

**RAILWAY CONVENTION  
COMMITTEE  
(1985)**

**(EIGHTH LOK SABHA)**

**NINTH REPORT**

**ON**

**ON-GOING RAILWAY LINE PROJECTS**

*Presented in Lok Sabha on*  
*Laid in Rajya Sabha on*

7 DEC. 1987

7 DEC. 1987



**LOK SABHA SECRETARIAT  
NEW DELHI**

*September, 1987/Bhadra, 1909 (S)*

*Price : Rs. 9.00*

385.13  
MS:4

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

....

	Para	Line	For	Read
1	1	2	air	are
2	1.4	2	inclusion	inclusion
5	2.3	3	therefore	therefor
18		4		
			from bottom	its
37	5.12	1	Rayagada	Rayaguda
39	5.16	8	insert 'been'	before
			from bottom	'pressing'
46	-in the footnote	19		14
55	SNo(7)	-	Nadikudus	Nadikude
57	-Col 3	8	his	its
64	- in the footnote	19		14

# CONTENTS

	PAGE
COMPOSITION OF THE RAILWAY CONVENTION COMMITTEE	iii
INTRODUCTION	v
REPORT	
I Introduction . . . . .	1
II Policy in regard to funding of on-Going projects during Seventh Plan Period . . . . .	4
III Twenty New line projects . . . . .	19
IV Lines in North Eastern Region . . . . .	28
V Project Oriented Lines	34
VI Commitments made	47
APPENDICES	
(i) Statement showing details of 20 new lines railway line projects selected by the Railway Convention Committee for examination . . . . .	52
(ii) Conclusions/recommendations of the Committee. . . . .	54
PART II	
Minutes of the sittings of the Railway Convention Committee held on 5 August, 1 September 1986 and 10 February and 8 September, 1987. . . . .	67

PARLIAMENT LIBRARY  
(Central Publications)  
Acc. No. 74433 (S)  
Date 8-7-87

385.13 R  
M5.4

# 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 Dhan
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 B. D. Duggal—*Chief Financial Committee Officer*
3. Shri Krishnapal Singh—*Senior Financial Committee Officer*

---

\*Nominated on 27-1-86 vice Shri Manvendra Singh resigned w.e.f. 11-12-85.

@Nominated on 26-12-86 vice Shri Bansi Lal ceased to be a Member of Lok Sabha w.e.f. 10-12-86.

%Nominated on 27-3-1987 vice vacancy caused by his retirement from Rajya Sabha on completion of his term as Member of Rajya Sabha on 10-7-87

£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 Ninth Report on On-going Railway Line Projects.

2. The Committee took the evidence of the representatives of the Ministry of Railways (Railway Board) on 5 August and 1 September 1986 and of the Planning Commission on 10 February 1987. The Committee wish to express their thanks to the Ministry of Railways (Railway Board) and Planning Commission for placing before them the material and information they desired in connection with the examination of the subject. The Committee also wish to place on record their appreciation of the valuable assistance rendered to them by the Chairman and Members of the Railway Board and by the Secretary, Planning Commission and by their officers and staff.

3. The Report was considered and adopted by the Committee at their sitting held on 8 September, 1987.

4. A statement showing the summary of recommendations of the Committee contained in this Report is at Appendix II.

NEW DELHI;

SUBHASH YADAV,

*Chairman,*

*Railway Convention Committee.*

September 28, 1987

Bhadra 6, 1909 (S)

## INTRODUCTION

The Indian Railways which constitute the life line of the nation are the biggest public enterprise in the country. The network of Railways in India not only serves to unify the country but also plays a vital role in the economic development and industrialisation of the nation. They are the most important mode of transport in the country, maintaining supply lines to inaccessible areas, connecting ports to the hinterland and contributing to rapid economic development. Indian Railways have grown immensely from the day when the first train steamed off from Bombay to Thana—a stretch of 34 kilometres—in April 1853—to a gigantic railway system with a route kilometrage of 61,836 kms. today, Indian Railways are the Asia's largest and the world's second largest State-owned railway system under a single management.

1.2 Indian Railways operate on three gauges viz., the broad gauge (1.676 metres), metre gauge (1.000 metre) and the narrow gauge (0.762 metre and 0.610 metre). The route kilometres/track kilometres under each gauge as on 31st March, 1986 was as under:

	Route Kilometres	Running Track Kilometres	Total track kilometres
Broad Gauge	33,669	47,810	69,150
Metre Gauge	23,921	25,097	32,589
Narrow Gauge	4,246	4,246	4,763
<b>Total</b>	<b>61,836</b>	<b>77,153</b>	<b>106,502</b>

1.3 During the year 1985-86, 109 kms. of new rail lines were opened to traffic. These consisted of sections-Nagothana-Roha (14.49 kms.) parallel BG lines between Tirunelveli and Milavittan (53 kms.) and Koraput-Machiliguda (19.65 kms.) on the broad gauge and Dharmanagar-Pechartal (22 kms.) on metre gauge. With the above, 8337 kms. have been added to the network since 1950-51.

1.4 The Railway Convention Committee called for a statement from the Ministry of Railways (Railway Board) showing new line

projects costing Rs. 10 crores and more each. They had desired that the statement should include details like the year of inclusion of the project in the works programme, length of the line, estimated cost, anticipated expenditure upto March 1985, outlay for 1985-86 and physical progress in terms of percentage upto June 1985. The Ministry of Railways submitted a statement giving details of 41 new line projects in progress as on 31st July, 1985. Out of these 41 new lines, the Committee selected the following twenty new lines for examination of the subject — "On-going Railway line Projects".

---

S. No.	Name of the Project
--------	---------------------

---

*Central Railway*

- |    |               |
|----|---------------|
| 1. | Apta-Roha     |
| 2. | Mathura-Alwar |

*Northern Railway*

- |    |   |
|----|---|
| 3. | Nangal Dam-Talwara &<br>Siding Mukerian-Talwara |
| 4. | Jammu Tawi-Udhampur                             |

*North-Eastern Railway*

- |    |                     |
|----|---------------------|
| 5. | Sakri-Hasanpur      |
| 6. | Rampur-New Haldwani |

*North-East Frontier Railway*

- |     |  |
|-----|--|
| 7.  | Gauhati-Burnihat                           |
| 8.  | Dharmanagar-Kumarghat                      |
| 9.  | Silchar-Jiribam                            |
| 10. | Jogighopa-Gauhati with bridge at Jogighopa |
| 11. | Lalabazar-Bhairabi                         |
| 12. | Eklakhi-Balurghat                          |

*Southern Railway*

- |     |  |
|-----|--|
| 13. | Ernakulam-Alleppey                                 |
| 14. | Chitradurg-Rayadurg                                |
| 15. | Karur-Dindigul-Maniyachi-Tuticorin/<br>Tirunelveli |
-



1	2
<i>South Central Railway</i>	
16.	Bibinagar-Nadikude
<i>South Eastern Railway</i>	
17.	Banspani-Jakhapura
18.	Koraput-Rayagotda
<i>Western Railway</i>	
19.	Kota-Chittaurgarh-Neemuch
20.	Bhuj-Naliya

The position of these selected lines as on 31st March, 1987 is given in Appendix-I.

1.5. Besides the lines mentioned above, the Committee have also dealt with in this Report with subjects like project-oriented lines, and lines where commitments have been made at the time of laying foundation stones.

## II

### POLICY IN REGARD TO FUNDING OF ON-GOING PROJECTS DURING SEVENTH PLAN PERIOD

2.1 According to the Report of the Comptroller and Auditor General of India for the year 1984-85 Union Government (Railways) (Para 5.97) at the commencement of the Sixth Plan (1980-81) 29 new lines were under construction. A sum of Rs. 240 crores was required for their completion during the Plan period. But for their completion and for taking up 22 new lines (2200 km. — estimated cost Rs. 1152 crores) during that plan period Rs. 380 crores were allotted. Due to financial constraints, the provision was reduced to Rs. 314 crores; against which the actual expenditure was Rs. 325 crores. Only 14 new lines had been opened for traffic of which 10 were only partially completed. Construction works on 48 new lines were in progress requiring Rs. 1320 crores for their completion; 15 of these were sanctioned between 1969-70 and 1978-79.

2.2 The position of total plan allocation for Railways under the plan-head 'New Lines', actual expenditure and percentage of allocation for new lines to the total plan allocation for each Plan is indicated below:

Plan period	Total Plan allocation for Railways	Allocation under the Plan head 'New lines'	(Rs. in crores) Actual expenditure
1st Plan (1951-56)	400	33*(8.3)**	33.35
2nd Plan (1956-61)	1125	66(5.9)	77.83
3rd Plan (1961-66)	1581	206(13.0)	211.96
Inter Plan (1966-69)	763	60(7.9)	56.21
4th Plan (1969-74)	1400	86(6.1)	66.68
5th Plan (1974-78)	2202	97(4.4)	80.22
Rolling Plans (1978-79)	3400	120(3.5)	75.72
6th Plan (1980-85)	5100	380(7.5)	325.31
7th Plan (1985-90)	12334	350(2.8)	..

\* includes electrification.

\*\* Figures in bracket show percentage of allocation for new lines to the total Plan allocation for Railways.

2.3 The Committee pointed out that in some cases amount utilised for construction of new lines, gauge conversion and doublings during VI Plan was less than the actual allocations made therefore and enquired the reasons thereof. The Member, Engineering Railway Board stated during evidence on 1 September 1986 as follows:

“At the time these works were to be executed, it was a question of appropriating the priorities in the work programme. Higher priority was given to on-going projects which were more project-oriented. That is why, the expenditure was not necessarily to the extent it is projected in the papers. That has been the basic reason for having a lower expenditure in respect of these lines.”

2.4 On an enquiry whether the Railways had spent the amount thus saved by diverting the funds to some other lines, the Members (Engineering) Railway Board reacted by saying:—

“During the year, there were certain situations in which we are required to undertake or give higher priority to certain areas than we had thought. But, by and large, it is not very much different from what has been originally presented to the Parliament.”

The Chairman, Railway Board further added:—

“In the Sixth Plan what happened was, whatever was provided in the Sixth Plan as such, the Railways in the actual Annual Plans did not get the amounts which should have come. The actual Annual Plan allocations were quite inadequate. If you take into account the escalation in prices and all that, we were supposed to get more than the Sixth Plan figure in the sum-total of the Annual Plans, but in many cases we got less because of the fact that money was not available. In the Plan, a review is taken”.

2.5 In reply to a question about the actual expenditure on conversion of Varanasi-Bhatni railway line being less than the allocation, the Member (Engineering) Railway Board stated:—

“It got diverted to other priorities. After the approval of Parliament, many competing demands come to us also both for taking up certain projects of a higher priority and sometimes when they are accepted, the money is distributed.”

2.6 On being pointed out that during VI Plan an amount of Rs. 20 crores was allocated for Panipat-Ambala line but only Rs. 15 crores were spent, the Chairman, Railway Board, stated:—

“Suppose you reduce the income of a man drastically; then the proportions of the cut will not be the same everywhere because certain essential items like food will have to be there; the percentage on others will come down”.

2.7 The policy of the Planning Commission in regard to funding of present on-going projects has been laid down in the Seventh Plan Document and underlines the need to complete essential on-going projects which add to transport capacity. The Plan Document also stipulated review of the on-going projects, particularly in respect of new lines to be made with the objective of pursuing projects, which either add to capacity or provide alternative routes or else are 'project linked'. Inclusion of new schemes is not ruled out.

2.8 In the Seventh Plan so far, the following projects of 'New Lines' have been added:

- (i) Guna-Etawah (via Gwalior 348 kms.) as an alternative route to the existing Bombay-Delhi by Western and Central routes which have reached saturation levels.
- (ii) Satna-Rewa (50 kms.) project linked to Cement Plants;
- (iii) Trichur-Guruvayoor—This is a part of Trichur-Guruvayoor Kuttipuram alignment which is an alternative short link.

2.9 In addition, there are two lines in respect of which approval was given in the Sixth Plan, subject to detailed examination:

- (a) Tamluk-Digha new BG line has been taken up in (1986-87) for developing under-developed region by providing direct access to Calcutta and for tourist traffic in the area; and
- (b) Namkhana-Lakshmikantapur (a modification of the earlier proposal for Budge-Budge to Namkhana) will be taken up in 1987-88, for development of a backward area and direct access to Calcutta.

2.10 In the Seventh Plan, provision has also been made for completion of the new line projects which were commenced in 1978-79, for providing rail-heads in each of the North-Eastern States. Pro-

vision has also been made for completion of certain project-oriented lines and strategic lines in the Seventh Plan. In view of the resource constraint and the need to continue measures for upgrading and rehabilitating the existing assets, which will involve replacement of overaged railway stock, signalling and other equipment as also renewals of railway track, the funds to be earmarked for expanding the Rail network will have to be very carefully allocated. The Planning Commission's thinking is that lines for linking the North-Eastern States, the project oriented and strategic lines are to be taken up in the Seventh Plan and should be followed up by investment on lines which are crucially linked to projects. The Koraput-Rayagada line which is linked to Vizag Steel Plant is one such project.

2.11 In a note dated 10th March, 1987, the Planning Commission has stated as follows:

"In the Seventh Plan, therefore, emphasis has been laid on creation of capacity so that the transport demand is met over the future period of time. It is for this reason that considerable emphasis has been laid on improvements in asset-utilisation, replacement of overaged rolling stock and other physical assets, including track renewals. As these programmes involve heavy investments, funds for new lines have to be apportioned on a selective basis and the emphasis, here also, is for creation of additional capacity where required."

2.12 In another note Planning Commission informed the Committee that the criteria for selections for inclusion in the Seventh Plan has been as follows:—

"Five new lines, approved during the Seventh Plan, are Satna-Rewa, Guna-Etawah, Laxmikantapur-Namkhana and Trichur-Guruvayoor and Tamluk-Digha. Of these Satna-Rewa has been taken up in connection with traffic of the cement plants in the area. Guna-Etawah has been taken up on consideration of being an alternative route; Laxmikantapur-Namkhana on consideration of providing rail transport to densely populated region for commuter transport to Calcutta as well as for development of Sunderban region. The scheme Trichur-Guruvayur is part of the Trichur-Guruvayur-Kuttipuram which is an alternative short-link and is also expected to serve pilgrim traffic and development of the area. Tamluk-Digha

EG; line has been taken up for developing the under-developed region by providing direct access to Calcutta and for tourist traffic in the area."

2.13 Mentioning about the new lines proposed to be taken up during the Seventh Five Year Plan, the Secretary, Planning Commission, informed the Committee during evidence on 10 February, 1987 that:—

"Three or four lines have been added in the recently approved plan for being taken up in the Seventh Plan. They will be completed in the Eighth Plan and none of them is going to be completed in the Seventh Plan.

One such line is Digha-Tamluk, the second line is Guna-Etawah, the third line is Satna-Rewa and the fourth one is Trichur-Guruvayur."

2.14 In reply to a further question whether these recently added four lines were expected to be completed by the Eighth Plan the Secretary, Planning Commission, stated:

"We cannot give any commitment in this regard. We do not know the position. Our expectation is that we should be able to provide funds and they have to be completed by the end of the Eighth Plan."

2.15 The Committee enquired about the reasons for approving the Digha-Tamluk line during VII Plan, which was once considered economically not viable by the Planning Commission. The representatives of the Planning Commission stated:—

"The Digha-Tamluk line was first put into the Railway budget of 1984. At that time, the Planning Commission had permitted the inclusion of this particular project subject to detailed examination of the techno economic grounds. The return on the project was not coming upto our standards. At that time, it was somewhat low. The Committee on Transport Policy — the Pandey Committee—said that it was not always necessary for a line to meet the requirements of 10 per cent or 6.5 per cent norm, it was possible to consider and sanction new lines even when traffic was low.

We have examined the matter. We have had a number of references from the Ministry of Railways of this subject. Our views were different but ultimately we came to a meeting point."

2.16 On being specifically asked as to when the question of Digha-Tamluk line was reexamined, the Secretary, Planning Commission, stated:—

“This is a line which has been under considerable debate for a long time. It was decided at some stage that we should sanction this line because even if it is not OK today, it will be OK in the course of the Eighth Plan and so, let us start the work. This is how this project got sanctioned. It is of Rs. 75 crores. We cannot say what will be final allotment next year. But in the current year, I think, it is, subject to correction by the Ministry of Railways, about one crore rupees. A slightly higher amount may be allotted next year because the work will really pick up only a couple of years later.”

2.17 The Committee desired to know the considerations which weighed with the Trichur-Guruvayur line. The Secretary Planning Commission stated:—

“It is a 28 kms. small line and its total cost is Rs. 18 crores. According to the information given by the Railways, Trichur-Guruvayur-Kottapuram alignment is an alternative route. This has been going on for a long time. The Railways, as well as the Government of Kerala, have been proposing the line from Trichur to Kottapuram via Guruvayur. That line was long and we thought that it is only for the pilgrim traffic and so it is too expensive. Then they proposed a cheaper version of the line which would meet the requirements of pilgrims. This was the via-media and we accepted it.”

2.18 The Committee enquired whether any time-limit for completion of Guna-Etawah had been indicated. The representative of the Railway Board stated during evidence of 5th August 1986 that “It is a very lengthy line. It has just started and its total cost is estimated at Rs. 160 crores.”

2.19 During evidence of the representatives of the Ministry of Railways (Railway Board) the Committee enquired about the precise policy of the Railway Board in completing the present ‘On-going Projects’, the Financial Commissioner, Railways, informed the Committee as follows on 5th August, 1986:—

“In view of the very severe financial constraints, we would like to have the priority, as far as the On-going Projects are

concerned, in the manner of project-oriented lines, certain strategic lines, and lines which fall in the North-Eastern Region. This will be the basis on which we would like to spend the funds allotted to us every year to execute the works. This is as far as on-going projects are concerned."

