

RAILWAY CONVENTION COMMITTEE (1985)

(EIGHTH LOK SABHA)

FOURTH REPORT

ON

**Action taken by Government on the Recommendations
contained in the Twelfth Report of the Railway
Convention Committee, 1980, on Track
Expansion Programme of Railways**



AUTHENTICATED

General
Secretary
Railway Convention Committee

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

**LOK SABHA SECRETARIAT
NEW DELHI**

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**RAILWAY CONVENTION COMMITTEE
(1985)**

LOK SABHA

1. Shri Subhash Yadav—*Chairman*

MEMBERS

2. Shri Bansi Lal
3. Shri Basudeb Acharia
4. Shri B. Devarajan
5. Prof. Narain Chand Parashar
6. Shri Vijay N. Patil
7. Shri Janardhan Poojary
8. Shri Ram Dhan
9. Shri Ram Ratan Ram
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11. Shri S. Thangaraju
12. Shri V. Tulsiram

RAJYA SABHA

13. Shri Vishwanath Pratap Singh
14. Shri Dipen Ghosh
15. Shri M. Maddanna
16. Shri Bhagatram Manhar
17. Shri Kalpnath Rai
18. Shri P. Upendra

*Nominated on 27-1-1986 *vice* Shri Manvendra Singh resigned.

INTRODUCTION

I, the Chairman of Railway Convention Committee (1985) having been authorised by the Committee to submit the Report on their behalf present this Fourth Report on Action Taken by Government on the recommendations contained in the Twelfth Report of the Railway Convention Committee (1980) on 'Track Expansion Programme of Railways'.

2. The Twelfth Report of the Railway Convention Committee (1980) was presented to both the Houses of Parliament on 25th August, 1984. The replies of the Government to all the recommendations contained in the Report were received by 27th September, 1985.

3. The Committee considered the replies of the Government at their sittings held on 2nd April, 1986 and adopted the Report on the same day.

4. An analysis of action taken by Government on the recommendations contained in the Twelfth Report of Railway Convention Committee (1980) is given in Appendix..... It would be observed therefrom that out of 25 recommendations made in the Report 10 recommendations i.e. 40 per cent have been accepted by the Government. The Committee have decided not to pursue the 11 recommendations i.e. 44 per cent in view of the replies furnished by the Government. The final replies in respect of 2 recommendations i.e. about 8 per cent are still awaited from the Government. Replies in respect of 2 recommendations i.e. 8 per cent have not been accepted by the Committee.

NEW DELHI;
April 2, 1986
Chaitra 12, 1908 (S)

SUBHASH YADAV,
Chairman,
Railway Convention Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the Committee's recommendations/conclusions contained in their Twelfth Report (Seventh Lok Sabha) on 'Track Expansion Programme of Railways'.

1.2 Actoin taken notes on all the recommendations and conclusions contained in the Report have been received from the Government.*

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

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

S. Nos. 1, 7, 8, 13, 14, 15, 16, 17, 18 and 23.

- (ii) Recommendations and conclusions in respect of which replies of the Government have been accepted:**

S. Nos. 2, 3, 4, 5, 9, 10, 11, 12, 20, 21 and 25.

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

S. Nos. 22 and 24.

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

S. Nos. 6 and 19.

1.4 The Committee expect that final replies to the recommendations in respect of which only interim replies have been furnished will be submitted expeditiously.

1.5 The Committee will now deal with the action taken by the Government on some of its recommendations.

***Out of four points on which further information was called for on 5-12-1985, information on three points was received on 5-1-1986 and 5-2-1986.**

A. Need to fix clear physical targets to ensure their timely execution (S. No. 16 Para 11.16).

1.6 The Committee had emphasised that a pre-requisite of planned process was pre-determined physical targets and periodical comparison of achievements with those targets in order to take timely steps to achieve the targets. In a note furnished to the Committee the Ministry of Railways had stated that it was not possible to indicate physical targets of new lines, gauge conversion and doubling as the progress of the various works was mainly determined by the availability of funds for the total plan of the Railways which in turn depended upon the total resources that could be mobilised and the requirement of other sectors. This argument was unacceptable to the Committee. The Committee had stressed that our plans ought to be need based. The need having been felt and provided for in the plan, money had to be found to execute the plan except in exceptional circumstances of financial stringency. The Committee had expected clear physical targets and efforts to achieve them.

1.7 In their reply the then Ministry of Railways (Railway Board) have stated as follows:

"Observations have been noted. It is submitted that while the objective to have the plan need based is very desirable, the availability of resources, on which the Railway Board does not have much of a control, becomes a serious constraint in the smooth progress of most projects. The rising inflation which is almost unabated, results in escalation of estimated cost, with consequent increased requirement of funds to complete the same work. In spite of these restraining factors, targets are now being fixed for completing projects, or part thereof and the progress achieved is being periodically reviewed."

