while the working losses incurred on it ranged above 1 crore every year and the services provided had been reduced to negligible. The total loss incurred over the years on the working of the line had run into several crores. Had this amount been invested on the line after purchasing it and making necessary upgradation of the line, the BDR line must have become a viable entity by now.

2.34 The Committee, therefore, recommend that the Ministry should immediately undertake a comprehensive field technical/financial survey of the BDR line with a view to assessing the scope of its passenger and goods traffic potential, in case of its upgradation in all respects and extension to Tarakeshwar and also the investments required for purchase, conversion of the gauge and extension of the line before the option to purchase the line comes up for ten-yearly review in 1997. Based on the conclusions of the survey, the Ministry must place the matter before the Union Cabinet for taking a final decision regarding the purchase and upgradation of BDR Railway to serve the needs of the people of the region. The Committee strongly feel that if the train services are regularised and the running time

is reduced, there is scope for improvement in regard to financial viability. The Committee, therefore, recommend that the Ministry of Railways should take immediate step in regard to improvement of train services in the Section.

NEW DELHI;
21 December, 1995

30 Agrahayana, 1917 (Saka)

P. G. NARAYANAN
Chairman,
Committee on Petitions.

APPENDIX I
(See para 1.1 of the Report)

LOK SABHA

PETITION NO. 34

(Presented to Lok Sabha on 26.8.1993)

To

LOK SABHA

NEW DELHI.

The humble petition of the workers of various sick textile mills of Madhya Pradesh.

SHEWETH

The workers of various sick textile mills of Madhya Pradesh make following submission with utmost humbleness that the textile policy is the central subject. The recommendations of "Abid Hussain Committee" constituted to revive sick textile industry have also been reviewed. According to the assurance given in the Lok Sabha by the Ministry of State in the Ministry of Textiles, the announcement of textile policy could not be made even by the end of 1991. Now 1991 is also ending. As a result of this indifference of the Central Government, the sick textile industry of the country which was struggling upto last stage for its revival is now being compelled for its closure. The capital worth crores of Rs. invested in these mills is going waste and lakhs of workers have been rendered jobless and are on the verge of starvation. Financial institutions of Central Government such as NTC, Cotton Corporation of India, I.D.B.I. and other institutions and C.I.F.R. are not serving the purpose for which these were set up. There are several textile mills in Madhya Pradesh where workers want to run them even on cooperative basis by making all sorts of sacrifices are not being given any incentive by Central Government. Why I.R.B.I. a financial institution is withdrawing its support even after the sanctioning the package of Rajkumar Textile Mills, Indore? This is resulting in great resentment among the workers and people. Why the facilities being providing by the Textile Ministry to the close jute mills on cooperative basis are not being provided to the textile mills also? Lakhs of workers have been rendered jobless due to this biased policy of the textile Ministry.

This matter is very serious and of urgent public importance. Our request is that N.T.C. should take over the textile mills of Madhya Pradesh which are on the verge of closure. I.R.B.I. should restart giving package assistance to Rajkumar Mills. Assistance should be given to Sajjan Mills, Ratlam at par with New Central Jute Mills, Calcutta so as to run it on cooperative basis and if there is any compulsion therein workers of private textile mills seeking voluntary retirement should be provided the same facility as provided to NTC workers. Government of India should clarify their "textile policy" after considering sympathetically on all the aforesaid burning issues.

An accordingly, your petitioners as in duty bound will ever pray.

Name of petitioner	Address	Signature or Thumb impression
Shri K. K. Matai and others	27/3, Palsikar Colony, Indore	Sd/-

Countersigned by Shrimati Sumitra Mahajan, M.P.
Division No. 464

APPENDIX II

(See para 1.7 of the Report)

Comments forwarded by Smt. Sumitra Mahajan, M.P., on the reply of the Ministry of Textiles

Smt. Sumitra Mahajan
M.A., L.L.B.
Member of Parliament
(Lok Sabha)
Ref. S.M./D-1/92

Phone: Res. 431818
90, Nandlal Pura
INDORE-452 004

Date: 14.3.94

To,
The Secretary General,
Lok Sabha Secretariat,
Government of India,
New Delhi.

Sub: Petition on problems of textile industry of Madhya Pradesh dated 26 August, 1993.