The Secretary, Planning Commission, informed the Committee in this regard as follows:—

"The policy of the Planning Commission in regard to funding the on-going projects has been explained in the Plan Document (Seventh Five Plan—Volume 2), which was follows:—

"The on-going schemes, particularly of new lines and gauge conversion, would be reviewed to pursue projects which either add to the capacity or provide alternative routes, also are project-linked. Proposals for new schemes would be considered with extreme care".

This, basically, is the policy which we are following. This refers to only the work on on-going new lines."

2.20 On an enquiry of the Committee whether the 20 projects of new lines selected for examination, were aimed at adding to the capacity of the works or to provide alternative routes, the Secretary, Planning Commission, stated:

"The principles which I mentioned should add to the capacity and that there should be projects which are either of alternative routes or add to the capacities, strategic lines etc. On the basis of this review, certain lines are at the moment being proceeded with very slowly while certain other lines a little faster. Out of the 20 lines which this Committee has taken up for study, eight lines will be completed within this plan period. so, enough money is being given so that they are completed within a plan period."

A representative of Planning Commission further clarified:—

"As far as new lines are concerned, where traffic is forthcoming, it will be taken up; where traffic is not forthcoming, we will have to slow it. That has been the philosophy. We do expect that the total track kilometres must go up. We are drawing up a long-term plan. The Seventh Plan document itself mentions about long term Plan for track ex-



pansion. This is being done on somewhat scientific lines. We have to find out what is the rate at which the traffic has to grow and move and then determine the lines. Work is going on in the Planning Commission. A Steering Committee is working on this now. By the end of the year, we will know something."

2.21 The Committee pointed out during evidence that when it was decided to take up a project it must then also be ensured that the project is completed in time. The representative of Planning Commission stated:—

"You could not be more correct and we entirely agree with you. When one has to ration out, we have to necessarily pick up the more important ones. To the extent, a project-linked line has to come within a certain time, we shall dovetail the completion of the project. That is the ideal where there are certain distortions, our attempt is to reduce to the maximum extent possible the amount of distortion. Now we are lifting about 300 million tonnes of freight and by the end of the century we have to lift about 600 million tonnes. This is the scenario and we have to necessarily start now. Wagons which are procured now will last for 40 years. Track laid today will go for 35 years. As it is we are working on an over-aged fleet."

The Secretary, Planning Commission further added:—

"We are totally in agreement with the views of the Hon. Member and this Committee that we should not start new projects when the funds are so short and the completion of some of the projects which are already taken up is held up. Sometimes, there are projects related work and sometimes there are alternative routes which should be opened up. Satna-Rewa is linked to the cement plant for movement of lime-stone, etc."

2.22 In reply to a further question whether new lines were being taken up at the cost of new lines started some 10 to 15 years back, the Secretary, Planning Commission stated:—

"We agree with the views of the Hon. Member that we should concentrate on completing the old projects which are on-going for a long time and not allow them to linger on from

Plan to plan. You are all aware of the circumstances in which these projects are cleared. We are trying our best to give the maximum acceleration to the continuing projects, but the addition of some new projects cannot be totally ruled out."

He further stated:

"At some stage a decision has to be arrived at. One can make point about viability and so on. But there are other factors also. As I mentioned already, Satna-Rewa is a project-linked line. The other projects really are not very expensive or big ones. They are not going to hurt the new projects."

The Secretary, Planning Commission, went on to say:—

"It is not that for these new commitments which had been made, these few lines which have been added, there is going to be a very large expenditure within this plan period. At present, it is difficult to say what would be the expenditure, because these lines have very recently been approved. It is likely to be something small. So, these new lines are not at the cost of the continuing works. We are going as fast as we can, subject to the availability of funds for the new work should not linger, otherwise cost escalation will be there, time over-run will be there. We will not also get the benefit."

2.23 The attention of the witness was drawn during evidence to the recommendation of Railway Convention Committee (1980) in para 4 (Part II) of their Twelfth Report on Track Expansion programme of Railways that new lines should be constructed either in backward regions or on grounds of social obligations. The Secretary, Planning Commission, stated:—

"All these lines in the North-east are for linking up of backward areas."

2.24 The Committee pointed out that it was in 1977 or 1978 that commitment was made to connect all the States with railway lines, but instead of giving priority to those new lines were being taken up for construction, the representative of Planning Commission stated:—

"Project-linked lines and backward regions are given certain priorities. As far as the North-Eastern Region is concerned, a decision has been taken by the Government that every state in that particular region should have rail link because quite apart from the transport facilities, there is a tremendous emotional impact involved in this. Here Meghalaya has not permitted a particular point to be connected by rail and there is a slight dispute between Nagaland and Assam over some forest land in that area. Barring these two lines, every State in that region will be linked in the Seventh Plan. The emphasis is on improving the backward regions, in a situation where there is always shortage of funds, because of the constraints, we have to necessarily ration out the funds."

2.25 In another note dated 1 September, 1986, the Ministry of Railways (Railway Board) informed the Committee as follows:—

"Considering very heavy spill-over and the fact that a number of these projects are in progress, adequate funds are asked for from Planning Commission at the beginning of each Plan and thereafter in each Annual Plan within overall Plan period ceilings. It is extremely difficult to plan the programme of completion for the new lines for the period going beyond VII Plan considering that during the interim period, developments may take place which will have impact on the relative priority of new lines. However, as specifically desired by the Railway Convention Committee, new line projects which, as per present reckoning of priorities, can be planned for commissioning during VII Plan, are furnished below. (The items out of 20 New Line Projects which have been specifically identified by the RCC have been marked with an asterick).

- \*1. Apta-Roha (Already commissioned in March, 1986).
- \*2. Ernakulam-Alleppey
- \*3. Bibinagar Nadikud (110 kms. commissioned)
- \*4. Motumarri-Jaggayyapeta
5. Talgaria-Tupkadih
- \*6. Kota-Chittaurgarh-Neemuch
7. Bhatinda Bypass
- \*8. Bhuj-Naliya

\*9. Dharmanagar-Kumarghat (22 kms. commissioned)

10. Balipara-Bhalukpong

\*11. Silchar-Jiribam

\*12. Lalabazar-Bhairabi

13. Amguri-Tuli (Subject to dispute regarding land being resolved).

2.26 Assuming that in the VIII Plan and IX Plan, a total outlay of Rs. 1400 crores, at 1985-86 price level, is made available to Railways for new lines, it may be possible to commission the following lines:—

*Central Railway*

1. Satna-Rawa

\*2. Mathura-Alwar

\*3. Guna-Etawah

*Northern Railway*

\*4. Jammu Tawi-Udhampur

\*5. Nangal Dam-Talwara (7 kms. completed)

*Northeastern Railway*

\*6. Rampur-New Haldwani

*Northeast Frontier Railway*

\*7. Joghopa-Gauhati

*Southern Railway*

\*8. Karur-Dindigul-Tuticorin|Tirunelveli (53 kms. commissioned)

9. Alleppey-Kayamkulam

*South Central Railway*

10. Adilabad-Pimpalkutti

11. Telapur-Patancheru

*South Eastern Railway*

\*12. Koraput-Rayaguda (20 kms. commissioned)

13. Talcher-Sambalpur."

2.27 The Committee were informed during evidence by the Chairman, Railway Board that:—

"Even this note which we have prepared and given to you is based on various assumptions. We have indicated what

---

\*The Planning Commission have already agreed that funds required for Koraput, Rayaguda line will be provided in addition to the original allotment of Rs. 340 Crores. Mid term review is already being processed by the Planning Commission for which increased requirement have already been submitted

is likely to be completed in Seventh Five Year Plan. What will be completed in Eighth and Ninth Five Year Plan that we have combined together. It is difficult for us to give more details."

2.28 The Committee, on the basis of the note furnished, enquired about the allocations made for new lines and gauge conversion scheme during VII Plan. The Member, Engineering, Railway Board, stated:—

"The reason for not giving more details is that we have made certain assumptions for the Seventh Five Year Plan which may not remain valid.

Then there is inflationary aspect also. Even if Funds are available in some cases, we see whether completing that line would serve some purpose. That is why we are not making any commitment."

2.29 On an enquiry whether priority will be given to the remaining projects during the Eighth Plan, the Secretary, Planning Commission, stated:—

"In the Eighth Plan, for the rest of these projects which we have mentioned, we should be able to allocate enough resources subject to overall resource position so that they are completed by the end of the Eighth Plan".

2.30 On being pointed out by the Committee that in view of past experience whether it was not necessary to revise the whole policy about new lines, the Chairman, Railway Board, stated:—

"On the general issue of new lines, my view is that there is no doubt that what we are doing for new lines is not in keeping with the aspirations of the people or the needs of the economy. Our kilometerage must go up. It has hardly gone up during the last 30 years. It is not a good thing. More new lines are required and that, again, is linked up with the total allocations, which are possible for the Railways. I am sorry I have to say that every time. Because of that we are hardly making any progress in respect of new lines, New lines are required for various reasons, for socio-economic reasons, for lifting up the backward areas, and so on. The major thing required is higher allocation to the Railways plus a certain degree of priority for new

lines. Further for new lines one more approach is possible, viz., if a particular region thinks certain lines are important in their priorities and if they are willing to bear the total cost by floating debentures....”

2.31 The Committee note that the policy of the Government of India in regard to funding of 'on going railway line projects' has been laid down in the Seventh Plan document and underlines the need to complete essential on going projects which add to transport capacity. The Plan document provides that priority has to be given to projects which either add to capacity or provide alternative routes or else are project oriented. In spite of this objective, inclusion of new schemes is not ruled out. Keeping other pressing needs of the Railways, like upgrading and rehabilitation of rolling stock, etc., the Planning Commission's thinking is that the linking of North Eastern States, the project-oriented lines and strategic lines should be taken up in the Seventh Plan. It would be observed that the total plan allocation for the Railways in the Seventh Five Year Plan is Rs. 12,334 crores and out of this the allocation for new line projects is Rs. 350 crores i.e., 2.8 per cent of the total plan allocation for the Railways, being the lowest percentage in all the seven plans which in the opinion of the Committee should atleast be 10 per cent. It has been admitted by the Secretary, Planning Commission, that the amount of Rs. 350 crores allotted for new lines for the Seventh Five Year Plan is not adequate. This allocation is based on prevailing prices and does not take care of inflation. The spill-over of the lines in the process of construction from the Sixth Five Year Plan is huge. Added to this spill-over are five new railway lines taken up in the Seventh Plan viz. (i) Guna Etawah—as an alternative route to the existing Bombay-Delhi route by Western and Central Railways routes, which have reached saturation levels; (ii) Satna-Rewa project-linked to Cement plants; (iii) Trichur-Guruvayur—a part of Trichur-Guruvayur-Kottapuram alignment, which is an alternative short link and (iv) Tamluk-Digha for developing under-developed region by providing 'direct access to Calcutta and for tourist traffic in the area (v) Namkhana-Lakshmikantapur—for development of a backward area and direct access to Calcutta. The total cost of the five projects ibid is about Rs. 322 crores and the allocation of funds for these lines during the Seventh Plan is yet to be decided. However, according to information furnished by the Ministry of Railways (Railway Board) new line projects which, as per present reckoning of priorities

can be planned for commissioning during the Seventh Five Year Plan are as follows:

- (1) Dharmanagar-Kumarghat
- (2) Silchar-Jiribam
- (3) Lalabazar-Bairabhi
- (4) Balipara-Balukpong
- (5) Bhuj-Naliya
- (6) Bhatinda Bypass
- (7) Bibinagar-Nadikude
- (8) Kota-Neemuch
- (9) Motumarh-Jaggayapeta
- (10) Tupkahadite-Talgariha
- (11) Ernakulam-Alleppey
- 12) Apta-Roha.

2.32 It would thus be seen that even in the reckoning of the Government, only a few of the on-going railway line projects will receive attention and many of them will be purposely left behind for want of adequate resources. This certainly is not a happy state of affairs. Though the Committee agree that the resource constraint is a factor not entirely under control of the planner or executor of the projects, a lesson should be drawn from the previous experience. At the beginning of the Sixth Five Year Plan (1980-81) 29 new lines were under construction. A sum of Rs. 240 crores was required for their completion during the plan period. But, for their completion and for taking up 22 new lines (2200 kms.—estimated cost Rs. 1152 crores) during that plan period, Rs. 380 crores were allotted. Due to financial constraints, the provision was reduced to Rs. 314 crores; against which the actual expenditure was Rs. 325 crores. Only 14 new lines had been opened for traffic of which 10 were only partially completed. Construction works on 48 new lines were in progress requiring Rs. 1320 crores for their completion—15 of these projects were sanctioned between 1969-70 and 1978-79. The position at the commencement of the Seventh Plan (1985-86) was not better than what it was in 1980-81. It is needless to point out that delays in the execution of projects result in time and cost-overruns and non-achievement of the benefits expected from the completed projects.

2.33 Even for the new lines added during the Seventh Five Year Plan, so far, there is no guarantee of completion by the end of the

**Eighth Plan, as the Secretary, Planning Commission has stated: "We cannot give any commitment in this regard. We do not know the position. Our expectation is that we should be able to provide funds and they have to be completed by the end of the Eighth Plan." The Chairman, Railway Board admitted that "what we are doing for new lines is not in keeping with the aspirations of the people or the needs of the economy." Sharing his concern, the Committee would suggest that the Railways should pay greater attention to completing the ongoing railway line projects, which are there for a long time and should not allow them to linger on from Plan to Plan.**



### III

#### TWENTY NEW LINES PROJECTS

3.1 Appendix I shows the progress of work of the twenty new lines projects selected by the Committee for examination. It would be observed from the statement that some of the lines included in the Works Programme as far back as 1974-75 are still far from nearing completion. The Ministry of Railways (Railway Board) submitted to the Committee the following note in regard to completion of these projects:—

“Apta-Roha new line has already been commissioned. Following projects are planned for completion during the Seventh Plan:

1. Dharmanagar-Kumarghat
2. Silchar-Jiribam
3. Lalabazar-Bhairabi
4. Ernakulam-Alleppey
5. Bibinagar-Nadikude
6. Kota-chittaurgarh-Neemuch
7. Bhuj-Naliya

Koraput-Rayaguda line has been accorded priority and Planning Commission is considering allotment of additional funds for this purpose.

Gauhati to Burnihat has been deleted from the list of the approved works.

Completion of the remaining projects will depend on the availability of resources in the coming years.”

3.2 The Nangal Dam-Talwara and siding Mukerian Talwara was included in the works programme for the year 1981-82. The anticipated cost at the time of approval was Rs. 33.40 crores and the latest estimated cost is Rs. 98.00 crores. Seven kms. of this line got ready in March 1985.

3.3 The latest position regarding the acquisition of land for the construction of Nangal-Talwara railway line in Himachal Pradesh is that land upto km. 14.35 has been acquired and notification under Section IV and VI of the Land Acquisition Act has been issued for acquiring land from km. 14.35 to km. 17.32. It has been further stated that the formation and minor bridges upto km. 11.40 have been completed and the demarcation of land beyond Una towards Amb Andaura is in progress. (It was at Amb that the foundation stone for the Project was laid by the then Minister of Railways on 22-12-1974).

3.4 Asked to comment on the slow progress made by the Railways of the projects mentioned above, the Planning Commission had the following to say in a note dated 10 March, 1986:—

"Because of the resource constraint all the on-going schemes cannot be completed. We agree that it is necessary to concentrate only on a few and accordingly in the Seventh Plan, the priorities that have been laid down emphasise completion of the essential on-going schemes, which include the lines in North-Eastern region and the project oriented lines... We agree that the completion of the projects in shorter time frame is desirable."

3.5 During evidence the Committee observed that as all the 20 projects of new lines selected by the Committee for examination, did not fall in the priorities mentioned by the representative of the Railway Board, the Committee enquired what would be the fate of the remaining projects. To this, the Member, Engineering replied as follows:

"We have to find out resources from the money which is made available to us. We made demand for much higher allocation. Taking into consideration the national constraints and priorities the nodal agency, the Planning Commission, was able to allocate to us Rs. 350 crores. 100 crores has been there during this current year. As Financial Commissioner clarified, first-priority is given like this."

The Member, Engineering also added:

"Out of Rs. 100 crores outlay, Rs. 40 crores have been given to the two projects—Koraput, etc. Rs. 11 crores we have given to the five lines in the North Eastern Region. Balance has been allocated to all the other lines which are for economic development of the region. You will

kindly see that 50 per cent allocation is for the socio-economic development of the region."

3.6 The Committee pointed out that only one line had been completed out of the twenty and desired to know the time schedule for completing the other lines. The Member, Engineering submitted:—

"My requirement for completing the on-going projects is Rs. 1500 crores. In the Seventh Plan, the total outlay for all is only Rs. 350 crores. I have a heavy load on hand.

I want to give information for those items which are clearly viable, besides the strategic and project oriented lines. There was a meeting of the North-East Council on 29th July, we have committed that we will complete those five lines in the Seventh Plan. They require an additional outlay of Rs. 55 crores.

About the other remaining lines, the allocation will be made according to the progress achieved. If a line is in a sufficiently advanced stage of progress and with adequate funds, it will be possible to commission it, naturally that will merit the first attention by us. But the question of availability of funds, according to me, is purely hypothetical. We have not carried out such an exercise."

3.7 On a suggestion of the Committee that all the emphasis should not be laid on project-oriented lines, but also on other lines and that there should be some moderation, the Member, Engineering reacted by saying:—

"All lines receive equal attention. We as a quasi-commercial organisation, expect that whatever investment is made, we get the return immediately. So our planning and our programme of completion would be to commission it stage by stage, length by length.