1.8 The Committee feel that in an inflationary economy the only solution to match the physical targets to the available monetary resources is to complete the projects as expeditiously as possible. The scarce resources should be utilised in such a manner on the ongoing projects (new lines conversion projects under construction) so as to ensure balanced regional development through the expansion of railway network without any discrimination by giving priority to commission atleast one railway line under construction in each such State, wherever the Railways have undertaken the construction of a new line during the Sixth Five Year Plan.

B. Concentration in and around metropolitan cities and trunk routes. (S. No. 22, Para 11.22)

1.9 The Committee had commented upon removal of congestion and dispersal of Railway facilities from and between the metropolitan cities of Bombay, Calcutta, Madras and Delhi. Because of historical reasons the thrust of investment had hitherto been in and around the aforementioned metropolitan cities and the trunk routes connecting them. Even after Independence, this concentration continued. The result was further congestion on the one hand and the accentuation of regional imbalance on the other. In the opinion of the Committee, time had come when with a view to removing the congestion as also attaining a fair measure of dispersal of Railway infrastructure developing new growth centres in the country, further concentration of investment in and around the metropolitan cities and trunk routes connecting these cities should be avoided. The Committee had no doubt that as a result of this the country as a whole will be overall richer in infrastructure. As deposed by the Chairman, Railway Board before the Committee, if instead of further investment on the Grand Trunk route, investment could be made in the West-Coast line—between Bombay and Mangalore, one could reach Mangalore from Delhi in 24 hours. Likewise, by well-thought out and well-worked out investments in and around the coal and other mining belts, the industrial map of the country could be changed. The Committee had trusted that the Railway Board would attend to this at the earliest.

1.10 In their reply, the Ministry of Railways (Railway Board) stated as follows:

“Line capacity on the routes leading to the metropolitan cities and other supporting facilities have been provided taking into account the existing and anticipated traffic demands. The need for dispersal of new Railway infrastructure to avoid congestion of the metropolitan cities and consequently resulting in development of new growth centres in the country is, so far as is possible, already being practised on the Railways. Location of new industries set up in the private and public sector, depends on various factors outside the purview of Railways.”

1.11 On a suggestion of the Committee that since the subject matter concerned Government of India as a whole this might be

placed before the Cabinet, the Department of Railways have replied as follows:—

“The need for dispersal of new Railway infrastructure to avoid congestion at the metropolitan cities and to promote development of new growth centres is being kept in view while formulating new projects.”

1.12 The Committee are constrained to observe that instead of giving a specific answer to their positive suggestion that since the subject matter concerns the Government of India as a whole, this might be placed before the Cabinet, Railways have chosen to repeat in substance what they had said in their earlier action taken reply. This smacks of scant regard which the Ministry have for the recommendation coming from the Committee. While the Committee agrees that location of new industries set up in the private and public sector depends upon various factors outside the purview of Railways, they had suggested the matter to be placed before the Cabinet as the Ministry had pleaded that location of new industries set up in the private and public sector depended upon various factors outside the purview of Railways. The Committee still feel that instead of giving a stereotyped reply Government should give serious consideration to their suggestion and apart from bringing this matter to the notice of Cabinet they should also bring it to the notice of State Governments as location of new industries in the private and public sector also depended upon the State Governments. The Committee reiterate that concerted action should be taken by the Ministry of Transport in whose control and purview all modes of transport fall to see that new railway infrastructure is suitably dispersed all over the country, so that congestion of the metropolitan cities is effectively checked.

C. Uneconomic Branch Lines (S. Nos. 24, Para 11.24)

1.13 The Committee had noted that the Railway Convention Committee (1973) had called for a review to identify the lines which should be closed keeping in view the availability of alternative modes of transport in the concerned sections. Review carried out by the Railway Board in consultation with the Zonal Railways in 1976-77 disclosed that there were 23 uneconomic branch lines where satisfactory alternative modes of transport were available and that the closure of the lines would not adversely affect the public interest. The Ministry of Railways approached the concerned State Governments to agree either for closure of those lines or for the reimbursement of the losses sustained by the Railways in operating these lines. None of the State Governments agreed to the proposal of the Ministry of Railways to discontinue the lines. A few

other Committees have also recommended closure of these lines. However no decision has been taken in the matter so far. The Committee were of the view that since there was reluctance on the part of the concerned State Governments, the issue should be re-examined with a view to seeing whether these lines could be made viable by improving speed or changing the timing of trains to suit the convenience of the travelling public or by providing more passenger facilities.