Ref. : *Secretariat Letter No. 51/01/34/93 dated 1-3-94*

Sir,

With reference to the above subject and the referred letter it is submitted that my petition pertains to textile industry of entire M.P. including the Sick, closed, NTC and other Mills but your letter refers to only the Rajkumar Mills of Indore, and the Sajjan Mills of Ratlam whereas the Hukum Chand Mills, Indore and Hope Textiles, Indore are lying closed in Indore itself. The AAIFR has confirmed the order of BIFR to wind up the Hukum Chand Mills.

J.C. Mills Gwalior has been closed down and is under consideration of BIFR for Package deal Vinod Vimal Mills, Ujjain has also been closed by the order of BIFR. No reference of these mills have been made.

Your attention is drawn to the following points along with the references made above:—

- (1) The information given on Page-2 in the last para that the Rajkumar Mills Indore has been taken over by the Govt. of M.P. Since April, 1986 is not correct. This Mill is merely being given Rs. 4 lakh per month to meet the cash loss and that amount is also not being given on time by the State.
- (2) BIFR accepted package of Rs. 10 crore 85 lakh of the Rajkumar Mills, Indore on 25.11.91. But it is regrettable that financial institutions like IDBI and IRBI refused to give financial support

which is not only unconstitutional but is also violation of order of BIFR.

- (3) It has not been mentioned whether the Rajkumar Mills, Indore, is covered under Textile Works Rehabilitation Fund Scheme (TWRFS) or not.
- (4) After this petition was presented, BIFR issued an order in 1993 to wind up the Rajkumar Mills, Indore and Sajjan Mills. No reference has been made in this regard.
- (5) The Government of India had declared a New Textile Policy on 6th June, 1985. That Policy has totally failed now. Its review and early announcement is required. No reference of this point has been made. Thus the main point and along with it even the reference to implement recommendation of Abid Hussain Committee has not been made.

Thus no information has been given on all the points and main subjects referred to in the petition. Moreover the remaining points and the points reiterated in this letter should have been attended to. There is no mention of the Scheme of Government of India to run mills on co-operative basis with the help of workers of the closed and sick mills. A reference in this regard should have been made and it is required also.

Yours Sincerely,

Sd/-

(Smt. Sumitra Mahajan)

APPENDIX III

(See para 1.8 of the Report)

(to Ministry of Textile O.M. dt. 13.7.1994)

Present Position of the Mills registered with Board for Industrial and Financial Reconstruction.

<i>MILLS</i>	<i>POSITION</i>
1. Binod Mills	: Winding up recommended to the High Court.
2. Rajkumar Mills	— -do-
3. Hukumchand Mills	— -do-
4. Hope Textile Mills	— Stay Order by Court.
5. Dewas Synthetic Ltd.	— Winding up recommended to High Court.
6. Shree Sajjan Mills	— -do-
7. D.W. Wollen Mills	— Revival Scheme sanctioned.
8. Gwalior Synthetic Ltd.	— Winding up recommended to High Court.
9. Satal Wollens Pvt. Ltd.	— Under Enquiry
10. Bidasaria Mills (P) Ltd.	— -do-
11. NTC (MP)	— -do-
12. Jivajee Rao Cotton Mills Ltd.	— -do-
13. Gangawal Udyog Pvt. Ltd.	— -do-

APPENDIX IV

(See Para 1.8 of the Report)

(to Ministry of Textile O.M. dt. 13.7.1994)

Names of Temporarily closed Cotton/Man-made Fibre Textile Mills in the State of Madhya Pradesh

Name of the Mills	Reasons for closed
1. Hope Textiles (Nandalal Bhandari)	Financial
2. Hope Textiles	Financial
3. Bilaspur Spg. Mills & Industries	Financial
4. Binod Mills Co. Ltd.	Financial
5. Hukumchand Mills Ltd.	Financial
6. Bimal Mills	Financial
7. Jiyajecrao Cotton Mills Ltd.	Financial

APPENDIX V
(See Para 2.1 of the Report)
LOK SABHA

PETITION No. 38

[Presented to Lok Sabha on 31 March, 1995]

To

LOK SABHA
NEW DELHI

The humble Petition of Shri Chandni Mukherjee, President, Bankura Damodar River Railway Paribahan Sangram Samiti, West Bengal, and others.

SHEWETH

That in the year 1916 the M/s. Melod & Co. established a 97.5 k.m. narrow gauge railway in West Bengal in the district of Bankura and Burdwan, which served lakhs of people of four districts *i.e.* Purulia, Bankura, Burdwan and Hoogily and it become the life line of the people of those areas.