Our techniques of forecasting and assessment of traffic do not take into account the point which the economists opine about the multi-tier effect. We are able to concretise only in monetary terms. The return which I have worked out as 10 per cent, when the line is constructed becomes 15 per cent because of the multiplier effects which we are not able to take into consideration."

3.8 The Committee drew the attention of the witnesses to 13 cases of construction of new lines where there was delay of five

years or more between the first stage and second stage of construction. The Member, Engineering, Railway Board explained:—

“The new BG line from Apta to Roha, 62 kms. was included for survey and it was done in the years 1975-76. The line was included in the Railway Budget of 1978-79. The work was commenced in September, 1978. According to the availability of funds, the line was opened in three phases. Now it is totally open upto Roha. The delay has been due to resources. Constraint of resources has been compelling the Railways to allocate funds on lines which qualify under (1) Project-oriented lines; (2) Strategic lines; and (3) Lines in the North-Eastern region. For other lines, based on socio-economic considerations, the balance money has been distributed most judiciously. So, the basic cause has been constraint of resources.”

3.9 The Committee enquired whether in view of the fact that delay in the construction of lines was due to constraint of resources, was it not advisable to complete first the lines under construction before new lines were taken up. In reply the Member, Engineering, stated:—

“We make our estimates of the funds required for all the lines according to our capability but when the Planning Commission allocate the funds then they have the whole nation's requirements in view.”

3.10 The Committee enquired about the solution of this problem. The witness stated: “By allocating more funds.”

3.11 In reply to a question whether the Planning Commission had approved all these 13 projects relating to construction of Railway lines which involved delays of 5 years and more, the representative of the Ministry stated that each of those railway lines were approved by the Planning Commission.

A representative of the Planning Commission explained during evidence as follows:—

“At the beginning of the Seventh Plan, we made an assessment and we have found that as of 1984-85 prices, the cost of the on-going scheme was roughly Rs. 1200 crores. Because of the resources constraint, the amount that could be earmarked for the new line construction has only been Rs. 350 crores in the Seventh Plan. So, we

started with a promise that we will not be able to complete all the on-going projects. Therefore, we prioritised and in the prioritisation, we said that the lines in the North-Eastern Region which were started in 1978-79, plus strategic lines, plus project-oriented lines will be completed. For instance, now we have got a very important line to come with the Vizag Steel Plant. We are unable to provide fully for this in the Seventh Five Year Plan."

3.12 The Committee enquired that after having approved these projects, how was it that these projects suffered from lack of resources for their completion. The Planning Commission informed the Committee on 10 March, 1986 as follows:

"In respect of new lines, the Planning Commission appraises the proposals received from the Railways and indicates their clearance or otherwise. The phasing of construction into different stages is a matter which concerns the Ministry of Railways.

We are aware of the time lag in the progress of the various schemes. The lags are mainly due to resource constraints.

Projects of new rail lines involve long-gestation period. Their taking up does not preclude clearance of other priority schemes later in the Plan. To the extent, additional schemes get added to the shelf of projects from time to time, the limited funds allocated to new lines *vis-a-vis* other competing demands of the Railways, some projects are bound to suffer from lack of resources for their completion."

3.13 The Committee desired to know whether any evaluation study of these twenty lines has been carried out, the amount of money spent on them as on date and the amount expected to be spent on their completion.

The Planning Commission submitted the following note on 10 March, 1987:—

"The Planning Commission had acquired the comments of the Ministry of Railways since the Engineering-cum-traffic survey culminating in their evaluation is carried out by them. The information received in respect of evaluation study of the 20 lines and their details received from Ministry of Railways is enclosed at Appendix I.

As has been indicated earlier, in a situation of acute constraint of resources and the requirements of the Railways in other priority areas such as replacement of overaged assets, acquisition of rolling stock and augmentation of line capacity to meet the projected traffic, creation of adequate maintenance infrastructure, technological upgradation including electrification etc., availability of funds for construction of new railway lines is limited. In such a situation it has become necessary to allocate funds for completion of essential on-going projects. Within the available resources it is felt that it would be possible for the Railways to complete 8 out of 20 projects which have been listed. The allocation of funds to remaining projects may have to be deferred to the next plan. It is admitted that this will also result in cost over-runs of such projects. However, in the circumstances, it is felt that this cannot be avoided."

The Railways had the following to say:

"Engineering-cum-traffic surveys were carried out for these lines prior to taking up these for construction. The required particulars in regard to cost, expenditure are furnished in Appendix-I. They are being progressed according to allotment of funds, which are under severe constraint at present. Due to their prolonged period of completion, costs of these projects have increased vis-a-vis the original anticipated cost furnished in the statement. The completion of most of these projects against which targets have not been indicated will depend on availability of resources in the coming years."

3.14 During evidence the Committee enquired whether Planning Commission had undertaken any study of effects of delay in completion of new lines, the Secretary, Planning Commission stated:—

"We have not specifically studied the effect of these delays in completion of new lines and resulting cost overruns. We have not done it."

3.15 The Committee observed from the statement at Appendix-I that the anticipated cost on all these 20 projects at the time of approval was Rs. 613.56 crores, whereas the latest estimated cost was Rs. 1478.09 crores. Therefore, there has been an increase by nearly

two and half times. On this fact being pointed out, the Secretary, Planning Commission admitted that:

“Some of the projects are very expensive. They are technical in nature . . . . . But in relation to the total cost, the expenditure incurred so far is very low in some of the cases.”

3.16 Here the Railway Convention Committee would like to recall the recommendations of the Public Accounts Committee (Seventh Lok Sabha) made in their 73rd Report (1981-82):

“that inordinate delays in completion of major projects undertaken by the Railways and the consequent heavy escalation in costs called for a policy decision for starting only such projects as could be completed within the available funds so that the benefit of these projects could reach the public at the earliest.

3.17 Again, in para 11 of their 136th Report (1981-82) on the Action Taken Report on the Report mentioned above, the Public Accounts Committee (Seventh Lok Sabha) reiterated:

“that Railways should examine the matter in depth and take a policy decision to start only such projects which could be completed within the available funds and that the target date of projects should be fixed realistically and that once fixed these should be strictly adhered to”.

3.18 In their reply to the recommendation contained in para 11 of the 136th Report, the Ministry of Railways (Railway Board) informed the Public Accounts Committee vide their O.M. No. 83-BG-PAC/VII/136 dated 8/10 May, 1984 *inter alia* as follows:—

“In view of the paucity of funds in completing the on-going projects within their normal gestation period an exercise has been undertaken by the Ministry of Railways in consultation with the Planning Commission for identifying projects under the major plan-heads of “New lines” and ‘Gauge conversions’ which are to be accorded priority in the matter of commissioning. These projects have been selected with a view to their economic, operational and strategic importance. Allocation of funds is made primarily to these projects.

In view of the constraint of resources, this Ministry is also following the policy of limiting the sanction of new projects. All efforts are being made to adhere to the target dates of the project-oriented works identified for quick completion within the availability of resources.

This system is considered to be inevitable in the present system of working where the requirement of funds is projected to the Planning Commission on the basis of on-going as well as new projects and the allocation of funds has to be made depending upon the actual allotment of funds in the Annual Plan under relevant plan heads by Planning Commission and Finance Ministry taking into account the overall availability of fund resources with the Government. With this it is expected that there will be very significant control on spreading of limited resources too thinly over a large number of projects."

3.19 From the elaborate statements submitted to the Committee from time to time by the Ministry of Railways (Railway Board) it is seen that in almost all the twenty cases of new line projects, selected by the Committee for examination, the anticipated cost has become double the original cost or even more than that. Expenditure on each project upto September, 1985 and outlay for 1985-86 are proportionately meagre to the anticipated cost. Delays in execution of the projects have led to cost over-runs which, in turn, have eroded the funds provided in the Plan due to escalation in the cost of staff, material and part of the funds being consumed by too many projects progressing tardily. It is also observed that the objectives and the benefits sought to be achieved on completion of the projects are being delayed and in the meanwhile other modes of transport get developed in the regions to be served by these projects. Many of the projects have been the victims of cost escalation because of the increase in the cost of land and the slow process of acquisition of land.

3.20 Out of the twenty lines, one line Apta-Roha has been completed, three lines in N.E. States, one each in Kerala, Andhra Pradesh and Rajasthan and one Defence project are expected to be completed in the Seventh Five Year Plan. One line in Orissa has been accorded priority and the Planning Commission is considering allotment of additional funds for this purpose. Completion of the remaining projects will depend on the availability of resources in the coming years. It has been conceded that because of resource constraint all the on-going schemes cannot be completed during the Seventh Plan. It has



also been agreed by the Planning Commission that it is necessary to concentrate only on a few projects. The Railways also say that "it is advisable to concentrate only on a few projects and that is why we have nine new line projects, appearing in the budget frozen, having a token allotment of only Rs. 1000 in 1986-87". The Public Accounts Committee (Seventh Lok Sabha) have also emphasised in their 73rd and 136th Reports concentration on early completion of projects within the available funds. This Committee would only wish that the Government sticks to the stand that they have taken to concentrate only on a few projects.

3.21 The requirement for completing the on-going projects is to the tune of Rs. 1500 crores, whereas the outlay for the Seventh Five Year Plan is only Rs. 250 crores. Therefore, it is necessary that funds should possibly be confined to a few projects only to be taken up for completion within shorter period of time. Spreading of the spare resources as thin and wide adversely affects the productivity of the investible funds or alternately more funds should be provided for on-going projects on the basis of a mid-term appraisal of the Seventh Five Year Plan. However, it is also to be recognised that the need for satisfying the regional aspirations and initiating development works in the areas where necessary cannot be overlooked.

3.22 The Committee stress that the existing on-going railway line projects should be completed on priority basis. The Committee suggest that target dates should also be fixed, even if tentatively, for the parts of the projects to begin with and then for the project as a whole. Funds may be allocated accordingly. The inadequate financing has not been helpful for railway finances, besides adversely affecting the priorities for balanced development of the entire country.

3.23 Another point which the Committee would like to stress is that a high priority should be accorded to such on-going railway line project as has been taken up in a State, in which no railway line could be constructed/completed since Independence, for example Nangal-Talwara railway line, which is the only on-going railway line project in Himachal Pradesh. Here the Committee would also like to emphasise that in such States where a number of lines are under construction, one line should be selected for speedy construction and early completion on priority basis.

## IV

### LINES IN NORTH-EAST REGION

4.1 Since January 1979, there is a full-fledged construction organisation under a separate General Manager (Construction) in the Northeast Frontier Railway to look after the construction activities in the North Eastern States. This Construction organisation has a number of achievements to its credit like the completion of the BG extension from new Bongaigaon to Guwahati—a length of 164 kms. in April 1984, commissioning of the I.C.D. at Bongaigaon in November 1985, construction of a bridge over Brahmaputra near Tezpur recently, etc. During December, 1986, the Railway Convention Committee had an opportunity to visit some of the on-going projects in the North-East Region.

4.2 On the Committee enquiring about the progress of the work in construction of six new Railway lines in North East Region falling in the priority list, the following information was furnished:—

(1) *Construction of Dharmanagar-Kumarghat new M.G. Line*

Length of the Line . . . . .	33 Kms. (all in Tripura State)
Estimated Cost of the project . . . . .	Rs. 35.25 crores.
Internal rate of return : . . . . .	(—) 1.47% in 6th Year
Expenditure upto 31-3-1986 . . . . .	Rs. 20.65 crores
Allotment during the financial year 1986-87	Rs. 4 crores
Overall progress . . . . .	66%
Target for completion	December 1988 (22 km. opened in March, 1986)

The section from Dharmanagar to Penchartal, a length of 22 kms., was commissioned on 26-3-86 for passenger as well as goods traffic. The terrain of this project is hilly and the project requires the construction of two tunnels, deep cuttings upto 50 m. in depth, some of them requiring cut and cover, and a major bridge across river Deo.

The Lok Sabha was informed in reply to USQ 3509 on 19-3-1987 that efforts were being made to complete the portion from Penchartal to Kumarghat (11 kms.) during the Seventh Plan.

(2) *Construction of Silchar-Jiribam New M.G. line*

Length of the Line . . . . .	49.16 Kms. (Assam 47.80 Kms. Manipur 1.36 Kms.)
Estimated Cost of the project . . . . .	R. 30.65 crores
Internal rate of return : . . . . .	(-) 3.87% in 6th year
Expenditure upto 31-3-86 . . . . .	Rs. 13.51 crores
Allotment during the financial year 1986-87	Rs. 3 crores
Overall progress . . . . .	42 %
Target for completion . . . . .	December, 1989.

The most important activity on the Silchar-Jiribam project is the construction of the bridge across river Barak, having six spans each of 61 m. and one of 18.3 m. Deep well foundations are in progress for this bridge. Another important bridge of this project is across the river Jiri consisting of three spans of 45.72 m. each.

(3) *Construction of Lalabazar-Bhairabi New M.G. Line*

Length of Line . . . . .	48.15 Kms. Assam (46.66 kms. Mizoram 1.49 kms)
Estimated Cost of the project . . . . .	Rs. 31.38 crores
Internal rate of return . . . . .	(-) 1.68% in 6th year
Expenditure upto 31-3-1986 . . . . .	Rs. 12.25 crores
Allotment for the financial year 1986-87 . . . . .	Rs. 3 crores
Overall progress . . . . .	47 %
Target for completion . . . . .	March 1990

The important activity on this project is the construction of bridge across river Dhaleswari consisting of 7 spans each of 30.5 m., work on which is in full swing. The terrain in the last 8 kms. on the Bhairabi and is very rough and hilly and has serious problems of accessibility for transportation of construction materials to sites of the work.

(4) *Construction of Balipara-Bhalukpong New M.G. line*

Length of the Line . . . . .	35.46 Kms. (Assam 34.20 Kms. Arunachal Pradesh 1.26 km .)
Estimated Cost of the project . . . . .	Rs. 12.00 crores
Internal rate of return . . . . .	(-) 1.34 % in 6th year
Expenditure upto 31-3-86 . . . . .	Rs. 5.33 crores.
Allotment for the financial year 1986-87 . . . . .	Rs. 1 crore
Overall progress . . . . .	42 %
Target for completion . . . . .	December, 1989 (14 Kms. by December, 1988)

The last stretch about 10 kms. in length falls in Reserve Forest area in Assam and adjacent to Arunachal Pradesh and the land could be made available during 1985 only.

Further, the type of inter-section of the railway line with the National Highway, within first 2 kms. of the take off point has since been finalised recently jointly with the Ministry of Surface Transport. Contracts have also since been awarded for executing the works.

(5) *Construction of Amguri-- Tuli New M.G. Line*

Length of the Line . . . . .	14.65 kms. (Assam 11.15 kms, Nagaland 3.50 kms.)
Estimated Cost of the project . . . . .	Rs. 8.78 crores
Internal rate of return . . . . .	(-) 2.51 % in 6th Year.
Expenditure upto 31-3-86 . . . . .	Rs. 1.96 crores.
Allotment during the financial year 1986-87 . . . . .	Rs. One thousand only
Overall progress . . . . .	20 %
Target for completion . . . . .	December, 1989 (if land dispute is settled)

Due to territorial dispute between Assam and Nagaland, over the ownership of land, especially in the Galeki Reserve Forest, the construction activity is affected and therefore, the work has been suspended except to the extent of completing the existing contractual obligations. Handing over of the land to the Railways by the concerned State Governments in the disputed stretches and also in the tea gardens is awaited.

(6) *Construction of Guwahati-Burnihat new B.G. Line*

Length of the line . . . . .	26.7 kms. (Assam 20.8 kms. Meghalaya 5.9 kms.)
Estimated cost of the project . . . . .	Rs. 18.5 crores
Internal rate of return . . . . .	(—)1.58% in 6th year
Expenditure upto 31.3.1986 . . . . .	Rs. 0.45 crores
Altogether during the financial year 1986-87 . . . . .	Nil

The project was kept in abeyance due to non-finalisation of the Railway terminal station at Burnihat by the Meghalaya Government. It has since been deleted from Railways' Works Programme.

4.3 On the Committee seeking the views of the Planning Commission in regard to rail development of North Eastern Region, the Planning Commission submitted the following note:

"Of these the last line linking Assam to Meghalaya has been dropped because Meghalaya Government had reservations about its location. There is also the problem of land acquisition of forest land of the project linking Assam to Nagaland i.e., Amguri-Tuli and very little progress has taken place and the work is at a standstill. All the other projects listed above are scheduled for completion in the Seventh Plan.

Because of the hilly terrain of the N.E. States, Railways' construction works tend to be expensive and on current estimates the cost of construction of a MG line in Tripura is about Rs. 1.6 crores per kilometre line as compared to about Rs. 40 lakhs per kilometre in the plains on BG lines. The damage to the ecology, inevitable because of construction of rail line, has also to be weighed and kept in view. The appropriate solution to transport in hilly regions would be an integrated transport network based on a coordinated development of rail, road and inland water transport, supplemented by aviation."

4.4 During evidence of the representatives of the Ministry of Railways, the Member Engineering summed up the position as follows:

"The other line is a Balipara-Bhalukpong. The land for over 14 kms. was handed over last year. Then the Railway was crossing the national highway. This was under discussion with the State Government and only in the month

of April a decision has been taken that a road under bridge should be provided. In the third line, Amguri-Tuli there is a forest land for about 5 kms. It is occupied by Nagas who are doing Jhoom cultivation. The dialogue is on between the Governments of Assam and Nagaland. In the case of Gauhati-Burnihat line Meghalaya Government never agreed for the terminal and hence the project has been dropped. The remaining five lines, we will complete during the 7th Plan."