1.14 The Ministry in their reply had stated as follows:

"The Railway Reforms Committee made an indepth study of the uneconomic branch lines and have submitted their recommendations/conclusions in this regard in Part XI of their report on 'Economies' submitted in October, 1983. They have recognised the fact that the closure of a railway line may evoke protests but at the same time it was difficult in the overall national interest to ignore the fact that the operating loss on such lines is a restraint on the Railways' efforts at resource mobilisation. The Committee have classified the 136 uneconomic branch lines into the following categories:

- (i) 40 lines which can be closed down in view of availability of adequate road services to meet full transport requirements of the area.
- (ii) 17 lines, all of which are in Gujarat State, which can be closed provided 'Kutchia' roads which become unserviceable during monsoon, are converted into all-weather metalled roads.
- (iii) 5 lines for which surveys for conversion have been ordered.
- (iv) 74 lines which cannot be closed for reasons such as strategic importance, serving remote areas not accessible by road, serving hill towns which are of tourist importance etc.

The Ministry of Railways have accepted the recommendation to retain 74 uneconomic branch lines and techno-economic study of the lines which are incurring an annual loss of more than Rs. 20 lakhs has been undertaken with a view to narrow down the losses. In regard to the 17 lines where all-weather metalled roads are not

available at present, the matter has been taken up with the Government of Gujarat. They have not yet advised us of their final views regarding development of roads but have expressed their inability to agree to the closure of these lines. In respect of the 40 lines identified for closure, the Committee have suggested that the Railways should enter into a serious dialogue with the State Governments either to agree to the closure of these 40 lines or to share the loss on a 50:50 basis in respect of those lines which are desired to be continued.

The Committee have recommended that Railways should set off 50 per cent of the losses on such lines against the share of the grant payable to the States in lieu of the passenger fare tax, after a period of 2 years for completing the State-Railway dialogue, in consultation with the Finance Commission. Accordingly, the Committee's recommendations were placed before the VIII Finance Commission in December, 1983 requesting for their views and the State Government concerned were also written to in the matter. In their report, the VIII Finance Commission have stated that the issue may be resolved by negotiations between the Government of India and the States concerned. Meanwhile, replies have since been received from all the State Governments, except Kerala and Bihar, stating that they do not agree either for the closure of the uneconomic lines or sharing the losses with the Railways.

The question of closing down certain uneconomic branch lines and increasing the earnings and reducing the working expenses of these lines has been considered by the Government from time to time. While on the one hand the State Governments have been totally averse to closure of these lines, there has been little or no effect on the losses sustained by the Railways on account of poor traffic and heavy increases in the costs of operation in spite of various measures taken to improve their viability, including adjustment of time-table wherever feasible to suit public convenience, introduction of 'one engine only' system, running of trains during day light only etc. In view of the low density of traffic obtaining on most of these branch lines, there is no scope for making them viable."

1.15 The Committee agree that uneconomic branch lines in the areas where other modes of transport have developed is a burden on the nation. They, therefore, reiterate that the Railway Board should continue the dialogue for the closure of these lines with the State Governments and convince them of the advisability of closing the totally uneconomic lines whose conversion may be viable.

1.16 The Committee note that the Railway Reforms Committee had recommended that 17 lines in Gujarat State which are uneconomic cannot be closed as the connecting "Kutchha" roads to the places served by these branch lines become unserviceable during monsoon. They had therefore, recommended that these roads should be converted into all-weather metalled roads. Alternately, existing rail embankments which remain usable even during monsoons, may be considered for conversion into all-weather metal roads by the State Government. The Committee consider that the financial assistance necessary for inducing the State Government to convert Kutchha roads into all weather-metalled roads should be estimated and some incentives given to the State Government to make them agree to withdrawal of railway lines with a view to achieve the objective of closing the uneconomic branch lines.

1.17 The Committee consider that as most of these lines form the deadend of the system, these lines could perhaps be made remunerative by extending the deadend to a convenient vital point in the main system of the railway net-work. This aspect needs to be considered by the Railway Board.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

The Indian Railway system is the principal mode of transport in the country and the world's second largest system, under one management. It constitutes the life-line for most long distance movements and forms the basic infrastructure for the development of the economy. As on 31-3-1951, the total railway route kilometerage was 53,596. During the last 32 years, 7789 kilometerage has been added, thus taking the route kilometerage to 61,385 as on 31-3-1983. The Committee, however, observe that the track expansion, which was fairly fast upto 1968-69, slowed down considerably thereafter. Thus, as against the addition of nearly 6,000 kilometerage during the 18 year period (1950-51 to 1968-69) the addition in the 14 year period thereafter (1969-70 to 1982-83) is less than 2,000. The average addition per year during the period 1969-70 to 1982-83 works out to 102 kilometres as against 331 kilometres during the period 1950-51 to 1968-69.