That the Govt. of India took over the railway in the year 1967 on lease of a term of ten years, which will come again in 1997.

That the Govt. of India is managing this railway since 1967 and no improvement has been done by the Ministry for Railways in the interest of the lakhs of people of these districts rather, after taking over of this railway, deterioration has been seen in all respects due to lack of proper supervision and planning. The term of lease will again come to an end in 1997 for renewal and we are afraid of closure of this railway and resultantly such actions of the Railway Ministry will create great inconvenience to lakhs of people.

And accordingly your petitioners pray that :

1. That the Bankura Damodar River Railway be nationalised forthwith.
2. That this BDR Railway (NG) is to be revitalised be converted into BG and be extended to Tarakeswar to link up with Eastern Railway at the Eastern side and be linked with Durgapur at the Northern end to make this railway economically profitable as well as to take the vital. Role for industrial development of Bankura, Purulia and Southern part of Damodar River.

3. That pending conversion into BG, steps to be taken to improve passenger and freight traffic services and arrangement to be made for diesel engine alongwith new coaches to replace vintage steam engine and coaches, which will serve the prime interest of lakhs of people of these four districts, of which Bankura and purulia and earmarked as economically backward districts.

And your petitioners as in duty bound will ever pray :

Name of the petitioner	Address	Signature/ Thumb im- pression
1. Shri Chandi Mukherjee, President, BDR, Railway Paribahan Sangram Samiti, West Bengal	Schooldanga P.O. & Dist. Bankura, West Bengal	sd/-
2. Shri K.C. Ghosh, Secretary, General BDRR Paribahan Sangram Samiti, West Bengal	P.O. Belitore, Dist. Bankura (W.B.)	sd/-
3. Shri Uday Chand Hazra, President, BDRR Paribahan S. Samiti, Patrasayas Branch, West Bengal	P.O. Pattrasayar, Dist. Bankura (W.B.)	sd/-
4. Shri P. Goswamy, Advisor, BDRR P. S. Samiti, West Bengal	P.O. Belitore, Dist. Bankura (W.B.)	sd/-
5. Shri S. P. Chatterjee, Organising Secretary, BDRRPS, West Bengal and others	P.O. Belitore, Dist. Bankura (W.B.)	sd/-

Countersigned by Shri Basudeb Acharya, M.P.
Division No. 317

APPENDIX VI

(See Para 2.23 of the Report)

Comments Furnished by the Ministry of Railways (Railway Board) on the List of Points for oral Evidence

S. No.	Item	Reply
1	2	3
1.	<p>The Ministry of Railways have informed the Committee that the BDR Railway Section is served by two pairs of mixed trains operated by steam locomotives and the average number of daily passengers is 900. But the petitioners in their letter dated 24.11.95 have informed the Committee that it is wrong. They have stated that for the last 3 or 4 years only one up and down passenger train is running between Bankura and Raina with only two passenger coaches and that too remains frequently suspended because of failure of engines which were condemned long ago.</p> <p>Please offer your comments on the contradiction made by the petitioners and state the correct position regarding the number of trains and the average daily passengers travelling on them.</p>	<p>The Railway's published time table has envisaged running of two pairs of trains 1 RB, 2RB, 3RB and 4RB. Due to the fast deteriorating rolling stock, resulting in lesser availability of coaches only one pair of train (1RB and 4RB) could be run. Even on date, the composition of the rake is less than the schedule composition since only a limited number of rail worthy coaches are available for use.</p> <p>As regards number of average daily passengers, it was around 900 in 1981-82 which has fallen over the years. The average daily passenger travelling in the Section over the last five years is 175 only.</p>
2.	<p>The Ministry have informed the Committee that the option of purchasing of the BDR Railway will involve payment of huge compensation. But the petitioners have stated that according to sub-clause (3) of Clause 45 of the Deed of Indenture executed between the Govt. of India and the BDR</p>	<p>1. The petitioners have referred to sub-clause 3 of Clause 45 of the Deed of Indenture which refers to the special purchase arising in the event of Government's decision for change of gauge, making communications through etc. At present this Clause is not being exercised, since the Railway</p>

1

2

3

Railway the maximum amount of compensation payable would come to around Rs. 27 lakhs after adjusting the loans taken by the Company from the Govt.

