

RAILWAY CONVENTION COMMITTEE (1985)

(EIGHTH LOK SABHA)

EIGHTH REPORT

ON

Action taken by Government on the Recommendations contained in the Sixth Report of the Railway Convention Committee (1985) on "Resource Mobilisation —Public Borrowing for Augmenting Railway Plan Finance".



Presented in Lok Sabha on 22-4-1987

Laid in Rajya Sabha on 22-4-1987

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1987/Chaitra, 1909 (S)

Price : Re. 1.00

385.131

CORRIGENDA TO THE EIGHTH REPORT OF THE
RAILWAY CONVENTION COMMITTEE(1985)

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RAILWAY CONVENTION COMMITTEE

(1985)

Shri Subhash Yadav—*Chairman*

MEMBERS

Lok Sabha

2. Shri Basudeb Acharia
3. Shri B. Devarajan
4. Prof. Narain Chand Parashar
5. Shri Vijay N. Patil
6. Shri Janardhan Poojary
7. Shri Ram Lhan
8. Shri Ram Ratan Ram
9. *Shri Madhavrao Scindia
10. Shri S. Thangaraju
11. Shri V. Tulsiram
12. @Shri Kailash Yadav

Rajya Sabha

13. Shri Vishwanath Pratap Singh
14. Shri Dipen Ghosh
15. ‡Shrimati Amarjit Kaur
16. Shri Bhagatram Manhar
17. † Shri Kalpnath Rai
18. Shri P. Upendra

SECRETARIAT

1. Shri K. H. Chhaya—*Joint Secretary.*
2. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

* Nominated on 27-1-86 *Vice* Shri Manvendra Singh resigned w.e.f. 11-12-1985.

@ Nominated on 26-12-86 *vice* Shri Bansilal ceased to be a member of Lok Sabha w. e. f. 10-12-1986.

‡ Nominated on 19-6-86 *vice* Shri M. Maddanna ceased to be a member of Rajya Sabha w. e. f. 2-4-1986.

† Nominated on 22-12-86 *vice* vacancy caused by his retirement from Rajya Sabha on the completion of his term as Member of Rajya Sabha on 4-7-86.

INTRODUCTION

I, the Chairman of Railway Convention Committee (1985) having been authorised by the Committee to submit the Report on their behalf present this Eighth Report on Action Taken by Government on the recommendations contained in the Sixth Report of the Railway Convention Committee (1985) on "Resource Mobilisation—Public Borrowing for augmenting Railway Plan Finance".

2. The Sixth Report of the Railway Convention Committee (1985) was presented to both the Houses of Parliament on 2nd December, 1986. The replies of the Government to all the recommendations contained in the Report were received by 11th February, 1987.

3. The Committee considered these replies at their sitting held on 24 March, 1987 and decided to call for further information on certain points arising out of these replies. The Committee reconsidered the replies of the Government together with the further information received from the Ministry of Railways (Railway Board) at their sitting held on 2nd April, 1987 and adopted the Report on the same day. On an Office Memorandum being received from the Ministry of Railways (Railway Board), the Committee reconsidered the Draft Report and modified it on 15 April, 1987.

4. The Committee do not desire to pursue any of the recommendations contained in this Report in view of the replies of the Government.

NEW DELHI;

April 16, 1987

Chaitra 26, 1909 (S)

SUBHASH YADAV

Chairman,

Railway Convention Committee

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the Committee's recommendations/conclusions contained in their Sixth Report (Eighth Lok Sabha) on "Resource Mobilisation—Public borrowing for augmenting railway Plan Finance", which was presented to Parliament on 2 December, 1986.

2. Action Taken Notes on all the recommendations and conclusions contained in the Report have been received from the Government on 11 February, 1987.