Reply of Government

The observation that the additions to new lines after 1969 has substantially reduced, compared to the achievements prior to 1969, is true. It has, however, to be remembered that not only the percentage of expenditure on Railways, as compared to the total Plan expenditure, which stood at 15.45 per cent in the third plan, reduced to about 5.6 per cent in the IVth to VIth plan periods, but the amount actually available for construction of New Lines also reduced substantially in real terms, due to the almost continuous inflationary trends.

Recommendation No. 7

At present, the initial return seems to be the sole criterion for clearance of Railway project. The Committee strongly feel that the economic internal rate of return ought to be given due weightage, as in the case of projects of public undertakings. Other things

being equal, Railway project showing a higher economic benefit should be preferred. The Committee, accordingly, desire that a suitable system of assessing economic costs and benefits of Railway projects should be developed and economic cost benefit analysis invariably made. For this purpose, the organisation of Economic Adviser of Railways should be qualitatively strengthened.

Reply of Government

The recommendation made by the RCC is accepted in principle. However, during the Seventh Five Year Plan period, the Railways would mainly concentrate on track renewals and completion of 'on going' projects including some of the major new line constructions which are in varying stages of progress. There is very little prospect of any more new line projects being sanctioned during the Seventh plan period. If at all it is done; it may be primarily to develop some of the backward areas and/or for strategic considerations.

In view of this, there seems to be no immediate need for expanding the existing Economic Unit in the Ministry or for setting up economic units on the Zonal Railways.

Recommendation No. 8

One of the reasons for the projections going awry is that there is often time lag between completion of a project report and actual taking up of the work. Even after taking up the construction, there is quite often time overrun due to one reason or the other. In course of time, many new factors crop up which upset the original calculations. The Committee, therefore, consider it imperative that on the eve of actual commencement of construction, the survey report should be updated taking into account all new factors that might have taken place in the meanwhile. The Committee would also commend the idea that on completion of a survey report, the concerned State Government should be apprised/consulted before submitting the proposal to the Planning Commission for a final decision.

Reply of Government

There are more than one reasons for the projections going awry. Apart from the prolonged interval between the survey and actual taking up construction, the period of construction itself gets prolonged due to inadequate availability of resources. Moreover, the rate of development in the region does not remain the same as anticipated or it gets changed due to various other extraneous

factors which were not known at the time of survey. The updating of the surveys is, therefore, being done wherever it is considered necessary to reassess the cost of construction and the financial viability of the project. Further, instructions have also been reiterated to the Railways to apprise/consult the concerned State Governments on completion of the survey report. The views expressed by the State Government, if any, will be kept in view before taking a final decision.

Recommendation No. 13

An important point which has been raised before the Committee is whether, other things being equal, a project for which a substantial contribution in the shape of free land, earthwork, wooden sleepers, etc. is offered by a State Government should not be given preference to a project for which no such offer is received. The view expressed by the Joint Adviser (Transport), Planning Commission in evidence was that "each project can be considered on merits and there is no preference as such". On the other hand, the Secretary, Planning Commission agreed that "preference should be given" to a project for which an offer of land or earthwork etc. has been received "provided other things are equal as between two projects". The Committee has given a careful thought to the whole matter. Their considered view is that while selecting new lines, the Railway Board should strictly go by the criteria laid down by the Committee in the preceding paragraph and the offer of contribution by a State Government should not enter into their reckoning at that stage. If, however, after the strict application of these criteria, the Railway Board come to the conclusion that two projects merit equal consideration in all respects, they (Railway Board) may consider giving preference to a project for which contribution has been offered by a State Government, for such contribution will help in faster progress of the project. In this connection, the Committee however, wish to draw the attention to the observations of the Joint Adviser (Transport), Planning Commission: "It can happen that if the affluent States start providing land, earth-work etc. whatever little money is there will go to them and we might not be able to meet the needs of backward States." The Committee caution that such a situation should not arise out of the preference suggested by them.

Reply of Government

Observations are noted. According to the extant policy of the Govt. of India, offer of the State Government for free land, earthwork etc. are not to be accepted and this is being followed in respect of all new projects.