1. Please state whether you agree with the amount of compensation quoted by the petitioner. If not, please state the exact amount of compensation payable to the BDR company in the event of its purchase by the Govt. as was assessed in 1986 during the ten-yearly review.

2. Please state the amount of loan given to the Company so far and the amount outstanding against them.

have not yet decided to exercise the purchase option.

While the amount to be paid to the Company in the event of purchase of Bankura Damodar River (BDR) Railway by Indian Railways under the special purchase clause referred to by Bankura Damodar River Railway Parivahan Sangram Samiti would work out to approximately Rs. 30 lakhs, the invocation of the special purchase clause will entail substantial additional financial burden on the Indian Railways, in addition to initial payment to the company, by way of further investments towards renewal and upgradation of assets.

In 1986 it had been assessed that the purchase price of the BDR Railways would be Rs. 21.75 lakhs i.e. Rs. 34.00 lakhs as compensation price minus Rs. 12.25 lakhs of outstanding dues from the BDR Railway.

2. The amount of loan given to the Company so far is Rs. 9.57 lakhs. In addition, an amount of Rs. 2.68 lakhs is recoverable from the Company on account of purchase price of ex-K.F. Railway assets. Thus the total amount outstanding against the BDR Company works out to Rs. 12.25 lakhs which is recoverable, in the event of exercising the purchase option.

1	2	3
<p>3. The petitioners have stated that Government of India nationalised Katakhal Lalbazar Railway belonging to the same company on 16.8.1982 without paying proper compensation. They have, therefore, stated that the BDR Railway can also be nationalised on payment of token compensation.</p> <p>1. Please offer your comments on the statement of petitioners.</p> <p>4. The Ministry have informed the Committee that replacement of steam engines by diesel engines on BDR Railway can be taken up by the Company only. But the petitioners have apprised the Committee that this is misleading statement. As per clause 1 and clause 5 of the agreement made between Govt. and the Company w.e.f. 1.7.1967, the South Eastern Railway can incur any expenditure whatsoever on the working of the Railway.</p> <p>1. Please state whether you agree with the petitioners in this regard and state the correct position.</p> <p>2. Please state the approximate expenditure required for changeover to diesel traction and whether the Govt. are having any proposals to carry out a change over to diesel engines or other improvements in the working of BDR Railway.</p> <p>If so, furnish details thereof.</p>		<p>The Katakhal Lalbazar Railway Line extending beyond the Lumding Badarpur line, was of vital importance to the remote North Eastern region. As this line could not be allowed to be closed due to strategic and security point of view, this was nationalised in 1982. No amount was, however, paid in cash to the Company by way of compensation as it was found that the amount recoverable from the Company as dues outstanding exceeded the compensation amount.</p> <p>1. The correct position is as under:—</p> <p>The clause 1 and 5 of the Agreement of 1967 referred to by the petitioners is general in nature. The relevant provisions, however, for allocation of expenditure are Clause 3, 6 and 9 of the above Agreement.</p> <p>As per Clause 3 of the Agreement of 1967 of BDR Railway is to be worked on recovery of actual working expenses plus overhead charges. This does envisage additional capital investment on the assets. Similarly, Clause 6 of the above Agreement provides that the cost of works for repair and renewal would be governed by the relevant provisions of the Indenture of 1918.</p> <p>As per Clause 9 of the Agreement of 1967 the Government shall not be responsible for wear and tear and physical depreciation of all</p>

1

2

3

5. The petitioners have complained that S.E. Railway did not carry out any maintenance work in respect of the track and bridges etc. for the last 7 or 8 years. A few years ago, the Adra Office floated tender worth Rs. 80,000,00/- for renewing the track. But the same was cancelled at the time of dropping of tenders on the plea that the gauge of the BDR Railway would be altered very shortly.

1. Please state the correct position in this regard.

2. What are the present plans of the Ministry regarding alteration of the gauge of the BDR Railway.

Government has at the moment, no plan to carry out a changeover to diesel engines or other improvement in the working of BDR Railway warranting capital investments.

1. The correct position in this regard is as under:—

In the recent past covering the BDR Railway system, no such tender for Rs. 80,000,00/- was floated by Adra Division of SE Railway.

However, for routine repair and maintenance and deposit works (undertaken for West Bengal irrigation department) the following works were executed by the Adra Division in BDR Railway section:—

(i) Canal crossing between Betur-Kamrul stations during 1991-92 at the cost of Rs. 1.4 lakhs approximately.