3. Replies to the recommendations and conclusions contained in the Report have been categorised under the following heads:

- (i) Recommendations and conclusions which have been accepted by the Government:

NIL

- (ii) Recommendations and conclusions which the Committee do not desire to pursue in view of the replies of the Government:

1 to 7

- (iii) Recommendations and conclusions in respect of which replies of the Government have not been accepted and which require reiteration:

NIL

- (iv) Recommendations and conclusions in respect of which final replies of the Government are still awaited:

NIL

4. The Committee note that in the Railway Budget for 1986-87 introduced by the Transport Minister on 26 February, 1986 in the Parliament, it was indicated that the Railways contemplated to raise upto Rs. 250 crores through market borrowings. In pursuance of this, the Ministry of Transport (Department of Railways—Railway Board) submitted on 2 September, 1986 a Memorandum to the Railway Convention Committee on the subject of setting up Indian Railway Finance Corporation Ltd. to raise Rs. 100 crores, in the first instance through market borrowings by issue of bonds. the

Committee held discussions with the officials of Railway Board and Ministry of Finance on 24 September, 1986. The Committee also heard the views of some non-officials on 6 November, 1986. The Committee presented their report on this subject to Parliament on 2 December, 1986.

5. In the meanwhile, when the matter was under the consideration of the Committee, the Minister of Railways informed Rajya Sabha and Lok Sabha about floating of the Indian Railway Finance Corporation Ltd. through U.S.Q. No. 942 dated 12.11.1986 in Rajya Sabha and through S.Q. No. 145 dated 13.11.1986 and U.S.Q. No. 2525 dated 20.11.1986 in Lok Sabha.

6. The Indian Railway Finance Corporation was incorporated on 12 December, 1986, before the doubts expressed by the Committee were clarified. The Committee was apprehensive if the Railways would be able to pay back at the rate of 16 per cent and had desired that there should be a single Corporation for Government borrowings. The Committee feel that it would have been appropriate to have taken prior or simultaneous concurrence of the Committee before making the announcement.

CHAPTER II

**RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT**

NIL

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT.

Recommendation No. 1 (Paras 33.37)

The Committee note that with a view to augmenting the resources for meeting Railways requirement and thereby reducing the pressure on the General Revenues of the Government of India, it is proposed to create a new company to be designated—the Indian Railways Finance Corporation Limited; under the aegis of the Department of Railways.

The proposed company will issue bonds, which will have a maturity period of 10 to 20 years and will carry interest at the rate of 10 per cent per annum. The bonds will be totally tax free to make them attractive in the market. The initial equity capital equivalent to 1/10th of the proposed issue of the bonds, will be provided from the General Revenues.

The money raised through the bonds will be invested by the Company in assets usable by the Railways, those assets would constitute the security for the investors. These assets would then be hired out to Railways on recovery of charges that would cover (i) interest payable by the Company on the bonds; (ii) its service charges and (iii) also annuity for redemption of the bonds in time.

The Committee further note that under the extant rules, investment needs of the Railways are met by the General Revenues in the form of perpetual loan on which a dividend rate of 6 and 6.5 per cent is paid

The Committee are aware that the Railways are currently finding it difficult to meet the existing low rate of dividend liability. The Committee have their own apprehensions about the position of Railways when they borrow funds from the market at a cost which may amount to 11 per cent as against 6 or 6.5 per cent which they pay as dividend to the General Revenues.

Reply of the Government

As against the existing dividend of 6.5 per cent the Railways will be required to pay leasing charges of about 10.5 per cent to 11

per cent on the amounts raised through public borrowings by the Indian Railway Finance Corporation Limited. In absolute terms the additional annual burden on the Railway Finances would thus amount to about Rs. 10 to 11 crores on a loan of Rs. 250 crores proposed to be raised in the current year. This additional burden is not large when compared to the Ordinary Working Expenses of about Rs. 4643 crores recorded in the year 1985-86. The Ministry would also submit before the Committee that recourse to market borrowing would enable the Railways to get a higher plan allocation for the year 1986-87 than it would have been otherwise possible. Taking both the items into account, the balance of advantage, it is felt, lies in taking recourse to limited borrowings from the market.