Recommendation No. 14

Another aspect which has greatly disturbed the Committee is almost total lack of planning in taking up new lines for construction. Individual projects which satisfy the broad criteria (including the rate to return criteria) are selected in an ad hoc manner for being taken up for execution and not as a part of some well-conceived plan. Too many projects are taken up simultaneously resulting in the limited resources at the disposal of the Railways getting distributed thinly thereby delaying the completion of the projects. Quite often, the existing on-going projects are slower down or frozen, but at the same time similar new projects are taken up. A typical instance of delay in completion is the Hassan-Mangalore line which has taken 15 years. There are numerous such instances. It is not clear to the Committee why work on a large number of projects is taken in hand when the Railways are well aware that it would not be possible to complete them within a reasonable period. Apart from time and cost overruns, it results in frustration among the public hoping to benefit from such projects. The Committee feel that time has come when the Railway Board gave up their practice of ad hoc selection and re-oriented their whole approach in the matter. The Committee desire that keeping in view the broad criteria laid down by them in a preceding paragraph, the Railway Board should draw up a long-term perspective plan for track expansion for the next 20 years in consultation with the Planning Commission for implementation from the start of Seventh Plan. Under this Plan, projects should be taken up for execution strictly in the order of their priority in the Plan and once started, should be progressed to completion according to their time-scheduled without any interruption during the Seventh Plan period.

Reply of Government

Observations have been noted. The Railway prepare a corporate Plan for 15 years. This plan is current'y under preparation for the period 1985—2000. A separate chapter on 'New lines' for the perspective period of 15 years will be incorporate in this Plan.

Recommendation No. 15

The Committee observe that the expenditure on new lines, which was Rs. 33.35 crores in the First Plan rose to Rs. 211.96 crores in the Third Plan but decreased to Rs. 66.68 crores in the Fourth Plan and slightly increased to Rs. 114.29 crores in the Fifth Plan. Rs. 154.93 crores have been spent during first three years of the Sixth Plan. The total outlay on new lines for the Sixth Plan is

3687 LS—2.

Rs. 380 crores. The expenditure during the three years of the current Plan is thus much less than the proportionate outlay. These figures are in current prices. It is obvious that not much of expenditure has been incurred since commencement of the planned era in the country. There is no fixed proportion of the total Plan allocation for the Railways earmarked for the construction of new lines. The Committee have recommended in the preceding paragraph that the Ministry of Railways (Railway Board) should draw up a 20-year perspective Plan for construction of new lines. It is imperative that adequate fund for each Plan period are earmarked for construction of new lines. The Committee also desire that the funds so allocated for the construction of new lines should not be allowed to be diverted to any other Plan head, nor should the funds allotted for specific projects be ordinarily allowed to be diverted to any other project.

Reply of Government

Observations are noted. Normally, funds are not diverted. In rare cases, however, to make the optimum use of the limited resources funds are diverted to achieve this objective.

Recommendation No. 16

A pre-requisite of planned process is pre-determined physical targets and periodical comparison of achievements with those targets in order to take timely steps to achieve the targets. In a note furnished to the Committee, the Ministry of Railways have started that it is not possible to indicate physical targets of new lines, gauge conversion and doubling as the progress of the various works is mainly determined by the availability of funds for the total plan of the Railways which in turn depends upon the total resources that can be mobilised and the requirement of other sectors. This argument is unacceptable to the Committee. Our plans ought to be need based. The need having been felt and provided for in the Plan, money has to be found to execute the Plan except in exceptional circumstances of financial stringency. In future, the Committee would expect clear physical targets and efforts to achieve them.

Reply of Government

Observation have been noted. It is submitted that while the objective to have the plan need-based is very desirable, the availability of resources, on which the Railway Board does not have

much of a control, becomes a serious constraint in the smooth progress of most projects. The rising inflation which is almost unabated, results in escalation of estimated cost, with consequent increased requirement of funds to complete the same work. In spite of these restraining factors, targets are now being fixed for completing projects, or part thereof and the progress achieved is being periodically reviewed.

Comments of the Committee

Please see paragraph 1.8 of chapter I.

Recommendation Nos. 17 and 18

"17. As already mentioned, the arrears in track renewals have assumed alarming proportions. The arrears which were 13,100 kms. at the beginning of the Sixth Plan in April, 1980 are expected to go upto 20,000 kms. by end of Sixth Plan, even assuming accelerated renewals during the plan period. A provision of Rs. 500 crores was made in the Sixth Plan for track renewals against which expenditure during 1980—82 was Rs. 281.39 crores. Though the expenditure was more than the proportionate outlay during these years the physical achievement fell far short of the target. As against 8,000 kms. of track renewals targetted during the plan period, only 3,921 kms. were renewed in the first three years of the Plan. The slow pace of track renewals is reported to have led to the speed constraint affecting the productivity of the railway system. The need for expeditious clearance of backlog of track renewals cannot be over-emphasised. Taking into consideration the extent of the problem, it is necessary to follow a phased programme of wiping out the arrears at least by the end of the next ten years."

"18. The Committee find that as per the estimate of the National Transport Policy Committee, to meet the traffic needs of the country in the next 20 years, another 5,000 kilometreage of track will have to be added. This mean about 1,250 kilometreage per Plan period. At current prices, it will mean an outlay of about 375 crores for a Plan period i.e. about Rs. 75 crores per year. A huge investment will also be required for track renewal programme."