(ii) Casual renewal of wooden sleepers between sonamukhi and Rainagar during 1992-93 at the cost of Rs. 50,000/- approximately.

(iii) Repairs to Steel Tank for BDR Railway at Bankura during 1993-94 at the cost of Rs. 18,630/-.

(iv) Painting of girder bridges in 1993-94 at the cost of Rs. 36,500/- approximately.

(v) Provision of Septic Tank latrines to staff quarters during 1994-95 at the cost of Rs. 1,00,000/- approximately.

In addition during 1994-95 three tenders (total estimated value of Rs. 10.56 lakhs) were floated for routine maintenance viz. ballasting of tracks. The lowest offer received being Rs. 28.68 lakhs the tenders had to be cancelled on account of high rates.

1	2	3
		the assets to be utilised by the SE Railway. In other words, it means that capital investment on the BDR Railway will not be the responsibility of the Railways.

2. The approximate expenditure estimated for changeover to diesel traction on the BDR Railway works out to an initial investment of Rs. 31.73 crore and a recurring expenditure of Rs. 89.20 lakhs per annum. The details are as under:—

Cost of Change over to Diesel Traction

Item	Initial Investment	Recurring Expenditure per annum
1. Civil Engg.	Rs. 26.22 Cr.	Rs. 45 lakhs
2. Sig. & Tele.	Rs. 1.30 Cr.	Rs. 4.60 lakhs
3. Mechanical	Rs. 4.21 Cr.	Rs. 39.60 lakhs
TOTAL	Rs. 31. 73 Cr.	Rs. 89. 20 lakhs

6. The petitioners have complained that the Ministry desires to see the natural death of DBR Railway by July, 1997 at the end of the ten years' lease period. They have stated that BDR Railway cannot expect to earn revenue by withdrawing the system of goods transportation by BDR Railway and by running only one pair of passenger train occasionally.

Please explain the position of the Ministry in this regard.

2. This is covered, in detail, in reply to Item No. 8.

The assets of the BDR Railways belong to the Company and the Railways are only operating the line using the said assets. In accordance with the terms of agreement entered into between the BDR Railway and the Indian Railways in 1967 and relevant clauses of Indenture, only revenue expenditure could be incurred; heavy capital inputs by way of track renewals etc. have not been possible. There is no potential for goods traffic in the area and adequate revenue cannot be generated from passenger services which in any case is subsidized. Revenue

1

2

3

7. The Ministry have informed the Committee that S.E. Railway is incurring a loss of about Rs. 1.26 crores per year for operating this Railway. The petitioners however state that most of the expenditure is due to abnormally high hire charges, maintenance of Rolling stock etc. and due to hypothetical establishment charges. The losses are due to huge establishment without caring for the output.

1. Please state the total establishment charges being incurred on the BDR Railway and whether they are justified in the context of poor revenue/

income and the negligible train service provided at present.

2. Whether any steps have been taken for reducing the establishment charges and increasing the income of the Railway in the last decade or so. If so, please furnish details thereof.

If not, state the reason for not doing anything of that kind in view of the sustained losses being incurred on the Railway.

from goods traffic had gradually tapered off to insignificant amounts by the late eighties. The working expenses of the Railway amounted to Rs. 130.47 lakhs as per their audited accounts during 1994-95 and the gross earnings were a meagre Rs. 2.54 lakhs.

1. The establishment charges incurred on BDR Railway over the last five years are given below:—

1990-91	Rs. 92.82 lakhs
1991-92	Rs. 99.08 lakhs
1992-93	Rs. 103.60 lakhs
1993-94	Rs. 111.72 lakhs
1994-95	Rs. 114.62 lakhs

The establishment charges being incurred on the BDR Railway are unavoidable in order to keep the BDR Railway operational.

2. There has been a continuous and consistent effort for reducing the establishment charges of BDR Railway over the years. The sanctioned staff strength of BDR Railway at the time of takeover on 1.7.1967 was 486 who were all merged with the staff of Adra Division. Since 1985 onwards the staff strength has been brought down and stands at the level of 300 on date. Thus a reduction of 186 posts have so far been achieved.