4.5 The Committee drew the attention of the representatives of the Ministry to the delay involved in Dharmanagar-Kumarghat lines. The representatives of the Railway Board stated:

"Dharmanagar to Kumarghat-out of that we have opened 22 kms. in March this year, and the rest will be completed by the end of the 7th Plan. We will honour this commitment. This is a very difficult area and we are now fully geared to do that work. In the NE Council meeting on the 29th July, we have stated that all the five lines of the N.E. Railways will be completed."

4.6 The Committee note that the North Eastern Region has been accorded special priority in the matter of construction of railway lines in view of the present policy of the Government of India. In fact there is a full-fledged construction organisation under a separate General Manager (Construction) in the Northeast Frontier Railway to look after the construction activities in the North Eastern States. As on date the Northeast Frontier Railway has the following major six projects on hand:

- (1) Dharamanagar-Kumarghat
- (2) Silchar-Jiribam
- (3) Lalabazar-Bhairabi
- (4) Balipara-Bhalukpong
- (5) Amguri-Tuli
- (6) Guwahati-Burnihat.

It has been stated that the main constraint on progress of construction of these lines has been the inadequate allotment of funds. In some cases delay in handing over of required land by the State Governments has caused delay. In one case the terrain is difficult and

poses serious problems of accessibility for transportation of construction materials to sites of work. Thus the overall progress of the first four lines in terms of percentage ranges from 42 to 66 and of the fifth line it is 20. The sixth line is held in abeyance, as the Government of Meghalaya do not seem to be interested in it. During their visit to the Northeast Region, the Committee gathered the impression that the progress on the five projects did not appear to be going in a way so as to suggest that the lines would be commissioned within the Seventh Five Year Plan. The Committee are constrained to observe that the things are not moving the way they should. As the position of resources stand today the total allotment of Rs. 350 crores for the Seventh Plan for new lines would just suffice only for the completion of these six projects in Northeastern States. As the allotment of the amount is for the entire country, the Committee suggest that special care should be taken to allocate more funds to projects in North east region. Since the resources are the main constraint, and the terrain is difficult to handle, the Committee would suggest to the Ministry of Railways (Railway Board) to examine the possibility of taking up one railway line after another instead of all the six projects going on contemporaneously after consulting the Northeast Council.

## PROJECT-ORIENTED LINES

5.1 Paragraph II of the Report of the Comptroller & Auditor General of India for the year 1985-86 Union Government (Railways) has given an instance where a railway line, constructed on the request of the Maharashtra State Industrial & Investment Corporation, Bombay, did not prove to be remunerative, as the cement plants proposed to be built up for which the railway line was needed, did not come up.

5.2 In May 1978, the Maharashtra State Industrial and Investment Corporation, Bombay, suggested to the Railways the construction of broad gauge railway line from Manickgarh to Chandur for movement of cement from five cement plants proposed to be set up in the area. A preliminary investigation carried out by the Railway in November 1978 revealed that based on a projected movement of 2.5 million tonnes, the line expected to cost Rs. 6.9 crores would be unremunerative, yielding a return of 2.11 per cent (conventional method) only. The Ministry of Railways (Railway Board), therefore, proposed that the line could be taken up on deposit terms, the cost being shared by the Cement Plants. However, the Ministry of Industry opined that if the line did not come up, it would not be possible at all to put up the cement plants and the target for cement production during the VI Plan could not be reached. The Ministry of Industry suggested that the line should be constructed at Railway's cost.

5.3 Accordingly, in February 1979, the Ministry of Railways (Railway Board) approved the construction of a new broad gauge line (28.6 kms.) from Manickgarh to Chandur. Priority was accorded for the work and an urgency certificate was sanctioned in January 1981. Subsequently, in January 1982, an estimate for Rs. 7.26 crores was sanctioned.

5.4 Though, initially in May 1978 the proposal was for setting up 5 cement plants in the region by 1981, only two parties came up with firm proposals to establish cement factories of one million tonne capacity each. Work on the line commenced in April 1981 and was scheduled to be completed by April 1984 keeping in view the



prospective commissioning of the two cement plants. The line was actually completed and opened to traffic in March 1985. The expenditure incurred up to November 1986 was Rs. 10.39 crores. A revised estimate for Rs. 10.14 crores is still under process.

5.5 In the estimate sanctioned in January 1982 the Railway Administration assessed that the project would be yielding a return of 10.8 per cent (discounted cash flow method) on the estimated cost of Rs. 7.26 crores on a projected traffic of 1.05 million tonnes.

5.6 Only one cement factory has so far been set up which commenced production from October 1983 and the second one was under construction (December 1986). As four out of five cement factories have not come up so far, the prospect of achieving the projected traffic is bleak.

5.7 There have been other instances also of project-oriented lines, mentioned below, where anticipated traffic did not materialise resulting in the actual financial return in the sixth year after commissioning being unremunerative some such lines are mentioned below:

S.No.	New line	Year of commissioning
1.	Bondamunda (Rourhela) Dumaso	(BG) 1963
2.	Robertsganj- Garwah Road	(BG) 1964
3.	Bauridand-Karonji	(BG) 1962
4.	Ghaziabad-Tughlakabad (including second Yamuna bridge)	(BG) 1967
5.	Dendamunda-Nowagon-Purnapani	(BG) 1964
6.	Udaipur-Himmatnagar	(MG) 1966
7.	Hasan-Mangalore	(MG) 1979

The Dabla-Singhana line constructed for the Khetri-project of the Hindustan Copper Ltd. also met the similar fate.

5.8 The Committee enquired about the reasons of low return on the Hassan-Mangalore line. The Financial Commissioner, Railways, stated:—

“One reason could be that the traffic expected at the time of survey might not have materialised.”

5.9 In reply to a question whether the Railways had any indication from the concerned Ministry about the shortfall in the traffic on that line, the Member (Engineering) Railway Board stated:—

“They do not give any firm indication. About freight and passenger projections, we go by certain available data taken originally by the State or the Central Government. Sometimes the departments concerned or the State Government overproject their needs. We try to balance that in our own manner, but these are all broad judgements. Sometimes they materialise, sometimes not. In some cases they are more than anticipated.”

5.10 The Committee therefore suggested that in such a case where the traffic did not materialise upto the expected level, the concerned Department/Ministry should be held responsible for the commitment. The Chairman, Railway Board stated:—

‘A system like this does, I am told, exist in the Soviet Union’s Planning process. Railways are compensated by the user Ministry there.’

Clarifying further the Member (Engineering) Railways stated:—

“There was a glaring example about the Singrauli line. The traffic did not materialise as originally envisaged and then suddenly it materialised.”

5.11 The Committee pointed out that if there was delay in taking up of a project then it should be indicated along with the project cost that the additional cost of that project due to delay would be so much. The Member (Engineering) Railway Board reacted by saying:

“The Planning Commission and the Finance Ministry know very well that the costs are based on a certain price level. While I personally believe, that there should be a provision for escalation, but for various reasons there has not been any thinking on this. Certain organizations like World Bank and others do provide for such contingencies.”

Clarifying further, the Chairman, Railway Board, Stated:—

“.....there should be some kind of a commitment by the user Ministry as well as the State Government. That will help in fixing the accountability.”

5.12 Explaining the expenditure on Koraput-Rayagada line, the Chairman, Railway Board, stated:—

“Koraput-Rayagada is a major project. Something special had happened there. In the Sixth Plan, in the latter part, a review was made by the Planning Commission because this line is required to cater to NALCO traffic and for Vizag Steel Plant. The schedule for Steel Plant itself, got delayed during the Sixth Plan period and, therefore, we got an advice from the Planning Commission in which, after reviewing the position, they said the Steel Plant is not likely to be on schedule and our schedule should be revised. There was a decision taken to allocate less for the Koraput-Rayagada railway line in keeping with the progress or the lack of progress on the Vizag Steel plant itself. At the time of the Seventh Plan again, at the formulation stage, there was an uncertainty about further progress of the Vizag Steel Plant and no provision was made in the Seventh Plan for anything for the Koraput railway line. Later on, the Vizag Steel Plant was revived. It was decided that it will continue and now the Planning Commission is trying to find money for this.”

5.13 In reply to a question concerning Vizag whether that project was meant for aluminium there, the Chairman, Railway Board, stated:—

“We do not need only for alumina. If all the existing iron-ore traffic plus alumina traffic plus Vizag are put together, then we need. Because Vizag plant is to be a reality. Apart from that, when we get a specially low allocation from the Planning Commission for the railways plan, then we have to cut at various places in order to consider *inter se* priorities and certain absolutely essential things have to be done which may not be even new lines. There may be other things like coal movement.”

5.14 While discussing the issue of new lines with the Planning Commission and expressing a doubt that since the Vizag project line would require a major portion of allocation for new line, the Planning Commission would consider separate allocation for this line, the Secretary, Planning Commission, added:

“I do not say that Rs. 350 crores are all we would allot. I am sure the amount will be increased. How much will

go to each project, will have to be considered. But there will be some additional money."

He later clarified that:

"For the new lines in 1985-86 there is a provision of Rs. 75 crores; for 1986-87 it is about Rs. 100 crores. At the end of the Five Year Plan, it is going to be not less than Rs. 450 to Rs. 500 crores."

5.15 It may be recalled that the Railway Convention Committee (1980) made the following recommendation *inter alia* in their XIIth Report on Track Expansion Programme:

"It may also be seen whether the project oriented lines can be treated as a part of the project itself the expenditure thereon could form part of the expenditure on the project as a whole. Alternatively, the losses, if any should be made good by grant of subsidy to Railways by the related authority."

In their reply the Government stated as follows:—

"The Planning Commission are of the view that in regard to project oriented lines it would be necessary to draw a distinction between a line built exclusively to serve the needs of a particular project by and large in the nature of a siding and a line which serves and takes advantage of the traffic offerings of the project(s). The Planning Commission agree that in case of a line of the former type being a captive facility like a siding, its funding could be included in the project cost and guarantee clause incorporated for ensuring flow of requisite quantities of traffic. This would obviate the need for reimbursement of losses, if any, due to non-utilisation of the rail infrastructure by project authorities. In the case of latter type of lines, the Planning Commission are of the view that it could not be desirable to burden any project with the funding of the general purpose railway line.

The views of the Ministry of Finance are that the outlay on project oriented lines should be within the plan outlay of the Railways but the Planning Commission should take into account the requirements of project-oriented lines in

full while finalising the details of the Annual Plan Programmes of the Railways.

The Department of Railways are, however, of the view that the cost of new lines to be constructed mainly for certain specific projects should be included in the cost of such projects and the funding should be done by the project authorities. Allocation of funds from year to year should be done by the project authorities. In accordance with the progress of the main project. With this approach, there would be no need for the guarantee clause envisaged by the Planning Commission. In case other traffic is handled on such lines, the agreement with the project authorities can provide for a suitable compensation which can be incorporated in the original siding agreement itself. Such a system will not only ensure that completion of such new line projects synchronizes with the commissioning of the main project but would also release more funds for other new line projects."

5.16 On the suggestion of the Committee that construction cost of project-oriented lines should be included in the cost of that project itself and the Railways should be given the entire amount so that they do not have to approach the Planning Commission for allocation of funds from time to time, the Member (Engineering) Railway Board reacted during evidence as follows:

"The suggestion given by you is well taken. We are very keen that cost of project-oriented lines should be met from the allocation for that project. We will make this suggestion. We have been making this suggestion but somehow or other we are unable to cut the ice. We will seek your support."

The Member Engineering, Railway Board, further stated:

"We have pressing on the Planning Commission and Government that this should be the approach. There are two particular projects, which are at present connected with the project-oriented line. Koraput to Rayaguda and Daitari-Banspani line. We have been pursuing the matter with the concerned Ministries but so far we have not received any positive response. The Planning Commission is seized of this matter. We certainly would look forward if your

August Committee takes up this issue and support our demand because as, we are very much short of money. Normally the approach of the Planning Commission is that even after these projects are included in the project report of the concerned Ministry, they still want us to provide the fund for that in our own budget. But this does not help us in any way, once this view is taken, the approach should be complete, the money also should come from those very Ministries concerned. To that extent the Railway's allocation should be increased to extend the line, etc. rather than they being required to find money from within their own resources."

5.17 The Committee pointed out the need of having some arrangement wherein the cost of a project-oriented line formed part of the total cost of that project itself thereby reducing the financial burden on the Railways and desired to know the views of Department of Railways on this. The Chairman Railway Board stated:—

"We are in full agreement with your approach."

The Committee took up this issue with the Secretary, Planning Commission, who stated:

"If there is a certain dedicated line, then it is considered as part of that project and not otherwise. This is the principle that is being followed all the time."

He further added:

"In our project appraisal for industrial projects we take into account the available modes of transport. The modes of transport available, and whether the need for having additional facilities is really there or not, should be kept in view."

5.18 The Committee desired to know the reaction of Railway Officer to the suggestion that as far as private sector was concerned, the Railway should ask for advance from the industries which would be willing and require railway lines to be constructed for their use. The Member, Engineering reacted as follows:

"About the contribution from the private sector to be taken as an advance, here I would like to submit that whenever a private sector factory is set up at a point which is close

to a railway line and a siding of 7 to 10 km. is required, then the siding from the rail-head to the private premises of the factory is entirely at their cost."

The witness further clarified:

"Regarding the railway project, there is a provision from the Finance Minister himself that we should not do so because it is an investment of the Central Government for overall growth. It is not connected with a particular State. Therefore, no contribution from the State Government should be accepted for railway projects. Perhaps the same logic applies to taking contributions from private sector for new lines. As far as project-oriented lines are concerned, the cost of the railway line serving that project should become a part of that project itself so that the total viability of that project is properly assessed."

5.19 On an enquiry, made by the Committee, the Member, Engineering, confirmed that when Bhakra and Nangal Dams were constructed, the railway line from Ropar to Nangal dam was not constructed from railway revenues. The witnesses further added that the siding was at present being used only for goods traffic.

5.20 The Committee asked for other instances where new line had not come up with the commissioning of a project. The representative of the Railway Board stated:—

"We have asked Railways to find out whether there are other instances. The approach is this, when a State Government finds that particular project is not going through, they come forward with that sort of idea, that they will provide cost of the Project. But we have not allowed them. Both the Finance Ministry and the Planning Commission have asked us not to accept this, not to take into account any part assistance like land etc. to be taken into account and so on; but if for a project complete cost is to be given by the user Department or user organisation, we are able to undertake it.

I can only recollect one other instance and that is, At one point of time when a cement factory was to be set up, the line was originally sanctioned from Chanar to Robertsganj and beyond that as a siding. But later on, subsequently, the U.P. State Government wrote to the Central

Government and it was later on decided to convert the position of Churk as a railway line from Robertsganj to Churk. But that may not be the exact parallel of the type of example that you are looking forward."

The Chairman, Railway Board, further added: —

"But the policy is applicable to Koraput-Raiguda line. The sanction was perhaps given for the railway portion, for the port portion and steel plant portion all together along with the project estimate of the main project. But what happened later on is that the funds are still being allocated through the normal railway plan and that is the problem. Whatever the Planning Commission can give, we have to find within that fund for these big projects which cost such a lot of money. And therefore, the crucial issue is that the railway portion has to be sanctioned along with the main project as well as the funds should come from the sources from where the project emanated and not from the Railways."

5.21 The Committee referred to the cases where the State Government had offered to Railways land free of cost for construction of railway line in their States but the Planning Commission was not taking this fact into account while sanctioning funds for that line and desired to know the views of the Railway Board. The Chairman, Railway Board informed, as follows:—

"Our allocations are decided partly by the various projects that we have, but more definitely by the fact as to how much the Planning Commission is able to provide. But we have also to ensure some funds for various projects. Ultimately we have to sacrifice something for the sake of this project. The Planning Commission's main objection to our accepting money from them is perhaps the fact that it will vitiate the selection of lines. Those State Governments who are able to provide some money, their projects will be sanctioned and those who are not able to do it, their projects will not be sanctioned and this is not fair. Therefore, the lines will be selected not on merit, but by this factor."

5.22 The Member Engineering, Railway Board, further added:—

"The view which has been reflected by the Finance Ministry has been that the assistance that is given by the State



Government is such a small portion of the cost that even if that is incurred, then it will not be enough for the project to be continued to completion. Therefore, unless the Railway Ministry or the Planning Commission is able to provide full money for the project, it will be wasteful. The second point has been, that States are also diverting sometimes resources obtained for different purpose and if they do like that, then they do not agree. We have so many projects and so little resources and obviously we have the peoples' demands from so many forums that we find ourselves in a difficulty despite our desire to do the needful. So, we certainly look forward for such assistance from the Committee."

5.23 The Chairman, Railway Board, further clarified the position as follows:

"At least, this is not my view that we should select railway lines on the basis of assistance from the State Governments and this should be a major factor. It is because, I think, there is some merit in the argument of the Planning Commission. I am talking about the new lines; money has to be found by the Centre as per procedure. And it is a healthy thing that the Planning Commission has said that we should not take into account the contribution unless there is a completely new system developed in which the States start sharing in certain lines. But under the present set up, we should not start taking that."

5.24 In a subsequent note stating whether the views of the three organs of the Government viz. the Railways, the Planning Commission and the Ministry of Finance could be reconciled not only with a view to synchronising the commissioning of the railway line with the project itself but also for releasing more funds for other railway lines, the Planning Commission replied in a note dated 10 March, 1987.

"The Planning Commission does not subscribe to the view that a railway line constructed to serve a particular project be funded out of funds allocated to that project. In as much as a railway line carries traffic related to new projects and others the lines should be treated as a part of the Railways' investment and Railways should be liable for such dividend etc., payment as may be necessary. The exception to this can only be in respect of lines which

are in the nature of the exclusive sidings to particular projects on which no other traffic, except that of the project, is to be moved. In this latter case it would be appropriate if the rail facility is funded, or loaded, as cost of that particular project.

The mere allocation of funds as between agencies does not show down the construction of the railway line."