Reply of Government

The pace of Track Renewals was further stepped up in 1983-84 and 1984-85 and the progress of renewals in Sixth Plan has been as under:—

Year	Track Renewal carried out		
	Primary	Secondary	Total
80-81	880	216	1096
81-82	1250	293	1543
82-83	1480	417	1897
83-84	1729	531	2260
84-85	2085	660	2745
			Total: 9541

2. The draft Seventh Five Year Plan provides for liquidation of the arrears of track renewals in the next ten years as recommended by RRC. Efforts are being made with the Planning Commission to accept our Plan for track renewals and make adequate provision for funds in the Seventh Plan period. For 1985-86 Rs. 415 crores (net) have been allotted for track Renewals and a target of renewal of 3,000 kms. of track has been fixed.

Recommendation No. 23

Intra-city rail transport is distinctly different from inter-city rail transport. The Committee understand that comprehensive plans for intra-city transport are being evolved for major cities. In fact the Metro Railway for Calcutta is under construction and its first sector would become operational soon. The Committee recommend that there should be a separate Metro Railway Authority for each major city to plan, construct and operate the intra-city railway system.

Reply of Government

The responsibility for planning, policy formulation and Development of intra-city transport including suburban traffic to be moved by the Railways rests with the local/Civil administration as then only they can plan properly land usage inter-connection with other modes of transport and proper and efficient sharing of transport facilities between Rail and road/other modes. This has an

important bearing on the planning of the city and location of work and housing areas. The nodal Ministry for urban development is the Ministry of Works and Housing and to the extent the Works and Housing Ministry requires Railways to plan and development of intra-city railway facilities and arrange funding for them. The Railways will give them appropriate assistance and priority. National Transport Policy Committee have also recommended that other bodies, organisation, authority should eventually be responsible for catering to the intra-city and suburban transport system. The recommendations of the Committee for setting up of separate Transport Authority as part of the Regional Transport Authority in the Metropolitan cities for over-all charge of all modes of transport including Metropolitan Rapid Rail Transit System has been accepted by the Cabinet.

2. Ministry of Works and Housing have been nominated as Nodal Ministry to decide in consultation with other concerned Ministries regarding setting up of a separate Authority for the operation and maintenance of Metro Railway Calcutta.

3. Part of Metro Railway section from Esplanade to Bhowanipur covering five stations and Dum Dum to Balgachia has been made operational with effect from 24th October, 1984 and 12th November, 1984 respectively.

CHAPTER III

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

Recommendation No. 2

An analysis of the Plan allocations for Railways shows that while these allocations at current prices have been going up from Plan to Plan (having gone up from Rs. 400 crores for the First Plan to Rs. 5,100 crores for the Sixth Plan), the share of Railways in the total public sector outlay has been sharply going down since the Third Plan. As the Committee observe, the share of outlay of Railway (including DRF) in the total public sector outlay was 21.6 per cent in the First Plan and 22.3 per cent in the Second Plan, thereafter it has been continuously going down, having reached a mere 5.23 per cent in the Sixth Plan. Although the allocation of Rs. 5,100 crores for the Sixth Plan appears to be fairly impressive, it would not be so, if reckoned in terms of constant prices and the requirement of Railways.

Reply of Government

Attention of the Planning Commission has been repeatedly drawn to the inadequacy of resources made available to the Railways for their plan expenditure. This was again emphasised at the Railway Board's level during discussions with the Planning Commission at the time of consideration of the Seventh Five Year Plan in May 1985. Subsequently the matter has also been taken up with the Deputy Chairman, Planning Commission at the level of the Minister of State for Railways.

Recommendation No. 3

According to a note furnished by the Planning Commission, the criteria adopted for investment in the Railways take into account the projected transport demand and the need to create adequate capacity, both line capacity and rolling stock, to meet the projected levels of traffic of freight and passenger transport for a given plan period. It also takes into account the requirements of rehabilitation and replacement of ageing assets as well as investments required for modernisation, upgradation of technology, cost reducing investments like electrification, investments for achieving self-reliance in the production of major equipment required for Rail-