[Ministry of Railways (Railway Board)
O.M. No. 85-RCC, 206/6 Dt. 11-2-1987]

Recommendation No 3-4 (Paras 33 to 40)

The Committee observe that the capital output ratio of the Railways in 1984-85 was 3.26 per cent. The interest payable on the bonds proposed to be floated would be 10 per cent and according to the Railways about 1 per cent would be administrative cost thereon. Further, the Ministry of Finance have made these Bonds tax-free, which will yield additional 6 per cent benefit to the investors, as is estimated in respect of similar bonds which have come in the market recently. Therefore, the total cost of this capital, to the Government as a whole, would be in the region of 17 per cent. As the Railways have not been able to discharge their dividend payment liability even at the concessional rate of 6.5 per cent and have incurred deferred dividend liability to the tune of Rs. 529.86 crores, the Committee apprehend that the additional burden for payment of interest on bonds, administrative charges, etc. would further reduce Railways ability to pay normal dividend. In these circumstances the Committee feel that the scheme for floating bonds instead of relieving burden may, in fact, increase the burden on the General Exchequer.

The Committee are of the view that since the Finance Ministry take a total view of the overall resources mobilisation in the country and float loans/bonds from time to time, a certain part of it could be earmarked for the Railways, which is a part and parcel of the Government. Market borrowings should be done by a single Government agency viz., the Government of India in the Ministry of Finance or a single corporation as mentioned in para 43 below.

The problem of limit to Government borrowing *vis-a-vis* deficit financing is not unsurmountable and some ways and means should be explored to overcome it.

The Committee observe that the Railways' Seventh Plan outlay is Rs. 12,334 crores. Out of this, in the first year of the Plan, according to the revised estimates, the outlay was Rs. 2,050 and for the current year it is expected to be Rs. 2,650 crores. The efforts to raise Rs. 100 crores by creating a new vehicle and resorting to public borrowing will thus not form even an insignificant part of the total requirement. At the same time, if requirement of this amount is to be met from General Revenues, fund raising effort for the General Revenues should also not be a matter of signigcance, as the total capital budget of the Government of India as a whole is of a much larger magnitude.

Reply of the Government

As has been submitted in reply to Recommendation No. 1 additional annual burden on account of market borrowings of Rs. 250 crores is likely to be Rs. 10 to 11 crores or so. This additional burden is small when compared to the total Working Expenses of the Railways. It may also be submitted for information of the Committee that in the year 1985-86, that is, the first year of the Seventh Plan, the Railways have earned a surplus of Rs. 178 crores, and it has been possible to reduce the deferred Dividend Liability from about Rs. 545 crores in the beginning of the year 1985-86 to about Rs. 428 crores at the beginning of 1986-87. Even in the current financial year 1986-87, the Railways would have ended with a surplus but for the large impact arising out of the implementation of the Fourth Pay Commission's recommendations. This Ministry is fairly confident that, one year taken with another, it should be possible to meet the dividend obligation of 6.5 per cent on the fresh capital investment coming from the budgetary support in addition to 10 to 11 per cent required to be paid on the market borrowing.

2. Raising of funds through public borrowings by the Ministry of Finance exclusively for the Railways has not been considered desirable by the Government as there are limits up to which the open market borrowings can be resorted to by the Central Government. Beyond this limit, borrowing by the Central Government is likely to have the same effect as deficit financing and therefore, a careful balance has to be maintained. The recourse to the market borrowing by the Railways through a separate Finance Corporation has been considered necessary after taking into account the overall re-

sources position of the Government and the limits up to which the Ministry of Finance could borrow money from the market through normal channels.

3. The plan outlay for the year 1986-87 has been fixed at Rs. 2650 crores out of which the share of market borrowing by the Indian Railway Finance Corporation is Rs. 250 crores. This works out to about 9.4 per cent of the plan outlay. However, if we look at the Bonds of Rs. 250 crores, in relation to the budgetary support of Rs. 1280 crores, this percentage works out to 19.5 per cent which, it is submitted, before the Committee, is quite significant. (In the annual plan 1986-87, Rs. 1370 crores was envisaged as internal resource generation of the Railway i.e. contribution to DRF, ACSPPF, Development Fund and OLWR. This left the balance requirement of Rs. 1280 crores as budgetary support for an outlay of Rs. 2650 crores).