5.25 The Committee have come across some instances where a railway line, constructed on the request of a Government Department or a Public Undertaking did not prove remunerative, as the project(s) proposed to be built up, for which the railway line was needed, had either failed to keep pace with the scheduled targets given to the Railways or has not at all been set up. The traffic expected at the time of survey has not materialised. As a result of that, the Railways have been left with the lines, which are proving a burden on the Railways. There appears to be no interaction between the project authorities on one side and the Railways on the other. The Chairman, Railway Board has admitted during his evidence the need for such a coordination. The Committee is unable to comprehend such communication gaps. The Committee feel that there should be no difficulty in establishing such a dialogue. Since the country as a whole and the Railways in particular are sufferer in such cases, a little alertness on the part of the Railways in taking up the initiative with the project authority will help them to avoid such contingencies.

5.26 With a view to avoiding such contingencies, the Railway Convention Committee (1980) made, inter alia, the following recommendation in their Twelfth Report on Track Expansion Programme:

"It may also be seen whether the project-oriented lines can be treated as a part of the project itself and expenditure thereon could form part of the expenditure on the project as a whole. Alternatively, the losses, if any, should be made good by grant of subsidy to Railways by the related authority."

5.27 In their reply to the recommendation mentioned above the Government expressed the views of the Planning Commission, the Ministry of Finance and the Ministry of Railways (Railway Board).

All of them hold different views on the subject. Briefly the Planning Commission is of the view that if the line is "a captive facility like a siding, its funding could be included in the project cost." The view of the Ministry of Finance is that "the outlay on project-oriented lines should be within the plan outlay of the Railways." While the Railways hold the view that the lines constructed for "certain specific projects should be included in the cost of such projects."

5.28 Now that the project-oriented lines enjoy priority in the Seventh Five Year Plan, a re-thinking is necessary on this issue by all concerned, but the wherewithal is missing. The Committee has to earlier in this Report, the Committee support the views expressed by the Railways and would reiterate their earlier recommendation that the project-oriented lines should be treated as a part of the project itself and the expenditure thereon should form part of expenditure on the project as a whole. The modalities of the accounting system of taking over/handing over of assets after a certain period can be worked out. The Committee are anxious that there should be commitment on the part of the user Ministry/State in such cases. It is not a question of "mere allocation of funds", as pointed out by the Planning Commission, but a question of able husbanding of resources and ensuring accountability.

5.29 This brings to the mind of the Committee a case, where the urgency of the construction of the railway line is being realised by all concerned, but the wherewithal is missing. The Committee has Koraput-Rayaguda line in mind. This is needed to cater to NALCO traffic as well as for Vizag Steel Plant, besides the existing iron-ore traffic. Though the Planning Commission advised the Railways about delay in setting up the Plant during the Sixth Five Year Plan, they are "unable to provide fully for this in the Seventh Five Year Plan." According to the Chairman, Railway Board "the sanction was perhaps given for the railway portion, for the port portion and steel plant portion all together along with the project estimate of the main project, but what happened later on is that the funds are still being allocated through the normal railway plan and that is the problem. It is apparent that sanction was given for the three components of the project separately viz., for the plant, for the port and for the railways, but later on the Railways were to provide funds from their own allocation. Reasons for this change are not clear to the Committee. The Committee would only stress that funding of project-oriented lines should be treated as part of the project itself.

Such a system would ensure better accountability on the part of all concerned with the project. In case the projects do not share the cost of construction of project line meant for them, the Committee would make alternative recommendation to the Railways to shift the emphasis on project-oriented lines to the on-going Railway line project meant for the development of backward areas\*

---

\*Please see footnote on page 19.

## VI

### COMMITMENTS MADE

6.1 During evidence of the representatives of the Ministry of Railways (Railway Board), the Committee asked for a list of lines for which foundation stones were laid by high dignitaries. Accordingly, a note was furnished by the Ministry of Railways (Railway Board) giving the details of the projects for which the foundation stones were laid by the Prime Minister and/or Transport Minister/Railway Minister and other high dignitaries. The details of the railway lines for which foundation stones were laid by high dignitaries from 1972 onwards.

#### A. Foundation stones laid by the Prime Minister:

S. No.	Project #	Date of laying the foundation stone #	Present position
1	2	3	4
1.	Satna-Rewa	31-5-1984	Project was included in the Railway Budget 1985-86 but the project has not been cleared by the Planning Commission.
2.	Dalmau-Daryapur	8-12-1973	Work completed.
3.	Shahdara-Saharanpur Railway	2-12-1973	Work completed.
4.	Jammu-Udhampur	14-4-1983	This work was approved in 1982 Budget. Its estimated cost is Rs. 68.70 crores; expenditure upto March, 1986 is Rs. 8.80 crores, while the outlay for 1986-87 is Rs. 1.50 crores.
5.	Rampur-New Haldwani	9-1-1974	Approved in 1974-75. Its estimated cost is Rs. 30.40 crores, the expenditure upto March, 1986 is Rs. 2.96 crores whereas the outlay 1986-87 is Rs. 2 crores.
6.	Chittauni-Bagaha	22-10-1973	It was approved in 1974-75 Budget. Bagaha-Valmikinagar (9 kms.) was opened in October, 1978. At 1982 price level, this project was estimated

1	2	3	4
			to cost Rs. 62 crores, out of which U.P. Govt. and Bihar Governments had to contribute jointly Rs. 38 crores. The expenditure upto March 1986 is Rs. 3 crores whereas the outlay in 1986-87 is a token amount of Rs. 1000. Bihar Govt. has so far deposited Rs. 2 crores only. They have asked for even refund of this amount. U.P. Government's reaction to bear the increased share of the cost is still awaited. The Planning Commission have recommended to P.M. Sectt. for closure of project.
7	Rail-cum-road bridge across river Brahmaputra at Jogighopa and BG line from Jogighopa to Gauhati.	11-11-1983 estimated	Approved in 1983-84. Against its cost of Rs. 130 crores, the expenditure upto March 1986 is Rs. 1.37 crore. Outlay in 1986-87 is Rs. 1 crore. Work is in progress.
8	Tirunelveli-Nagercoil-Trivendrum with a branch line to Kanyakumari	6-9-1972	Work has since been completed.
9	Bibinagar-Nadikude	7-4-1974	Approved in 1974-75 110 kms. Out of total 149 kms. line has since been opened to traffic. Against its estimated cost of Rs. 45.60 crores, the expenditure upto March, 1986 is Rs. 32.46 crores and the outlay in 1986-87 is Rs. 5.50 crores. Remaining work is in progress.
10	Howrah-Amta including Bargachia-Champadanga Branch line.	16-7-1974	Approved in 1974-75. Estimated cost is Rs. 60 crores. 24 kms. line opened to traffic in 1984 as Phase I of the project. Expenditure upto March, 1986 is Rs. 12 crores and the outlay in 1986-87 is a token amount of Rs. 1 crore only. Further work of this project has been frozen.

**B. Foundation stones laid by Transport Minister/Railway Minister.**

S. No.	Project	Date of laying foundation stone	Present position
1	2	3	4
1	Apta-Roha	30-4-1978	Approved in 1978-79. Opened to traffic in March 1986. Only some residual works are in progress.
2	Mathura-Alwar	7-11-1983	Approved in 1983-84. Against the expected cost of Rs. 45 crores, the

1	2	3	4
			expenditure upto March 1986 is Rs. 2.61 crores and the outlay in 1986-87 is only Rs. 1.50 crores. The work is in progress.
3	Rohtak-Bhiwani	7-7-1974	Work since completed.
4	Nangal Dam-Talwara	22-12-1974	Nangal Dam-Rai Mehatpur Section ready in March 1985. Against the estimated cost of Rs. 98 crores, expenditure upto March 1986 is Rs. 4.60 crores and the outlay in 1986-87 is Rs. 2 crores. Work on the remaining section is in progress.
5	Janjhapur-Laukaha Bazar.	16-6-1974	Work since completed.
6	Sakri-Hasanpur	22-2-1974	Approved in 1974-75. Against estimated cost of about Rs. 30 crores the expenditure upto March is Rs. 0.05 crores and the outlay in 1986-87 is a token amount of Rs. 1,000 only. Construction of this has not yet been taken up due to severe constraint of resources.
7	Lalabazar-Bhairabi	12-12-1981	Approved in 1978-79. Against the estimated cost of Rs. 31.40 crores, the expenditure upto March 1986 is Rs. 12.85 crores and the outlay in 1986-87 is Rs. 3.90 crores. The work is in progress.
8	Eklakhi-Balurghat	12-11-1983	Approved in 1983-84. Against the estimated cost of Rs. 60 crores, expenditure upto March 1986 is Rs. 3.37 crores, and the outlay in 1986-87 is Rs. 0.50 crores. The work is in progress.
9	Ernakulam-Alleppey	16-4-1979	Approved in 1979-80. Against the estimated cost of Rs. 30.63 crores the expenditure upto March, Rs. 17.23 crores and the outlay in 1986-87 is Rs. 7.75 crores. The work is in progress.
10	Karur-Dindigul Madurai-Tuticorin	30-8-1982	Approved in 1981-82. Line between Tirunelveli-Maniyachi - Malavittan-Tuticorin since opened. Against its estimated cost of Rs. 96 crores, the expenditure upto March 1986 is Rs. 23.63 crores. The outlay in 1986-1987 is Rs. 9.70 crores.
11	Tamluk-Digha	11-9-1984	Approved in 1984-85. Against its estimated cost of Rs. 75 crores the expenditure upto March 1986 is Rs.

1	2	3	4
			0.30 crores and the outlay in 1986-87 is Rs. 1 crore only. The work on this project has not yet been taken in hand as this project is still awaiting clearance from the Planning Commission.
12	Koraput-Rayaguda	13-11-1981	Approved in 1982-83. Line between Koraput-Machiliguda since opened to traffic, Work on Machiliguda-Laxmipur is in progress. Against its estimated cost of Rs. 322 crores, the expenditure upto March 1986 is Rs. 34 crores and the outlay in 1986-87 is Rs. 20 crores.
13	Bhuj-Naliya	28-12-1981	Approved in 1982-83. Against the estimated cost of Rs. 35.9 crores the expenditure upto March 1986 is Rs. 15.07 crores and the outlay in 1986-87 is Rs. 6 crores. The work is in progress.
14	Kapadvanj-Modasa	5-4-1978	Approved in 1978-79. Against the estimated cost of Rs. 30 crores the expenditure upto March 1987 is Rs. 2.60 crores. As the work has been frozen the outlay in 1986-87 is a token amount of Rs. 1,000 only.

It has been stated in a note dated 10th March, 1986 by the Planning Commission that though continuity in the construction of these projects has been ensured, it has not been possible to keep the annual allotment more than or equal to the previous year's allotment.

On being asked whether the Planning Commission was satisfied with the progress particularly in view of the promise held during the stone laying ceremony,

"The progress of work on these schemes listed above has to be seen in the light of the priorities enunciated earlier. Given the constraint of funds, the progress of these works is understandable."

6.4 At the instance of the Committee, the Ministry of Railways (Railway Board) furnished details of new lines for which the foundation stones were laid by the Prime Minister, Transport Minister/Railway Minister. Since 1972 the Prime Minister laid foundation



stones in respect of ten new line projects and the Transport Minister/Railway Minister laid the foundation stones for fourteen lines. Out of 24 lines, for which foundation stones were laid from 1972 onwards, only two lines have been completed so far. At the time of foundation laying ceremony, it is normal to inform the gathering present about the programme of completing the projects. The rate of progress except in case of Apta-Roha line has not been satisfactory till now. But, according to Planning Commission, "the progress of work on these schemes has to be seen in the light of the priorities enunciated—given the constraint of funds, the progress of these works is understandable." The Committee regret to observe that lines for which foundation stones were laid by no less a person than the Prime Minister of India or the Railway/Transport Minister of India are lingering on for one reason or the other. This tends to give an impression that the authorities concerned are not serious about the commitments made. The Railways tend to lose their credibility. This is not desirable. It is necessary that at the time of foundation stone laying funds for projects should be secured. In case it is not possible to fulfil the commitments, the practice of formally laying the foundation stones should be given up in future. But the implicit commitment on 24 lines referred to above should be honoured on a priority.

New Delhi;  
September 28, 1987  
Asavina 6, 1909 (S)

SUBHASH YADAV,  
Chairman,  
Railway Convention Committee

APPENDIX I

(Vide paragraph No. 1.4 of the Report)

Statement showing details of 20 new railway line projects selected by the Railway Convention Committee for examination

Works	Year of Apptl.	Anticipated cost at the time of appl.	Latest estimated cost upto 3/87	Outlay 1987-88	Remarks	Latest financial evaluation	
						Year	
						Year	% return
1	2	3	4	5	6	7	8
1. Apta-Roha . . . . .	1978-79	12.14	24.56	23.93	0.58	Opened in 3/86	1975-76 4.8 (re-assessed 10)
2. Mathura-Alwar . . . . .	1983-84	34.75	45.00	4.03	2.00		1981-82 Negative
3. Nangal dam-Talwara and siding Mukerian-Talwara . . . . .	1981-82	33.49	98.00	6.61	3.50	7. kms ready in 3/85	1973 0.21
4. Jammu Tawi-Udhampur . . . . .	1981-82	50.00	98.00	9.54	5.00		1973-74 Less than 1
5. Sakri-Hasanpur . . . . .	1974-75	4.75	25.00	0.01	0.0001		1974 2.9
6. Rampur-New Haldwani . . . . .	1974-75	12.98	38.52	4.28	2.00	...	1969 Unremunerative.
7. Guwahati-Barnihat . . . . .		---	Work dropped as Meghalaya Govt. did not clear terminal location				
8. Dharamnagar-Kumarghat . . . . .	1978-79	9.67	37.10	25.36	5.00	22 kms, opened in 3/86	1973 (-) 1.48
9. Sitchar-Jiribam . . . . .	1978-79	12.13	34.48	17.89	4.00		1977-78 (-) 6.11
10. Joghana Guwahati & bridge at Joghana	1983-84	RLY. 87.73 DBP 29.61	171.02 61.41	2.43 +5.00 (NBC)	2.00		1981 4.08

11. Lalsazar-Bhairabi . . . . .	1978-79	10.76	33.85	16.88	4.00	1977-78	(-). 68
12. Ekla kbi-Belurghat . . . . .	1983-84	42.85	60.00	3.47	0.0001	1982	(-)5.17
13. Ernakulam-Alleppey . . . . .	1979-80	14.91	45.50	24.99	8.00	1976-77	13.69
14. Chitradurg-Rayadurg . . . . .	1981-82	16.78	35.00	3.80	0.66	1973	2
15. Karur-Dindigul-Maniyachi-Tuticorin/ Tirunelveli	1981-82	42.96	101.10	39.97	5.93	1979-80	22
							53 kms. opened in 5/85. 11 kms. siding ready n 6/86.
16. Bibinagar-Nadikude . . . . .	1974-75	13.47	56.39	39.86	8.42	1974-75	12.42
							110 kms. opened to traffic. Target for balance 1987-88.
17. Banspani-Jakhapura . . . . .	1974-75	39.00	121.00	6.58	0.0001	opened Do.	5.21
18. Koraput-Rayagada . . . . .	1981-82	112.10	322.00	53.04	56.00	20 kms. opened in 12/85	1979-80 10.32
19. Kota-Chittaur-garh-Neemuch . . . . .	1980-81	31.09	97.87	43.76	24.03	1984	10.5
20. Bhub-Naliya . . . . .	1981-82	22.00	35.92	21.30	10.19	Planned for commissioning by 1988-89	1983 Not worked out (Defence-oriented).

## APPENDIX II

(Vide para 4 of Introduction)

### *Conclusions/Recommendations of the Committee*

S.No	Para No.	Summary of conclusions/ Recommendations
1	2	3
1	2-31	<p>The Committee note that the policy of the Government of India in regard to funding of 'on going railway line projects' has been laid down in the Seventh Plan document and underlines the need to complete essential on going projects which add to transport capacity. The Plan document provides that priority has to be given to projects which either add to capacity or provide alternative routes or else are project oriented. In spite of this objective, inclusion of new schemes is not ruled out. Keeping other pressing needs of the Railways, like upgrading and rehabilitation of rolling stock, etc., the Planning Commission's thinking is that the linking of North Eastern States, the project-oriented lines and strategic lines should be taken up in the Seventh Plan. It would be observed that the total plan allocation for the Railways in the Seventh Five Year Plan is Rs. 12,334 crores and out of this the allocation for new line projects is Rs. 350 crores i.e., 2.8 per cent of the total plan allocation for the Railways, being the lowest percentage in all the seven plans which in the opinion of the Committee should atleast be 10%. It has been admitted by the Secretary, Planning Commission, that the amount of Rs. 350 crores allotted for new lines for the Seventh Five Year Plan is not adequate. This allocation is based</p>

1

2

3

on prevailing prices and does not take care of inflation. The spill-over of the lines in the process of construction from the Sixth Five Year Plan is huge. Added to this spill-over are five new railway lines taken up in the Seventh Plan viz., (i) Guna Etawah—as an alternative route to the existing Bombay-Delhi route by Western and Central Railway routes, which have reached saturation levels; (ii) Satna-Rewa project-linked to Cement plants; (iii) Trichur-Guruvayur—a part of Trichur-Guruvayur-Kottapuram alignment, which is an alternative short link and (iv) Tamruk-Digha for developing under-developed region by providing direct access to Calcutta and for tourist traffic in the area; (v) Namkhana-Lakshmikantapur—for development of a backward area and direct access to Calcutta. The total cost of the five projects *ibid* is about Rs. 322 crores and the allocation of funds for these lines during the Seventh Plan is yet to be decided. However, according to the information furnished by the Ministry of Railways (Railway Board) new line projects which as per present reckoning of priorities can be planned for commissioning during the Seventh Five Year Plan are as follows:

- (1) Dharamanagar-Kumarghat
- (2) Silchar-Jiribam
- (3) Lalabazar-Bhairabi
- (4) Balipara-Balukpong
- (5) Bhuj-Naliya
- (6) Bhatinda-Byepass
- (7) Bibinagar-Nadikudue
- (8) Kota-Neemuch
- (9) Motumaria-Jaggayapeta
- (10) Tupkahadite-Talgarhia
- (11) Ernakulam-Alleppey
- (12) Apta-Roha.