ways and for expansion of the network to meet the developmental needs. However, the picture of the Railway assets dealt with in this Report, viz., track, that emerges in the last year of the Sixth Five Year Plan is as follows. Against a moderate growth of 13 per cent in route kilometerage and 26 per cent in track kilometerage mostly due to double tracking in broad gauge system, in the last 30 years, the passenger traffic has increased more than two and a half times, from 66.5 to 177 billion passengers kilometres and freight traffic more than three and a half times, from 44 to 163 billion tonne-kilometres. This has resulted in a sharp increase in the density per kilometre both on broad and metre gauges with heavy strain on track. The arrears in track renewals which were 13,100 kilometres at the beginning of the Sixth Five Year Plan in April, 1980 have now gone up to nearly 20,000 kilometres i.e. about a third of the entire track kilometerage in the country. In addition, the Committee find from the Report of the Comptroller and Auditor General of India for the year 1981-82, Union Government (Railways) that the old steel girders in 2700 bridges erected prior to 1905 had become brittle and needed early replacement. At the same time, there is a general grievance that very little has been done to connect the inner backward areas of the country by rail. In the light of the above facts, the Committee are led to the inescapable conclusion that the funds allocated by the Planning Commission for the Railways after the Third Plan have been grossly inadequate to meet the Railways' needs both for development and renewal.

Reply of Government

The requirement of funds for replacement of over-aged assets during the 7th Five Year Plan is assessed as Rs. 7,600 crores approximately at March, 85 prices. This is based on replacing all arrears of over-aged assets with 5—10 years. The contribution to DRF has been increased from Rs. 850 crores in 1984-85 to Rs. 950 crores and this amounts to 15 per cent of the gross earnings of the Railways. It would be difficult to finance a larger outlay for replacement of overaged assets from internal generation. However, during 1984-85 Railways incurred an expenditure of Rs. 1000 crores on subsidising short lead passenger traffic and certain low rated commodities by transporting them below cost as a 'social burden'. If the Central Government/State Governments concerned reimburse the railways for such subsidies, it may become possible for the Railways to meet the cost of replacement of all over-aged assets from internal generation of resources.

Recommendation No. 4

Before Independence, the Railway system in India was developed primarily to provide communications with the major ports and large cities, keeping in view the administrative, strategic and trade imperatives of that time. The communication needs of the remote backward areas were not paid due attention. In fact, the idea of the Railways playing a pivotal role in the development of these areas was not even seriously considered. However, even after Independence, the Committee regret to observe, much attention has not been paid to the needs of the backward areas. During their visit to various States, the Committee have been faced with persistent demands for opening new lines for providing development of under-developed areas. It was conceded by Member (Engineering), in evidence, that so far only one Railway line has been constructed exclusively on the consideration of backward areas. The Committee appreciate that development of backward regions is to be seen in totality and not in terms of rail transport alone. All the same the Committee would like to emphasise that inadequacy of transportation does act as a major inhibiting factor in the actual process of development of an area. In the opinion of the Committee, development of backward regions and achieving regional balance by establishing new growth centres and by giving access to remote areas should be among the main considerations while deciding about a new Railway line. The Committee regret to observe that due weightage has not been given to this factor so far.

Reply of Government

National Transport Policy Committee (NTPC) in para 1.53 of their report of May 1980 have observed as follows:

"The degree to which transport creates or compels new activity will depend upon other equally necessary conditions within the economy, such as the quality of its administrative structure and social order, the level and quality of education the zeal and drive of its entrepreneurial class, and other dimensions of the people's prosperity to grow. If these qualities are deficient, transport investment is unlikely to start the process of self-propelling growth".

NTPC has also recommended the following criteria for choice of new lines, which is accepted by the Government:—

- (i) Project oriented lines to serve the new industries, or tap ~~minerals~~ and other resources:

- (ii) New lines to serve missing links, which can form alternative routes to relieve congestion on existing busy routes;
- (iii) New lines required on strategic considerations; and
- (iv) New lines required as developmental lines to establish new growth centres or to give access to remote areas. While suggesting taking up construction of new lines in backward regions, however, the NTPC had put in a word of caution i.e. it would not be advisable to take up new lines, which cannot meet operating costs including contribution to depreciation.

A number of new lines, even though financially not viable, have been taken up for general development in the backward areas and many of them have been completed. (Refer Appendix II to the 12th Report on Track Expansion Programme of Railways—RCC 1980). In view of heavy investments involved and severe constraint of resources, which are not adequate to meet the expenditure required for the upkeep of the existing assets, it has not been possible to keep pace with the construction of new lines to the extent demanded by the State Governments and public. In view of the limited resources available, for new lines relative priority is given to project oriented lines, strategic lines and lines in the North East Region, to avoid spreading the available meager resources too thinly.

Recommendation No. 5

The Committee note that a project is considered financially viable under conventional method if the rate of return on capital investment is 6.75 per cent in the Sixth year of its operation and under discounted cash flow scheme a project is justified if it earns an internal rate of return of at least 10 per cent on capital investment. This percentage of 6.75 is expected to cover dividend liability of 6 per cent and a fair contribution to Depreciation Reserve Fund and Development Fund of the Railways. The Committee are informed that there are exceptions where it is necessary to have a connecting link or for strategic reasons. The Committee desire that among the exceptions may be included lines to be constructed in the context of development of remote, backward areas (particularly tribal areas).