[Ministry of Railways (Railway Board)
O.M. No. 85-RCC, 206/6 Dt. 11-2-1987]

Further Information called for by the Committee

- (a) It has been stated that there are limits upto which the open market borrowings can be resorted to by the Central Government and beyond this limit, borrowing by the Central Government is likely to have the same effect as deficit financing.
- (b) (i) Please give a break-up of plan allocation of Rs. 2650 crores for the year 1986-87 under different heads like on-going projects, new lines, gauge conversion, traffic facilities, passenger amenities, rehabilitation, modernisation, electrification, rolling stock etc.
- (b) (ii) Please also furnish a note on utilisation of money raised through market borrowings (Rs. 250 crores) in the year 1986-87 *inter-alia* stating how soon the plans would be put into execution instead of the money lying idle with IRFC/Banks.

(L.S.S. No. 34/A/RCC-85 dated 25.3.1987)

Further Reply of the Government

(a) The market loans raised by Government carry interest rates which are lower than the prevailing market rates. The subscribers to Government loans are mostly the commercial banks, Life Insurance Corporation, General Insurance Corporation and Provident Funds who are required to invest a specific proportion of their funds in Government Securities. The institutions are not obliged to subscribe to Government loans in excess of the stipulated percentages. Accordingly, there is a limit to the total amount of subscription made by

them depending on accretions to deposits and funds of these institutions. If the total amount of loans actually floated exceeds this limit, the excess has to be held by the Reserve Bank of India. Subscription to Central Government loans by Reserve Bank of India is a form of Reserve Bank of India credit to Government which has the same economic impact as deficit financing. This is the main constraint on Government borrowing. On the other hand public sector companies can offer higher rates of interest and attract a very wide class of investors.

(b) (i) The break-up of plan allocation of Rs. 2650 crores for the year 1986-87 under different heads is as under:—

PLAN HEAD	Rs. in crores
1. Rolling Stock	875
2. Workshops & Sheds	214
3. Machinery & Plants	65
4. Track Renewals	595
5. Bridge Works	45
6. Traffic facilities.	265 (includes Doubling & gauge conversion)
7. Signalling & Safety	60
8. Computerisation	44
9. Electrification	180
10. Other Electrical Works	27
11. New Lines	100
12. Staff Quarters	25
13. Staff Welfare	17
14. Users' Amenities	9
15. Other Specified Works	13
16. Inventories	25
17. Metropolitan Transport Project	90
18. Railway Research	1
Total	2650

NOTE: The outlay has now been enhanced to Rs. 2675 crores—the excess of Rs. 25 crores being the part of the contribution to the equity capital of Indian Railway Finance Corporation.

(b) (ii) The amount of Rs. 250 crores raised in the year 1986-87, will be utilised by the Indian Railway Finance Corporation to finance Railways' Rolling Stock Programme by purchase of wagons. Indian Railway Finance Corporation proposes to utilize the funds as soon as the formalities of allotments against the applications for Bonds are completed.

[Ministry of Railways (Railway Board)
O.M. No. 85|RCC|206|6 dated 7-4-1987]

Recommendation No. 5 (Para 41)

The Committee observe that in the Budget for 1985-86 the increase in Railways fares and freight made was estimated to generate additional revenue of Rs. 505 crores. In the month of November, 1986 Supplementary Budget adjusting the freight charges has been presented which is estimated to mobilise revenues to the extent of Rs. 320 crores. Keeping these facts in view, the Committee consider that efforts to mobilise additional sum of Rs. 100 crores for the purpose of Plan expenditure would not be a matter of considerable effort.

Reply of the Government

The additional revenues arising out of the budget proposals of 1985-86 were estimated at Rs. 495 crores and not Rs. 505 crores as indicated in the report of the Committee. As far as the current year is concerned, the proposal is to raise Rs. 250 crores through market borrowings in the full financial year and not restrict the borrowings to Rs. 100 crores only. The Committee will kindly appreciate that in case of a sum of Rs. 250 crores was to be raised over and above the budget proposals presented in November, 1986 (amounting to Rs. 320 crores for the year 1986-87), the tariff effort, that would have been necessary, would have worked out to about 78 per cent higher than the actual proposals.