---

1	2	3
2	2.32	<p>It would thus be seen that even in the reckoning of the Government, only a few of the on-going railway line projects will receive attention and many of them will be purposely left behind for want of adequate resources. This certainly is not a happy state of affairs. Though the Committee agree that the resource constraint is a factor not entirely under control of the planner or executor of the projects, a lesson should be drawn from the previous experience. At the beginning of the Sixth Five Year Plan (1980-81) 29 new lines were under construction. A sum of Rs. 240 crores was required for their completion during the plan period. But, for their completion and for taking up 22 new lines (2200 kms.—estimated cost Rs. 1152 crores) during that plan period, Rs. 380 crores were allotted. Due to financial constraints, the provision was reduced to Rs. 314 crores; against which the actual expenditure was Rs. 325 crores. Only 14 new lines had been opened for traffic of which 10 were only partially—completed. Construction works on 48 new lines were in progress requiring Rs. 1320 crores for their completion—15 of these projects were sanctioned between 1969-70 and 1978-79. The position at the commencement of the Seventh Plan (1985-86) was not better than what it was in 1980-81. It is needless to point out that delays in the execution of projects result in time and cost-overruns and non-achievement of the benefits expected from the completed projects.</p>
3	2.33	<p>Even for the new lines added during the Seventh Five Year Plan, so far, there is no guarantee of completion by the end of the Eighth Plan, as the Secretary, Planning Commission has stated: "We cannot give any commitment in this</p>

---

1

2

3

regard. We do not know the position. Our expectation is that we should be able to provide funds and they have to be completed by the end of the Eighth Plan." The Chairman, Railway Board admitted that "what we are doing for new lines is not in keeping with the aspirations of the people or the needs of the economy." Sharing his concern, the Committee would suggest that the Railways should pay greater attention to completing the on-going railway line projects, which are there for a long time and should not allow them to linger on from Plan to Plan.

4

3.19

:

¶

From the elaborate statements submitted to the Committee from time to time by the Ministry of Railways (Railway Board) it is seen that in almost all the twenty cases of new line projects, selected by the Committee for examination, the anticipated cost has become double the original cost or even more than that. Expenditure on each project upto September 1985 and outlay for 1985-86 are proportionately meagre to the anticipated cost. Delays in execution of the projects have led to cost overruns which, in turn, have eroded the funds provided in the Plan due to escalation in the cost of staff, material and part of the funds being consumed by too many projects progressing tardily. It is also observed that the objectives and the benefits sought to be achieved on completion of the projects are being delayed and the meanwhile other modes of transport get developed in the regions to be served by these projects. Many of the projects have been the victims of cost escalation because of the increase in the cost of land and the slow process of acquisition of land.

5

3.20

Out of the twenty lines, one line Apta-Roha has been completed, three lines in N.E. States, one each in Kerala, Andhra Pradesh and Rajas-

1

2

3

than and one Defence project are expected to be completed in the Seventh Five Year Plan. One line in Orissa has been accorded priority and the Planning Commission is considering allotment of additional funds for this purpose. Completion of the remaining projects will depend on the availability of resources in the coming years. It has been conceded that because of resource constraint all the on-going schemes cannot be completed during the Seventh Plan. It has also been agreed by the Planning Commission that it is necessary to concentrate only on a few projects. The Railways also say that "it is advisable to concentrate only on a few projects and that is why we have nine new line projects, appearing in the budget frozen, having a token allotment of only Rs. 1000 in 1986-87", The Public Accounts Committee (Seventh Lok Sabha) have also emphasised in their 73rd and 136th Reports concentration on early completion of projects within the available funds. This Committee would only wish that the Government sticks to the stand that they have taken to concentrate only on a few projects.

6

3.21

The requirement for completing the on-going Projects is to the tune of Rs.1500 crores, whereas the outlay for the Seventh Five Year Plan is only Rs.350 crores. Therefore, it is necessary that funds should possibly be confined to a few projects only to be taken up for completion within shorter period of time. Spreading of the spare resources as thin and wide adversely affects the productivity of the investible funds or alternately more funds should be provided for on-going projects on the basis of a mid-term appraisal of the Seventh Five Year Plan. However, it is also to be recognised that the need



1

2

3

---

for satisfying the regional aspirations and initiating development works in the areas where necessary cannot be overlooked.

7

3.22

The Committee stress that the existing on-going railway line projects should be completed on priority basis. The Committee suggest that target dates should also be fixed, even if tentatively, for the parts of the projects to begin with and then for the project as a whole. Funds may be allocated accordingly. The inadequate financing has not been helpful for railway finances, besides adversely affecting the priorities for balanced development of the entire country.

3.23

Another point which the Committee would like to stress is that a high priority should be accorded to such on-going railway line project as has been taken up in State, in which no railway line could be constructed/completed since Independence, for example Nangal-Talwara railway line, which is the only on-going railway line project in Himachal Pradesh. Here the Committee would also like to emphasise that in such States where a number of lines are under construction, one line should be selected for speedy construction and early completion on priority basis.

4.6

The Committee note that the North Eastern Region has been accorded special priority in the matter of construction of railway lines in view of the present policy of the Government of India. In fact there is a full-fledged construction organisation under a separate General Manager (Construction) in the Northeast Frontier Railway to look after the construction activities in the North Eastern States. As on date the Northeast Frontier

1

2

3

---

Railway has the following major six projects on hand:

- (1) Dharamangar-Kumarghat
- (2) Silchar-Jiribam
- (3) Lalabazar-Bhairabi
- (4) Balipara-Bhalukpong
- (5) Amguri-Tuli
- (6) Guwahati-Burnihat.

It has been stated that the main constraint on progress of construction of these lines has been the inadequate allotment of funds. In some cases delay in handing over of required land by the State Governments has caused delay. In one case the terrain is difficult and poses serious problems of accessibility for transportation of construction materials to sites of work. Thus the overall progress of the first four lines in terms of percentage ranges from 42 to 66 and of the fifth line it is 20. The sixth line is held in abeyance, as the Government of Meghalaya do not seem to be interested in it. During their visit to the Northeast Region, the Committee gathered the impression that the progress on the five projects did not appear to be going in a way so as to suggest that the lines would be commissioned within the Seventh Five Year Plan. The Committee are constrained to observe that the things are not moving the way they should. As the position of resources stand today the total allotment of Rs. 350 crores for the Seventh Plan for new lines would just suffice only for the completion of these six projects in Northeastern States. As the allotment

---

1	2	3
		<p>of the amount is for the entire country, the Committee suggest that special care should be taken to allocate more funds to projects in North-East region. Since the resources are the main constraint, and the terrain is difficult to handle, the Committee would suggest to the Ministry of Railways (Railway Board) to examine the possibility of taking up one railway after another instead of all the six projects going on contemporaneously after consulting the North-east Council.</p>
10	5.25	<p>The Committee have come across some instances where a railway line, constructed on the request of a Government Department or a Public Undertaking did not prove remunerative, as the project (s) proposed to be built up, for which the railway line was needed, had either failed to keep pace with the scheduled targets given to the Railways or has not at all been set up. The traffic expected at the time of survey has not materialised. As a result of that, the Railways have been left with the lines, which are proving a burden on the Railways. There appears to be no interaction between the project authorities on one side and the Railways on the other. The Chairman, Railway Board has admitted during his evidence the need for such a coordination. The Committee is unable to comprehend such communication gaps. The Committee feel that there should be no difficulty in establishing such a dialogue, since the country as a whole and the Railways in particular are sufferer in such cases, a little alertness on the part of the Railways in taking up the initiative with the project authority will help them to avoid such contingencies.</p>

- 
- | 1 | 2 | 3 |
|---|---|---|
|---|---|---|
- 
- 11      5.26      With a view to avoiding such contingencies, the Railway Convention Committee (1980) made, *inter alia*, the following recommendation in their Twelfth Report on Track Expansion Programme:
- “It may also be seen whether the project-oriented lines can be treated as a part of the project itself and expenditure thereon could form part of the expenditure on the project as a whole. Alternately, the losses, if any, should be made good by grant of subsidy to Railways by the related authority.”
- 12      5.27      In their reply to the recommendation mentioned above the Government expressed the views of the Planning Commission, the Ministry of Finance and the Ministry of Railways (Railway Board). All of them hold different views on the subject. Briefly the Planning Commission is of the view that if the line is “a captive facility like a siding, its funding could be included in the project cost.” The view of the Ministry of Finance is that “the outlay on project-oriented lines should be within the plan outlay of the Railways.” While the Railways hold the view that the lines constructed for “certain specific projects should be included in the cost of such projects.”
- 13      5.28      Now that the project-oriented lines enjoy priority in the Seventh Five Year Plan, a rethinking is necessary on this issue by all the three parties. In view of the failures of the projects referred to earlier in this Report, the Committee support the views expressed by the Railways and would reiterate their earlier recommendation that the project-oriented lines should be treated as a part of the project itself and the expenditure thereon should form part of expenditure on the project as a whole. The modalities of the accounting system of taking over/handling
-

1

2

3

over of assets after a certain period can be worked out. The Committee are anxious that there should be commitment on the part of the user Ministry|State in such cases. It is not a question of "mere allocation of funds", as pointed out by the Planning Commission, but a question of able husbanding of resources and ensuring accountability.

14

5.29

This brings to the mind of the Committee a case, where the urgency of the construction of the railway line is being realised by all concerned, but the wherewithal is missing. The Committee has Koraput-Rayaguda line in mind. This is needed to cater to NALCO traffic as well as for Vizag Steel Plant, besides the existing iron-ore traffic. Though the Planning Commission advised the Railways about delay in setting up the Plant during the Sixth Five Year Plan, they are "unable to provide fully for this in the Seventh Five Year Plan." According to the Chairman, Railway Board the sanction was perhaps given for the railway portion, for the port portion and steel plant portion all together along with the project estimate of the main project, but what happened later on is that the funds are still being allocated through the normal railway plan and that is the problem. It is apparent that sanction was given for the three components of the project separately viz., for the plant, for the port and for the railways, but later on the Railways were to provide funds from their own allocation. Reasons for this change are not clear to the Committee. The Committee would only stress that funding of project-oriented lines should be treated as part of the project itself. Such a system would ensure better accountability on the part of all concerned with the project. In case the projects do not share the cost of construction of project line meant for them, the Committee would make alternative recommendation to the Railways to shift the emphasis

1

2

3

on project oriented lines to the On-going Railway line project meant for the development of backward areas.\*

15

6.4

At the instance of the Committee, the Ministry of Railways (Railway Board) furnished details of new lines for which the foundation stones were laid by the Prime Minister, Transport Minister|Railway Minister. Since 1972 the Prime Minister laid foundation stones in respect of ten new line projects and the Transport Minister|Railway Minister laid the foundation stones for fourteen lines. Out of 24 lines, for which foundation stones were laid from 1972 onwards, only two lines have been completed so far. At the time of foundation laying ceremony, it is normal to inform the gathering present about the programme of completing the projects. The rate of progress except in case of Apta-Roha line, has not been satisfactory till now. But, according to Planning Commission, "the progress of work on these schemes has to be seen in the light of the priorities enunciated—given the constraint of funds, the progress of these works is understandable." The Committee regret to observe that lines for which foundation stones were laid by no less a person than the Prime Minister of India or the Railway|Transport Minister of India are lingering on for one reason or the other. This tends to give an impression that the authorities concerned are not serious about the commitments made. The Railways tend to lose their credibility. This is not desirable. It is necessary that at the time of foundation stone laying funds for projects should be secured. In case it is not possible to fulfil the commitments, the practice of formally laying the foundation stones should be given up in future. But the implicit commitment on 24 lines referred to above should be honoured on a priority.

\*Please see footnote on page 19.

---

---

## PART II

**Minutes of the sitting of the Railway Convention Committee held on 5 August, 1 September, 1986, and 10 February and 8 September, 1987.**

---

---

RAILWAY CONVENTION COMMITTEE  
(1985)

17th Sitting 5-8-1986

The Railway Convention Committee held its sitting from 15.30 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. Shrimati Amarjit Kaur
6. Shri P. Upendra.

SECRETARIAT

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

*Witnesses Examined*

MINISTRY OF TRANSPORT (DEPT. OF RAILWAYS—RAILWAY BOARD)

1. Shri S. Ramaswamy—*Financial Commissioner.*
2. Shri R. P. Singh—*Member Traffic.*
3. Shri Gauri Shankar—*Member, Engineering.*

The Railway Convention Committee held discussions with the representatives of the Ministry of Transport (Department of Railway-Railway Board) on 'On-going Projects'. "To an enquiry of the Committee about the precise policy of the Railway Board in completing



the present 'On-going Projects', the Financial Commissioner Railways informed the Committee as follows:—

"In view of the very severe financial constraints, we would like to have the priority, as far as the On-going Projects are concerned, in the manner of project-oriented lines, certain strategic lines, and lines which fall in the North-Eastern region. This will be the basis on which we would like to spend the funds allotted to us every year to execute the works. This is as far as on-going projects are concerned."

As all the 20 projects of new lines selected by the Committee for examination, did not fall in the priorities mentioned by the representatives of the Railway Board, the Committee enquired what would be the fate of the remaining projects. To this, the Member Engineering replied as follows:—

"We have to find out resources from the money which is made available to us. We made demand for much higher allocation. Taking into consideration the national constraints and priorities the nodal agency, the Planning Commission, was able to allocate to us Rs. 350 crores. 100 crores has been there during this current year. As Financial Commissioner clarified, first-priority is given like this."

The Member Engineering also added:—

"Out of Rs. 100 crores outlay, Rs. 40 crores have been given to the two projects—Koraput, etc. Rs. 11 crores we have given to the five lines in the North-Eastern Region. Balance has been allocated to all the other lines which are for economic development of the region. You will kindly see that 50 per cent allocation is for the socio-economic development of the region"

The Committee pointed out that only one line had been completed out of the twenty and desired to know the time schedule for completing the other lines. The Member Engineering submitted:—

"My requirement for completing the ongoing projects is Rs. 1500 crores. In the Seventh Plan, the total out-lay for all is only Rs. 350 crores. I have a heavy load on hand.

I want to give information for those items which are clearly viable, besides the strategic and project oriented lines. There was a meeting of the North-East Council on 29th July, we have committed that we will complete those five lines in the Seventh Plan. They require an additional outlay of Rs. 55 crores.

About the other remaining lines, the allocation will be made according to the progress achieved. If a line is in a sufficiently advanced stage of progress and with adequate funds it will be possible to commission it, naturally that will merit the first attention by us. But the question of availability of funds, according to me, is purely hypothetical. We have not carried out such an exercise."

On a suggestion of the Committee that all the emphasis should not be laid on project-oriented lines, but also on other lines and that there should be some moderation the Member Engineering reacted by saying:—

"All lines receive equal attention. We as a quasi-commercial organisation, expect that whatever investment is made, we get the return immediately. So our planning and our programme of completion would be to commission it stage by stage, length by length.

Our techniques of forecasting and assessment of traffic do not take into account the point which the economists opine about the multi-tier effect. We are able to concretise only in monetary terms. The return which I have worked out as 10 per cent, when the line is constructed becomes 15 per cent because of the multiplier effects which we are not able to take into consideration".

The Committee enquired about the amount allocated for Metropolitan Transport during Seventh Plan, the Member Engineering stated, "In 1986-87 for the Metropolitan Transport, it comes to Rs 90 crores."

On being pointed out that allocations for Metropolitan Transport during Seventh Plan was higher, than for the new railway lines, the witness clarified the position as follows:—

"The Hon. Member has referred that we have given a lot of attention to metropolitan transport. In my humble opinion it would not be correct to put other railway lines in juxtaposition with the metropolitan transport. The metropolitan transport is a crying need of the hour and all

over the world urban transport is undergoing a phenomenal change. Every country is looking to the problem of urban transport so that environmental pollution can be contained. Otherwise this pollution makes the quality of life very bad. I would submit that allocation for metropolitan transport should not be put in juxtaposition with the allocation for new lines."

On being pointed out that more attention was being paid to Metropolitan Transport and thereby giving more facilities to urban population while the rural population remaining where they were the Member, Traffic (Railway Board) stated:—

"The metropolitan transport, if we do not attend to it now, will cost us more ten years hence. It will then become very prohibitive and so prohibitive that we will not be able to make it."

The Committee suggested that construction cost of project-oriented lines should be included in the cost of that project itself and the Railway should be given the entire amount so that they do not have to approach the Planning Commission for allocation of funds from time to time. The Member (Engineering) Railway Board reacted as follows:—

"The suggestion given by you is well taken. We are very keen that cost of project-oriented lines should be met from the allocation for that project. We will make this suggestion. We have been making this suggestion but somehow or other we are unable to cut the ice. We will seek your support."  
It's ..

The Committee desired to know the reaction of Railway Officer to the suggestion that as far as private sector was concerned, the Railway should ask for advance from those industries which would be willing and require railway lines to be constructed for their use. The Member Engineering reacted as follows:

"About the contribution from the private sector to be taken as an advance, here I would like to submit that whenever a private sector factory is set up at a point which is close to a railway line and a siding of 7 to 10 km. is required, then the siding from the rail-head to the private premises of the factory is entirely at their cost".