1	2	3
<p>8. The Ministry have informed the Committee that there is no proposal under consideration for extension of the line of the Railway upto Tarakeshwar. But the petitioners have stated that on 30.3.95, the Railway Minister gave them assurance that survey works would be taken up in 1996 and the proposal would be included in 9th Plan.</p>	<p>Please state the correct position in this regard.</p>	<p>The Railway Minister in a reply to a letter to an M.P. has stated that taking over and conversion of Bankura Damodar Railway Line is under consideration of the Government for implementation during the 9th Plan period, subject to availability of resources. This, however, should not be taken as an assurance since over the years the budgetary support is gradually reducing from 75% during the 3rd Plan period to 15% in the 8th Plan. The Railways are as it is fettered with a large degree of social burden on account of subsidised passenger services, having to run and maintain a large number of uneconomic branch lines, carrying essential commodities below cost etc. all these add up to nearly Rs. 1200 crores per annum. In the changing economic scenario the Railways have had to borrow from the capital market in order to develop infrastructure to cater to the demands of the national economy. In such a scenario it is natural that investments to be made has to generate sufficient returns on investment. Over the BDR Railway the expenditure to earning ratio is very high due to the revenue</p>

1

2

3

being much lower than the expenditure. Pending detailed survey and evaluation of costs of Broad Gauge conversion/extension as envisaged cannot be made particularly as bridging across the river Damodar is involved.

It is also brought to the notice of the Committee, that Railways are finding it difficult to raise resources for renewal and upgradation of their own assets in the system. In the circumstances it would be very difficult for them to make further investments in privately-owned Railway like the BDR Railway.

9. During study visit, the Committee were informed by the petitioners that during the last few years 20 out of 24 stations of the Railway have been closed down and there is no system of ticket selling and checking. There is no certainty of arrival timing of trains and their journey timings.

Please state the purpose of running the BDR Railway in such a manner in the context of huge losses incurred on in every year.

No station on the BDR Railway has been closed down. The total number of stations on the BDR Railway system is 25. This has been the number of stations even at the time of South Eastern Railway's taking over of the working of the BDR Railway. Keeping in view the operations requirements some of block stations and flag stations have been converted into Passenger Halt stations (Passenger Halts). On date four stations are block stations (Bankura, sonamukhi, Bowai-chandi and Rainagar) and two stations are flag stations (Sahaspur Road and Sehera-bazar). The remaining 19 sta-

1

2

3

tions are Passenger Halts. At block stations and flag stations ticket selling is departmentalised. Tickets are sold through agents at nine of the Passenger halts. At 10 of the Passenger Halt stations, the ticket sales being very low, no agents are there. However, passengers from these Passenger Halts are permitted to purchase tickets at the next ticket selling stations. This system has been in vogue since long and is not an new practice. The ticket checking is concentrated at the stations and occasionally on the trains. Due to deteriorating condition of the rolling stock and coaches as already indicated in reply to item No. 1 punctuality of the train running is affected.

The running of the BDR Railways, which as brought out earlier, does not even generate enough return even to meet a part of the working expenses, is governed by specific clauses both in the Indenture as also the Agreement of 1967 which do not permit fresh capital inputs. The Railway cannot be closed down since the state government on previous occasions had not allowed its closure. In such a scenario there is no alternative for the Railway Administration but to run the BDR Railway with the available assets in spite of huge losses incurred year after year.

1	2	3
	<p>10. The Railway officials at Bankura informed the Committee that South East Railway has conducted a survey and submitted a report to Government of India according to which Rs. 10 crores were needed for improvement of BDR Railway.</p> <p>1. Please state the details of such survey.</p> <p>2. Please state the reasons for not implementing the same instead of bearing losses to the tune of 1 crore and above every year on this Railway for the last many years.</p>	<p>A Committee comprising of four senior officers of South Eastern Railway had conducted a review of the BDR line and submitted a report in September 1995. It was a brief report on factual position concerning the assets, agreemental position, financial returns etc. It had been brought out in the report that the present conditions of various assets i.e. track, rolling stock and other assets are in such a poor condition that heavy capital expenditure are required to renew and put them into proper fettle. It had been assessed that only on track renewals Rs. 8 to Rs. 10 crores would have to be spent even for the present system of steam traction to be continued. Apart from this, additional capital expenditure would be required for repairs and renewals to locomotives, coaches and wagons which have all outlived their useful life.</p> <p>This report is under consideration of the Board, however, it may be pointed out that in order to incur capital expenditure for replacement/renewal of assets the BDR line would first have to be purchased from the company and then only such an investment can be considered. A decennial technical/financial review to consider the purchase option is currently under way.</p>