[Ministry of Railways (Railway Board)
O.M. No. 85-RCC, 206/6 Dt. 11-2-1987]

Recommendation Nos. 6-7 (Paras 42 and 43)

If the present scheme of raising Rs. 100 crores through the issue of Bonds is only a first step towards generating much larger resources and the efforts to mobilise larger funds for Railways through similar bonds are to follow, the Committee would suggest that instead of creating a separate corporation for the Railways, a bigger corporation

under the Ministry of Finance should be established to deal with the Bond issues or market borrowings of all the Government Corporations and companies. Such a step would not only increase the efficiency and expertise in mobilising the public funds but would also ensure uniformity of approach, coordination and the methodology of raising public borrowings.

Keeping the totality of the issues involved and the dire need to provide additional finances to match the needs of the railway transport for the future development of the country, the Committee have a feeling that repeated issues of bonds|public borrowings to raise funds may have to be resorted to. In that event the Committee agree to the Government issuing separate bonds earmarked for Railways or a bigger Corporation being set up under the Ministry of Finance for raising funds for Government companies and the Railways as mentioned in para 42 above.

Reply of the Government

The recommendation of the Committee for setting up of a bigger corporation under the Ministry of Finance has been considered. However, this approach has not been favoured as the Committee will appreciate that the public sector undertakings can go to the market themselves without having to set up a separate finance corporation. The position of the Indian Railways is however, different from the other public undertakings because it has its unique organisational set up which combines the commercial functions along with the function of a Ministry. It is, therefore, necessary for the Railways to set up a separate finance corporation.

It is noted that the Committee are in agreement with the Government for a Finance Corporation raising funds for the Government companies and the Railways. After receiving the recommendations of the Committee and considering the peculiar situation of the Railways as a Government departmental organisation whose finances have been separated from the General Finances, the Government have decided to make a slight deviation from the recommendations of the Committee in as much as the funds will be raised through the Indian Railway Finance Corporation instead of a single unified agency. This method, the Committee will appreciate, will give the Railways the necessary control to regulate utilisation of these funds which would not have been possible if the borrowings had been arranged through an omnibus Finance Corporation under the Ministry of Finance.

[Ministry of Railways (Railway Board)
O.M. No. 85-RCC, 206/6 Dt. 11-2-1987]

CHAPTER IV

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT TO WHICH
THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEP-
TED AND WHICH HAVE BEEN REITERATED**

—NIL—

CHAPTER V

**RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF WHICH
FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

—NIL—

NEW DELHI:

April 16, 1987

~~March~~ 26, 1969 (S)

SUBHASH YADAV

Chairman

Railway Convention Committee.

PART II

**Minutes of the sittings of the Railway Convention Committee (1985)
held on 24th March, 2nd and 15th April, 1987.**

RAILWAY CONVENTION COMMITTEE

(1985)

29th Sitting

24-3-1987

The Railway Convention Committee held its sitting from 16.00 hrs. to 17.10 hrs.

PRESENT

Members of the Committee

1. Shri Subhash Yadav—*Chairman*
2. Prof. Narain Chand Parashar
3. Shri Ram Dhan
4. Shri Ram Ratan Ram
5. Smt. Amarjit Kaur
6. Shri Bhagatram Manhar
7. Shri Kalpnath Rai
8. Shri P. Upendra

SECRETARIAT

1. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

Notes showing action taken by the Government on the recommendations contained in the Sixth Report of Railway Convention Committee (1985) on "Resource Mobilisation-Public Borrowing for augmenting Railway Plan Finance" was read out to the Committee.

The Committee felt that since the Indian Railway Finance Corporation Ltd. had already been established, the replies to the recommendations may be accepted by the Committee. They, however, desired that further information, as mentioned in the Annexure, on Recommendation Nos. 2, 3 and 4 may be called for from the Ministry of Railways.

The Committee expressed their displeasure over the fact that after having brought the matter before the Committee, the Government did not keep the Committee informed contemporaneously about the incorporation of the Indian Railway Finance Corporation Ltd.

Thereafter, the Committee adjourned.

ANNEXURE

Recommendation Nos. 2-4 (Paras 38-40)

Further information asked for

(a) It has been stated that there are limits up to which the open market borrowings can be resorted to by the Central Government and beyond this limit, borrowing by the Central Government is likely to have the same effect as deficit financing.

Please furnish a note explaining the above position in detail.