The witness further clarified:

“Regarding the railway project, there is a provision from the Finance Minister himself that we should not do so because it is an investment of the Central Government for overall growth. It is not connected with a particular State. Therefore, no contribution from the State Government should be accepted for railway projects. Perhaps the same logic applies to taking contributions from private sector for new lines. As far as project-oriented lines are concerned, the cost of the railway line serving that project should become a part of that project itself so that the total viability of that project is properly assessed.”

On an enquiry the Member Engineering confirmed that when Bhakra and Nangal Dams were constructed, the railway line from Ropar to Nangal dam was not constructed from railway revenues. The witnesses further added that the siding was at present being used only for goods traffic.

The Committee drew the attention of the witnesses to 13 cases of construction of new lines where there was delay of five years or more between the first stage and second stage of construction. The Member Engineering Railway Board explained:—

“The new BG line from Apta to Roha, 62 kms. was included for survey and it was done in the year 1975-76. The line was included in the Railway Budget of 1978-79. The work was commenced in September, 1978. According to the availability of funds, the line was opened in three phases. Now it is totally open upto Roha. The delay has been due to resources. Constraint of resources has been compelling the Railways to allocate funds on lines which qualify under (1) Project-oriented lines; (2) Strategic lines; and (3) Lines in the North-Eastern region. For other lines, based on socio economic considerations, the balance money has been distributed most judiciously. So the basic cause has been constraint of resources.”

The Committee pointed out that since delay in the construction of lines was due to constraint of resources, was it not advisable to complete first the lines under construction before new lines were taken up. In reply the Member Engineering stated:—

“We make our estimates of the funds required for all the lines according to our capability but when the Planning Commission allocate the funds then they have the whole nation's requirements in view.”

The Committee enquired about the solution of this problem. The witness stated "By allocating more funds".

In reply to a question whether the Planning Commission had approved all these 13 projects relating to construction of Railway lines which involved delay between 5 years and more, the representative of the Ministry stated that each of those railway lines were approved by them.

The Committee drew the attention of the representatives of the Ministry to the delay involved in Rampur-New Haldwani and Dharmanagar-Kumarghat lines. The representatives of the Railway Board stated:—

"Dharmanagar to Kumarghat—out of that we have opened 22 kms. in March this year, and the rest will be completed by the end of the 7th Plan. We will honour this commitment. This is a very difficult area and we are now fully geared to do that work. In the NE Council meeting on the 29th July, we have stated that all the five lines of the NE region will be completed."

On being pointed out that only two out of five lines have been started in Northeast Frontier Railways, the witness stated:—

"The other line is Babpara-Bhalukpong. The land for over 14 kms. was handed over last year. Then, the railway was crossing the national highway. This was under discussion with the State Government and only in the month of April a decision has been taken that a road under bridge should be provided. In the third line, Anguri-Tuli there is a forest land for about 5 kms. It is occupied by Nagas who are doing Jhoom cultivation. The dialogue is on between the Governments of Assam and Nagaland. In the case of Gauhati-Burnighat line Meghalaya Government never agreed for the terminal, and hence the project has been dropped. The remaining five lines, we will complete during the 7th Plan".

The Committee enquired as to why no time-limit for completion of Guna-Etawah had been indicated. The representative of the Railway Board stated that that was a very lengthy line. It has just started and its total cost was Rs. 160 crores.

The Committee referred to the recommendations contained in XIIth Report of RCC (1980) on the need that wherever doubling was considered in a parallel manner. Some benefit could accrue to neighbouring regions, the Member Engineering informed that that concept had been incorporated in the extension of Ernakulam-Alleppey railway line and added that:—

“...though it is being treated as a new line. It will help us in doubling of that section also.

Thereafter the Committee adjourned.

# RAILWAY CONVENTION COMMITTEE

(1986)

18th Sitting

1-9-1986

The Railway Convention Committee held its sitting from 15.00 hrs. to 17.15 hrs.

## PRESENT

### MEMBERS OF THE COMMITTEE

1. Shri Subhas Yadav—*Chairman*
2. Shri B. Devarajan
3. Prof. Narain Chand Parashar
4. Shri Ram Dhan
5. Shri Ram Ratan Ram
6. Shri V. Tulsiram
7. Smt. Amarjit Kaur
8. Shri Bhagatram Manhar
9. Shri P. Upendra

### SECRETARIAT

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

### *Witnesses Examined*

### MINISTRY OF TRANSPORT (DEPTT. OF RAILWAYS—RAILWAY BOARD)

1. Shri Prakash Narain—*Chairman*
2. Shri S. Ramaswamy—*Financial Commissioner.*
3. Shri R. K. Jain—*Member Engineering*

The Committee resumed discussion on 1-9-1986 with the representatives of the Ministry of Transport (Department of Railways—Railway Board) on 'On-going Projects'.

The Committee pointed out the need of having some arrangement wherein the cost of a project-oriented line formed part of the total cost of that project itself thereby reducing the financial burden on the railways and desired to know the views of Department of Railways on this. The Chairman Railway Board stated:—

“We are in full agreement with your approach.”

The Member (Engineering) Railway Board further stated:—

“We have been pressing on the Planning Commission and Government that this should be the approach. There are two particular projects, which are at present connected with the project-oriented line. Koraput to Raiguda and Daitari-Banspani line. We have been pursuing the matter with the concerned Ministries but so far we have not received any positive response. The Planning Commission is seized of this matter. We certainly would look forward if your august Committee takes up this issue and support our demand because as, we are very much short of money. Normally the approach of the Planning Commission is that even after these projects are included in the project report of the concerned Ministry, they still want us to provide the fund for that in our own budget. But this does not help us in any way, once this view is taken, the approach should be complete, the money also should come from those very Ministries concerned. To that extent the Railways' allocation should be increased to extend the line, etc. rather than they being required to find money from within their own resources.”

The Committee asked for other instances where new line had not come up with the commissioning of a project. The witness stated:—

“We have asked Railways to find out whether there are other instances. The approach is this. When a State Government finds that a particular project is not going through, they come forward with that sort of idea, that they will provide cost of the Project. But we have not allowed them. Both the Finance Ministry and the Planning Commission have asked us not to accept this, not to take into account any part assistance like land etc. to be taken into account and so on; but if for a project complete cost is to be given by the user Department or user organisation, we are able to undertake it.



I can only recollect one other instance and that is, at one point of time when a cement factory was to be set up, the line was originally sanctioned from Chanar to Robertsganj and beyond that as a siding. But later on, subsequently, the U.P. State Government wrote to the Central Government and it was later on decided to convert the position of Churk as a railway line from Robertsganj to Churk. But that may not be the exact parallel of the type of example that you are looking forward."

The Chairman, Railway Board, further added:—

"But the policy is applicable to Koraput-Raiguda line. The sanction was perhaps given for the railway portion, for the port portion and steel plant portion all together along with the project estimate of the main project. But what happened later on is that the funds are still being allocated through the normal railway plan and that is the problem. Whatever the Planning Commission can give, we have to find within that funds for these big projects which cost such a lot of money. And therefore the crucial issue is that the railway portion has to be sanctioned along with the main project as well as the funds should come from the sources from where the project emanated and not from the Railways."

The Committee referred to the cases where the State Government had offered to Railways land free of cost for construction of a railway line in their States but the Planning Commission was not taking this fact into account while sanctioning funds for that line and desired to know the view of the Planning Commission. The Chairman, Railway Board informed as follows:—

"Our allocations are decided partly by the various projects that we have, but more definitely by the fact as to how much the Planning Commission is able to provide. But we have also to ensure some funds for various projects. Ultimately we have to sacrifice something for the sake of this project. The Planning Commission's main objection to our accepting money from them is perhaps the fact that it will vitiate the selection of lines. Those State Governments who are able to provide some money, their projects will be sanctioned and those who are not able to do it, their projects will not be sanctioned and this is not fair. Therefore, the lines will be selected not on merit, but by this factor."

The Member (Engineering) Railway Board further added:—

The view which has been reflected by the Finance Ministry has been that the assistance that is given by the State Government is such a small portion of the cost that even if that is incurred, then it will not be enough for the project to be continued to completion. Therefore, unless the Railway Ministry or the Planning Commission is able to provide full money for the project, it will be wasteful. The second point has been, that States are also diverting sometimes resources obtained for different purpose and if they do like that, even they do not agree. We have so many projects and so little resources and obviously we have the people's demands from so many forums that we find ourselves in a difficulty despite our desire to do the needful. So, we certainly look forward for such assistance from the Committee"

The Chairman, Railway Board further clarified the position as follows:—

"At least, this is not my view that we should select railway lines on the basis of assistance from the State Governments and this should be a major factor. It is because, I think, there is some merit in the argument of the Planning Commission. I am talking about the new lines; money has to be found by the Centre as per procedure. And it is a healthy thing that the Planning Commission has said that we should not take into account the contribution unless there is a completely new system developed in which the States start sharing in certain lines. But under the present set up, we should not start taking that."

The Committee pointed out that the construction of the strategic roads was partly financed by the Ministry of Defence and enquired whether the defence oriented railway lines were also paid by the Ministry of Defence or they were totally financed by the Ministry of Railways. The Member (Engineering) Railway Board stated:—

"The type of problem which was mentioned in respect of construction of new project line is the same with respect to Defence oriented lines also. Obviously, for security reason, they cannot tell us that lines are to come up in advance. They remain secret and at a certain point of time, suddenly, we cannot find Plan allocation. So, these have been our problems."

The Committee referred to the fact that in case of defence oriented road the cost of construction was shared by the Defence but in case of Railway defence oriented lines the entire burden of its construction fell upon the Railways. The Chairman Railway Board replied further stated:—

“We agree with your view. If you want such a system to be evolved, we fully support it because that would enable us to plan our projects properly.”

The Committee then referred to the case of 5 railway lines in whose construction the concerned state govts. had agreed to offer land free of cot and enquired whether the contribution of State Govts. had been of some help to the Railways. The Chairman Railway Board stated that in one case, the State Govt. had refused to meet the cost over-run.

The Committee pointed out that in some cases amount utilised for construction of new lines, gauge conversion and doublings during VI Plan was less than the actual allocations made therefor and enquired the reasons thereof. The Member (Engineering) Railway Board stated:—

“At the time these works were to be executed, it was a question of appropriating the priorities in the works programme. Higher priority was given to on-going projects which were more project-oriented. That is why, the expenditure was not necessarily to the extent it is projected in the papers. That has been the basic reason for having a lower expenditure in respect of these lines.”

On an enquiry whether the Railways had spent the amount thus saved by diverting the funds to some other lines, the Members (Engineering) Railway Board reacted by saying:—

“During the year, there were certain situations in which we are required to undertake or give higher priority to certain areas than we had thought. But, by and large, it is not very much different from what has been originally presented to the Parliament.”

Explaining the expenditure on Koraput-Raiguda line, the Chairman, Railway Board stated:—

“Koraput-Raiguda is a major project. Something special had happened there. In the Sixth Plan, in the latter part, a review was made by the Planning Commission, because

this line is required to cater to NALCO traffic and for Vizag Steel Plant. The schedule for Steel Plant itself, got delayed during the Sixth Plan period and, therefore, we got an advice from the Planning Commission in which, after reviewing the position, they said the Steel Plant is not likely to be on schedule and our schedule should be revised. There was a decision taken to allocate less for the Koraput-Raiguda railway line in keeping with the progress or the lack of progress on the Vizag Steel plant itself. At the time of the Seventh Plan again, at the formulation stage, there was an uncertainty about further progress of the Vizag Steel Plant and no provision was made in the Seventh Plan for anything for the koraput railway line. Later on, the Vizag Steel Plant was revived. It was decided that it will continue and now the Planning Commission is trying to find money for this."

In reply to a further question whether that project was meant for aluminium there, the Chairman Railway Board stated:—

"We do not need only for alumina. If all the existing iron-ore traffic plus alumina traffic plus Vizag are put together, then we need. Because Vizag plant is to be a reality. Apart from that, when we get a specially low allocation from the Planning Commission for the railways plan, then we have to cut at various places in order to consider inter se priorities and certain absolutely essential things have to be done which may not be even new lines. There may be other things like coal movement."

<sup>100</sup> In reply to a question about less expenditure allocation on doubling of Varanasi-Bhatni railway line than actual, the Member (Engineering) Railway Board stated:—

"It got diverted to other priorities. After the approval of Parliament, many competing demands come to us also both for taking up certain projects of a higher priority and sometimes when they are accepted, the money is distributed."

On being pointed out that during VI Plan an amount of Rs. 20 crores was allocated for Panipat-Ambala line but only Rs. 15 crores were spent, the Chairman, Railway Board stated:—

“Suppose you reduce the income of a man drastically; then the proportions of the cut will not be the same everywhere because certain essential items like food will have to be there; the percentage on others will come down”.

The Chairman Railway Board further added:—

“In the Sixth Plan what happened was, whatever was provided in the Sixth Plan as such, the Railways in the actual Annual Plans did not get the amounts which should have come. The actual Annual Plan allocations were quite inadequate. If you take into account the escalation in prices and all that, we were supposed to get more than the Sixth Plan figure in the sum-total of the Annual Plans, but in many cases we got less because of the fact that money was not available. In the Annual Plan, a review is taken”.

On being pointed out that doubling was not covered under new lines, the Member (Engineering) stated:—

“I will tell you about doubling. When we presented our demands to the Planning Commission, we had asked for Rs. 2,600 crores for this, but we got only Rs. 1300 crores, about half of what we had asked for. For the year 1986-87, we had presented our demands for Rs. 380 crores, but we got Rs. 265 crores; for 1985-86 we had asked for Rs. 447 crores but we got only Rs. 187 crores”.

The Committee pointed out that if there was change in allocation of funds every year for a particular line then it would be difficult to complete that work. The Member (Engineering) Railway Board state:—

“I would like you to consider this fact that we can at best see, for instance, upto the end of the Seventh Plan; beyond that, we cannot because in respect of defence-oriented lines or the lines required for certain socio-economic reasons, the perspective changes. It is true that we should have a plan. We are not denying that. It does help. But we are able to see beyond a certain stage.”

On being pointed out by the Committee that in view of past experience whether it was not necessary to revise the whole policy about new lines and conversion, the Chairman Railway Board stated:—

“On the general issue of new lines, my view is that there is no doubt that what we are doing for new lines is not in keeping with the aspirations of the people or the needs of the economy. Out kilometrage must go up. It has hardly gone up during the last 30 years. It is not a good thing. More new lines are required and that, again, is linked up with the total allocations which are possible for the Railways. I am sorry I have to say that every time. Because of that we are hardly making any progress in respect of new lines. New lines are required for various reasons, for socio-economic reasons, for lifting up the backward areas, and so on. The major thing required is higher allocation to the Railways plus a certain degree of priority for new lines. Further for new lines one more approach is possible, viz., if a particular region thinks certain lines are important in their priorities and if they are willing to bear the total cost by floating debentures...”

In reply to a question whether the Railways would allow a regional authority to finance the construction of a new line in its region, the Chairman Railway Board stated:—

“If a particular regional authority wants to fund a particular line it should be funded by the regional authority either from its own funds or through other means by raising funds.”

In reply to a further question whether the Planning Commission would agree to such a proposal, the Chairman Railway Board stated:—

“In the light of my experience I feel there should be some fresh approach to this and if the State Governments are willing to raise the resources outside the Plan then it should be done.”

The Committee asked as to with whom the ownership of that line rest, the Chairman Railway Board stated:—

“The ownership should be with the Railways. It can be given to us on a lease basis. If a particular region wants it then why should we stand in the way?”

The Committee further enquired whether the Ministry of Railways had accepted the fact that a corporation could be formed to raise funds from the public. The Chairman Railway Board stated:—

“We are doing that now. We are also thinking of raising debentures. This is not going to be an additionality to us. This will reduce the budgetary expenditure of the Finance Ministry. This proposal will be coming to you for clearance. I would urge you to approve this proposal. It is in overall interest that this kind of scheme is approved.”

The Committee were furnished with a note which gave the programme of completion of certain new lines and gauge conversion etc. during VIII & IX Plans. After the perusal of the note the Committee pointed out that the note was not comprehensive. The Chairman Railway Board stated:—

“Even this note which we have prepared and given to you is based on various assumptions. We have indicated what is likely to be completed in Seventh Five Year Plan. What will be completed in Eighth and Ninth Five Year Plan that we have combined together. It is difficult for us to give more details.”

The Committee on the basis of the note furnished enquired about the allocations made for new lines & gauge conversion scheme during VII Plan. The Member Engineering Railway Board stated:—

“The reason for not giving more details is that we have made certain assumptions for the Seventh Five Year Plan which may not remain valid. Then there is inflationary aspect also. Even if funds are available in some cases, we see whether completing that line would serve some purpose. That is why we are not making any commitment.”

The Committee enquired about the reasons of low return on the Hassan-Mangalore line, the Financial Commissioner, Railway stated:—

“One reason could be that the traffic expected at the time of survey might not have materialised.”

In reply to a question whether the Railways had any indication from the concerned ministry about the shortfall in the traffic on that line, the Member (Engineering) Railway Board stated:—

“They do not give any firm indication. About freight and passenger projections, we go by certain available data taken originally by the State or the Central Government. Sometimes the departments concerned or the State Government overproject their needs. We try to balance that in our own manner, but these are all broad judgements. Sometimes they materialise, sometimes not. In some cases they are more than anticipated.”

The Committee therefore suggested that in such a case where the traffic did not materialise upto the expected level, the concerned Department/Ministry should be held responsible for the commitment. The Chairman, Railway Board stated:—

“A system like this does, I am told, exist in the Soviet Union Planning process. Railways are compensated by the user Ministry there.”

Clarifying, further the Member (Engineering) Railway Board stated:—

“There was a glaring example about the Singrauli line. The traffic did not materialise as originally envisaged and then suddenly it materialised.”

The Committee enquired whether the survey methods employed by Railways in determining the remunerativeness or otherwise of a line were fool proof. The Member, Engineering Railway Board stated:—

“There are standard methods of estimating traffic. Based on that we do apply our judgement. Sometimes during the execution of the projection, the forecasts do require modification.”

The Committee pointed out that if there was delay in taking up of a project then it should also be indicated alongwith the project cost the additional cost of that project due to delay, the Member (Engineering) Railway Board stated:—

“The Planning Commission and the Finance Ministry know very well that the costs are based on a certain price level.



While I personally believe that there should be a provision for escalation, but for various reasons there has not been any thinking on this. Certain organizations like World Bank and others do provide for such contingencies."

Clarifying further, the Chairman, Railway Board stated:—

"... there should be some kind of a commitment by the user Ministry as well as the State Government. That will help in fixing the accountability."

The Committee drew the attention of the representatives of Department of Railways to the 48 Railway lines constructed by Railways since 1950, out of which the return in respect of 12 lines was far below than anticipated and in case of 10 line the position projects had turned out to be negative and enquired whether the Railway had any watch on the actual returns year by year and how the actual returns compared with the estimate in these case in the year 1984-85. The Financial Commissioner stated:—

"This information is worked out every year and it is also published in the Budget documents".

The Member (Engineering) Railway Board added:—

"The exercise is done every year and the information is also published in the parliamentary budget documents. In this regard, I would like you to appreciate one point. Even those people, who give their forecasts, have also some disabilities. I do not want to say that they are doing something wrong knowingly or deliberately. As we all know, even plan projections about the growth of population go awry sometimes. Taking all those factors into consideration, the suggestion that there should be certain accountability is a very welcome step."

The Committee pointed out that, in view of the estimates of returns from these lines having proved wrong, it was apparent that the survey conducted about the return from these lines was not complete. The Chairman Railway Board stated that in these cases the Railway had assumed that so much of traffic would be coming and so much would be growth in the traffic. But it never happened.

The Committee enquired about the steps taken to improve negative return on these proects, the Chairman, Railway Board stated

that the Railway were trying their best to increase the traffic on those lines and the performance of the Railway had been quite good. But if the traffic was not coming up then the Railway could do nothing in the matter.

On being asked to give the suggestions to improve the position, the Chairman Railway Board stated:—

“Actually we depend on various user organisations, State Governments and local authorities who give us the growth projections. What the Committee has already mentioned is the possible solution, i.e. there must be a system of financial accountability in case the projections do not prove to be right.”

Thereafter the discussion concluded and the Committee adjourned.

RAILWAY CONVENTION COMMITTEE  
(1985)

**26th Sitting**  
**10-2-1987**

The Railway Convention Committee held its sitting from 15.00 hrs. to 16.30 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. Shri Kailash Yadav
6. Shri Dipen Ghosh
7. Shri Bhagatram Manhar
8. Shri P. Upendra

**SECRETARIAT**

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

*Witnesses examined*

**PLANNING COMMISSION**

1. Shri J. S. Baijal—*Secretary*
2. Shri V. A. Valiaparampil—*Joint Adviser.*

The Railway Convention Committee held discussions with the representatives of the Planning Commission on 'On-going Projects'.

To an enquiry of the Committee about the precise policy of the Planning Commission in regard to allocation of funds for complet-

ing the present 'On-going Projects', the Secretary Planning Commission informed the Committee as follows:—

"The policy of the Planning Commission in regard to funding the on-going projects has been explained in the Plan Document (Seventh Five Year Plan—Volume 2), which was as follows:

"The on-going schemes particularly of new lines and gauge conversion would be reviewed to pursue projects which either add to the capacity or provide alternative routes, or else are project-linked. Proposals for new schemes would be considered with extreme care".

This basically, is the policy which we are following. This refers to only the work on on-going new lines."

On the observation of the Committee that the 20 projects of new lines selected by them for examination, were aimed to add to the capacity of the works or to provide alternative routes, the Secretary Planning Commission stated:

"The principles which I mentioned should add to the capacity and that there should be projects which are either of alternative routes or add to the capacities strategic lines etc. On the basis of this review, certain lines are at the moment being proceeded with very slowly while certain other lines a little faster. Out of the 20 lines which this Committee has taken up for study, eight lines will be completed within this plan period. So, enough money is being given so that they are completed within a plan period."

A representative of Planning Commission further clarified:—

"As far as new lines are concerned, there traffic is forthcoming, it will be taken up; where traffic is not forthcoming, we will have to slow it. That has been the philosophy. We do expect that the total track kilometres must go up. We are drawing up a long-term plan. The Seventh Plan document itself mentions about long term for track expansion. This is being done on somewhat scientific lines. We have to find out what is

the rate at which the traffic has to grow and move and then determine the lines. Work is going on in the Planning Commission. A Steering Committee is working on this now. By the end of the year, we will know something."

On an enquiry about the programme for completion of the remaining 12 projects, the representative of the Planning Commission stated:—

"At the beginning of the Seventh Plan, we made an assessment and we have found that as of 1984-85 prices, the cost of the on-going scheme was roughly Rs. 1200 crores. Because of the resources constraint, the amount that could be earmarked for the new line construction has only been Rs. 350 crores in the Seventh Plan. So, we started with a premise that we will not be able to complete all the on-going projects. Therefore, we prioritised and in the prioritisation, we said that the lines in the North-Eastern Region which were started in 1978-79, plus strategic lines, plus project oriented lines will be completed. For instance, now we have got a very important line to come with the Vizag Steel Plant. We are unable to provide fully for this in the Seventh Five Year Plan."

On a further enquiry whether priority will be given to the remaining 12 projects during the Eighth Plan, the Secretary Planning Commission stated:

"In the Eighth Plan, for the rest of these projects which we have mentioned, we should be able to allocate enough resources subject to overall resource position so that they are completed by the end of the Eighth Plan."

When attention of the representatives of the Planning Commission was drawn to the reply given in Parliament by the Minister for Planning that priority would be given to the lines which were under construction in such State which did not have any railway line since independence, the Secretary, Planning Commission pleaded inability of the Planning Commission to locate the statement referred to and stated that .

"Whatever the Ministry of Railways have said in their deposition, is more or less the view of Planning Commission

also. We will give priority to project-oriented lines, and lines in the north-eastern region."

The Committee enquired whether the floating of bonds by Railways would provide additional resources for on-going projects. The Secretary, Planning Commission stated :

"To some extent it does; but there are new commitments again coming up, firstly by way of higher costs than earlier. One of your questions is about what we are doing about inflationary pressures on railway material and secondly, on the track extension side, we have got new commitments..... may be not exactly new ..... and a much greater emphasis is required to be placed on the Koraput-Rayagudda line, and the other Vizag related works. When the plan was formulated, the pace of construction of Vizag project was being considered, viz., as to how much it should be. After the plan was finalised, it was decided that we would go into the final steam. At that time, Railway's plan had been finalised. So, there was some shift. The new line was found necessary, otherwise our exports of iron ore would be affected adversely."

On the Committee expressing a doubt that since the Vizag project line would require a major portion of allocation for new line, the Planning Commission would consider separate allocation for this line, the Secretary Planning Commission added :

"I do not say that Rs. 350 crores are all we would allot. I am sure the amount will be increased. How much will go to each project, will have to be considered. But there will be some additional money."

He later clarified that :

"For the new lines in 1985-86 there is a provision of Rs. 75 crores; for 1986-87 it is about Rs. 100 crores. At the end of the Five Year Plan, it is going to be not less than Rs. 450 to Rs. 500 crores."

The Committee drew the attention of the representative of the Planning Commission to one of the recommendations of National Transport Policy Committee suggesting a significant addition in the kilometrage of railway track and pointed out that suggestion had

not been totally accepted by the Government. On this the representative of the Planning Commission observed:

"NTPC has specifically mentioned the figure of 5,000 kms. Government decision was that whereas they accepted the need they did not specify the exact number of kms. In the context of constraint on total availability of funds, our effort was to see that the Railways as a whole were able to meet the traffic demand. In as much as traffic comes from new growth areas, e.g., Vizag Steel Plant being linked to the mines in that area, there was a need for new rail link."

On an enquiry of the Committee whether the Bhatinda line had been given any priority, the representative of the Planning Committee replied:

"Bhatinda by-pass line is a strategic line. It is not a normal by-pass line. There was considerable emphasis from the strategic point of view. That line is specifically put down on strategic consideration. It is not that we have by-passes all over the country. The purpose of a by-pass is to facilitate the movement of traffic. In this particular case, it is strategic importance more than anything else."

Mentioning about the new lines proposed to be taken up during the Seventh Five Year Plan, the Secretary Planning Commission stated that :

"Three or four lines have been added in the recently approved plan for being taken up in the Seventh Plan. They will be completed in the Eighth Plan and none of them is going to be completed in the Seventh Plan.

One such line is Digha-Tamluk, the second line is Guna-Etawah, the third line is Satna-Rewa and the fourth one is Trichur-Guruvayur."

In reply to a further question whether these recently added four lines were expected to be completed by the Eighth Plan, the Secretary Planning Commission stated:

"We cannot give any commitment in this regard. We do not know the position. Our expectation is that we should be able to provide funds and they have to be completed by the end of the Eighth Plan."

The Committee enquired about the reasons for approving the Digha-Tamluk line during VIII Plan, which was once considered economically unviable by the Planning Commission. The representative of the Planning Commission stated:

“The Digha-Tamluk line was first put into the Railway Plan budget of 1984. At that time, the Planning Commission had permitted the inclusion of this particular project subject to detailed examination of the techno economic grounds. The return on the project was not coming up to our standards. At that time, it was somewhat low. The Committee on Transport Policy—the Pandey Committee—said that it was not always necessary for a line to meet the requirements of 10 per cent or 6.5 per cent norm, it was possible to consider and sanction new lines even when traffic was low.”

We have examined the matter. We have had a number of references from the Ministry of Railways on this subject. Our views were different but ultimately we came to a meeting point.”

On being specifically asked as to when the question of Digha-Tamluk line was reexamined the Secretary, Planning Commission stated:—

“This is a line which has been under considerable debate for a long time. It was decided at some stage that we should sanction this line because even if it is not Ok today, it will be Ok in the course of the Eighth Plan and so, let us start the work. This is how this project got sanctioned. It is of Rs. 75 crores. We cannot say what will be final allotment next year. But in the current year I think it is, subject to correction by the Ministry of Railways, about one crore rupees. A slightly higher amount may be allotted next year because the work will really pick up only a couple of years later.”

The Committee desired to know the considerations which weighed with the Trichur-Guruvayur line. The Secretary, Planning Commission stated:—

“It is a 28 kms. small line and its total cost is Rs. 16 crores. According to the information given by the Railways, Trichur-Guruvayur-Kottapuram alignment is an alternative



route. This has been going on for a long time. The Railways as well as the Government of Kerala have been proposing the line from Trichur to Kuttipuram via Guruva-yur. That line was long and we thought that it is only for the pilgrim traffic and so it is too expensive. Then they proposed a cheaper version of the line which would meet the requirements of pilgrims. This was the via-media and we accepted it."

The Committee enquired the reasons for projects for new lines being taken up, while there were on-going projects lingering from 5th or Sixth Plan period. The Secretary, Planning Commission stated:

"We are totally in agreement with the views of the Hon. Member and this Committee that we should not start new projects when the funds are so short and the completion of some of the projects which are already taken up is held up. Sometimes, there are project related work and sometimes there are alternative routes which should be opened up. Satna-Rewa is linked to the cement plant for movement of lime-stone etc."

In reply to a further question whether new lines were being taken up at the cost of new lines started some 10 to 15 years back, the Secretary, Planning Commission stated:

"We agree with the views of the Hon. Member that we should concentrate on completing the old projects which are on-going for a long time and allow them to linger on from Plan to plan. You are all aware of the circumstances in which these projects are cleared. We are trying our best to give the maximum acceleration to the continuing projects, but the addition of some new projects cannot be totally ruled out."

He further stated:

"At some stage a decision has to be arrived at. One can make points about viability and so on. But there are other factors also. As I mentioned already, Satna-Rewa is a project-linked line. The other projects really are not very expensive or big ones. They are not going to hurt the new projects."

The Secretary, Planning Commission went on to say:

"It is not that for these new commitments which had been made, these few lines which have been added, there is

going to be a very large expenditure within this plan period. At present, it is difficult to say what would be the expenditure, because these lines have very recently been approved. It is likely to be something small. So, these new lines are not at the cost of the continuing works. We are going as fast as we can, subject to the availability of funds for the new work should not linger, otherwise cost escalation will be there, time over-run will be there. We will not also get the benefit."

The attention of the witness was drawn to the recommendation of RCC that new lines should be constructed either in backward regions or on grounds of social obligations. The Secretary, Planning Commission stated:

"All these lines in the North-east are for linking up of backward areas."

The Committee pointed out that it was 1977 or 1978 that commitment was made to connect all the States with railway lines, but instead of giving priority to those lines, new line were being taken up for construction, the representative of Planning Commission stated:

"Project linked lines and backward regions are given certain priorities. As far as the North-Eastern Region is concerned, a decision has been taken by the Government that every state in that particular region should have rail link because quite apart from the transport facilities, there is a tremendous emotional impact involved in this. Here Meghalaya has not permitted a particular point to be connected by rail and there is a slight dispute between Nagaland and Assam over some forest land in that area. Barring these two lines, every State in that region will be linked in the Seventh Plan. The emphasis is on improving the backward regions, in a situation where there is always shortage of funds, because of the constraints, we have to necessarily ration out the funds."

The Committee pointed out that when it was decided to take up a project it must then also be ensured that the project is completed in time. The representative of Planning Commission stated:

"You could not be more correct and we entirely agree with you. When one has to ration out, we have to necessarily pick up

the more important ones. To the extent, a project-linked line has to come within a certain time, we shall dovetail the completion of the project. That is the ideal where there are certain distortions, our attempt is to reduce to the maximum extent possible the amount of distortion. Now we are lifting about 300 million tonnes of freight and by the end of the century we have to lift about 600 million tonnes. This is the scenario and we have to necessarily start now. Wagons which are procured now will last for 40 years. Track laid today will go for 35 years. As it is we are working on an over-aged fleet."

The Committee enquired whether it was possible to include the cost of rail transport in projects' cost itself thereby reducing the financial burden of the Railways. The Secretary, Planning Commission stated:

"If there is a certain dedicated line, then it is considered as part of that project and not otherwise. This is the principle that is being followed all the time."

He further added:

"In our project appraisal for industrial projects, we take into account the available modes of transport. The modes of transport available, and whether the need for having additional facilities is really there or not, should be kept in view."

The Committee pointed out that the construction of strategic roads was financed by the Ministry of Defence and enquired whether the Ministry of Defence was also contributing towards the cost of strategic lines, the Secretary, Planning Commission stated, "the kitty is same."

The Committee enquired whether Planning Commission had undertaken any study of effects of delay in completion of new lines, the Secretary Planning Commission stated:

"We have not specifically studied the effect of these delays in completion of new lines and resulting cost overruns. We have not done it."

On being pointed out that cost of 20 lines selected by the Committee for examination, had gone up by 3 to 4 times of the original cost, the Secretary, Planning Commission admitted that:—

“Some of the projects are very expensive. They are technical in nature . . . . But in relation to the total cost, the expenditure incurred so far is very low in some of the cases.”

Thereafter, the Committee adjourned.

RAILWAY CONVENTION COMMITTEE  
(1985)

35th Sitting

8-9-1987

The Railway Convention Committee held its sitting from 15.30 hrs. to 16.30 hrs.

PRESENT

MEMBERS OF THE COMMITTEE

1. Shri Subhash Yadav—*Chairman*
2. Shri Basudeb Acharia
3. Prof. Narain Chand Prashar
4. Shri Vijay N. Patil
5. Shri Ram Ratan Ram
6. Shri S. Thangaraju
7. Shri Dipen Ghosh
8. Shrimati Amarjit Kaur
9. Shri Bhagatram Manhar
10. Shri Kalpnath Rai

SECRETARIAT

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

2. The Chairman, Railway Convention Committee welcomed Shri Depen Ghosh on his re-election to Rajya Sabha and re-nomination to the Committee.

3. The Committee considered and adopted the draft Report on 'On-going Railway Line Projects', subject to the amendments mentioned in the Appendix.

4. The Committee authorised the Chairman to make any consequential correction as might become necessary to finalise the Report and present the same to Parliament.

\* \* \* \*

Thereafter the Committee adjourned.

APPENDIX

Sl.No.	Page	Para	Line	For	Read
1	21	1st	19	<i>Add</i> after 'plans'	" , which in the opinion of the Committee should atleast be 10%"
2	43	1st	6-7	For existing, sentence 'it is..... region alone'	<i>read</i> the Following:  "As the allotment of the amount is for the entire country, the Committee suggest that special care should be taken to allocate more funds to projects in North-east region."
3	55	1st	15-16	For the existing lines from "Since..... up the "	<i>read</i> the following:  "Since the country as a whole and the Railways in particular are suffering in such cases, a little alertness on the part of the Railways is taking the"
4	56	2nd	5 from bottom	<i>Delete</i> "some"	
5	57	1st		<i>Add</i> at the end of the paragraph:	"In case the Projects do not share the cost of construction of project line meant for them, the Committee would make the alternative recommendation to the Railways to shift the emphasis on project-oriented line; to the on 'going' Railway line projects meant for the development of the backward areas.
6	63	1st	5 from bottom	<i>add</i> after desirable :	"It is necessary that at the time of foundation stone laying funds for project should be secured."
7	63	1st	last	For the existing line <i>read</i> :	"commitment on the 24 lines referred to above should be honoured on a priority"