(b) (i) Please give a break up of plan allocation of Rs. 2850 crores for the year 1986-87 under different heads like on-going projects, new lines, gauge conversion, traffic facilities, passenger amenities, rehabilitation, modernisation, electrification, rolling stock etc.

(ii) Please also furnish a note on utilisation of money raised through market borrowings, (Rs. 250 crores) in the year 1986-87 *inter alia* also stating that how soon the plans would be put to execution instead of the money lying idle with IRFO/Banks.

RAILWAY CONVENTION COMMITTEE

(1985)

30th Sitting

2-4-1987

The Railway Convention Committee held its sitting from 16.00 hrs. to 17.00 hrs.

PRESENT

Members of the Committee

1. Shri Subhash Yadav—*Chairman*
2. Shri Basudeb Acharia
3. Prof. Narain Chand Parashar
4. Shri Ram Ratan Ram
5. Shri S. Thangaraju
6. Shri Dipen Ghosh
7. Shri Kalpnath Rai
8. Shri P. Upendra

Secretariat

1. Shri K. H. Chhaya—*Joint Secretary.*
2. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

The Committee considered the Draft Action Taken Report on Action Taken by Government on the recommendations contained in the Sixth Report of the Railway Convention Committee (1985) on "Resource Mobilisation-Public Borrowing for augmenting Railway Plan Finance" and adopted the same, subject to the amendment made as in the Annexure.

The Committee authorised the Chairman to finalise the Report and present the same to Parliament.

Thereafter the Committee adjourned.

ANNEXURE

For the existing paragraph on page 2 substitute the following paragraph.

The Committee note that in the Railway Budget for 1986-87 introduced by the Transport Minister on 26 February, 1986 in the Parliament, it was indicated that the Railways contemplated to raise upto Rs. 250 crores through market borrowings. In pursuance of this, the Ministry of Transport (Department of Railways-Railway Board) submitted on 2 September, 1986 a Memorandum to the Railway Convention Committee on the subject of setting up Indian Railway Finance Corporation Ltd. to raise Rs. 100 crores, in the first instance, through market borrowings by issue of bonds. The Committee held discussions with the officials of Railway Board and Ministry of Finance on 24 September, 1986. The Committee also heard the views of some non-officials on 6 November, 1986. The Committee presented their report on this subject to Parliament on 2 December, 1986.

In the meanwhile, when the matter was under the consideration of the Committee, the Minister of Railways informed Rajya Sabha and Lok Sabha about floating of the Indian Railway Finance Corporation Ltd. through USQ No. 942 dt. 12.11.1986 in Rajya Sabha and through S.Q. No. 145 dt. 13.11.1986 and USQ No. 2525 dt. 20.11.1986 in Lok Sabha.

The Indian Railway Finance Corporation was incorporated on 12 December, 1986, before the doubts expressed by the Committee were clarified. The Committee was apprehensive if the Railways would be able to pay back at the rate of 16 per cent and had desired that there should be a single Corporation for Government borrowings. The Committee express their displeasure over the manner in which this issue has been dealt with by the Government.

RAILWAY CONVENTION COMMITTEE

(1985)

31st Sitting

15.4.1987

The Railway Convention Committee held its sitting from 16.00 hrs. to 16.45 hrs.

PRESENT

Members of the Committee

1. Shri Subhash Yadav—*Chairman*
2. Prof. Narain Chand Parashar
3. Shri Vijay N. Patil
4. Shri Ram Dhan
5. Shri Ram Ratan Ram
6. Shri Bhagatram Manhar

SECRETARIAT

1. Shri K. H. Chhaya—*Joint Secretary*
2. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

The Office Memorandum No. 85/RCC/206/6 dated 10 April, 1987 received from the Ministry of Railways (Railway Board) regarding Draft Report on Action Taken by Government on the Sixth Report of the Railway Convention Committee (1985) on "Resource Mobilisation—Public borrowing for augmenting Railway Plan Finance" was read out to the Committee. After considering it, the Committee decided to modify the last sentence of their recommendation so as to read as follows:—

"The Committee feel that it would have been appropriate to have taken prior or simultaneous concurrence of the Committee before making the announcement."

Thereafter the Committee adjourned.