Reply of Government

For the purpose of taking up construction of new lines in backward region, those lines which cannot meet the operating costs including contribution to depreciation, are to be avoided as far as

possible in terms of the accepted recommendations of the NTPC. The exceptions have, however, been made in respect of new lines in the North Eastern Region, where construction of a line to each State has been taken up with a view to foster national integration, and to remove a sense of isolation of the people of that region, from the main stream. It would not be practicable to extend the same logic to all the other areas. Moreover, due to severe constraint of resources, it is not even possible to adequately progress even the ongoing projects. In this connection, it may be mentioned that unless there are some natural resources in an area, which needs transportation, the mere construction of a new railway line, by itself, will not foster development of the region. The observations of NTPC reproduced in reply to recommendation No. 4 of this report are very relevant in this regard. Further, it would not be out of place to mention that the Indian Railways system is already saddled with a large number of uneconomic lines, the social burdens due to which are beyond the financial capacity of the Railways to bear. It would not be in the interest of the financial health of the Railways to add further such social burdens.

Recommendation No. 9

Admittedly, there is no automatic system of updating of surveys with a view to seeing whether Projects earlier found unviable and rejected had subsequently turned viable on account of development of the area concerned industrially or otherwise. The Committee regard this as a serious lacuna. They hope that as promised by the Chairman, Railway Board before them the matter would be examined and a system evolved whereby rejected Projects becoming viable subsequently are taken up for approval and implementation in the interest of the regions concerned. It should not be a case that a Project once rejected always stands rejected no matter what developments take place later or that outside pressure has to be generated to reconsider such a project.

Reply of Government

Updating of previous surveys is a long drawn process and is also both time consuming and costly. It is, therefore, not considered practicable nor desirable to set up an organisation to automatically keep on updating old surveys, till it starts giving financially viable results. Updating of old surveys are, however, ordered by the Railway Board as and when information becomes available regarding substantial developments in the area which has potential for change of the financial viability of the project. If a project, previously found unremunerative, is found to be

financially viable as a result of a fresh survey or an updating of the old survey, the question regarding taking up construction of the new line is given due consideration, subject to availability of resources and clearance by the Planning Commission.

Recommendation No. 10

There should be a shelf of a large number of feasible projects to enable a selection out of them. The feasibility has to be ascertained with reference to not only financial but also socio-economic benefit and keeping in view the criteria spelt out by the Committee elsewhere in this Report. The Committee are surprised that in respect of certain projects urged by State Governments (e.g. Forbesganj-Thakurganj via Bahadurganj) even initial survey has not been undertaken on the spacious plea that funds for construction may not be available. There should be no such reluctance in undertaking feasibility studies. The Committee hope that the feasibility studies would be undertaken in these cases without delay and decision taken on merits to go ahead with construction.

Reply of Government

There are already a large number of on-going new lines projects, which cannot make satisfactory progress due to non-availability of adequate resources. In the circumstances, higher priority has been accorded to new lines nearing completion, or those which are project oriented lines, or taken up on strategic consideration. Even the developmental lines in the North Eastern Region have been accorded a high priority. The outlay required for completing even the priority projects is very large, while the allocation for "New Lines" is not adequate to satisfactorily progress these lines. The non-priority projects, for which only nominal funds are allocated, therefore, remain more or less frozen. These projects could be regarded as a shelf, which would/could fructify when the resources position improves. Under the circumstances, merely carrying out surveys for new lines, which do not have a chance of being taken up in the immediate future, merely gives rise to false hopes amongst the people, without any advantage, as the financial viability of such projects is likely to undergo change, depending on the time interval before it has a reasonable change of being taken up for construction. It will also lead to considerable avoidable expenditure. It is, therefore, not considered advisable to take up surveys in all cases, irrespective of merit.

Recommendation No. 11

The Committee have already emphasised the need for priority for the lines aimed at the development of backward areas. They feel that, being the principal mode of transport in the country, the Railways have an important role to play in the national integration of the country. Seen from this angle, the Committee feel that the lines aimed at connecting the capitals of the States and Union Territories also merit priority. With the same end in view, priority should also be given to the lines giving access to remote areas and the border areas not yet connected with rail. In case of such lines also, the usual return criterion could be relaxed.

Reply of Government

The Capitals of the following States and Union Territories have not been connected with railway lines so far:—

- (i) Srinagar (J. & K.)
- (ii) Shillong (Meghalaya)
- (iii) Kohima (Nagaland)
- (iv) Agartala (Tripura)
- (v) Gangtok (Sikkim)
- (vi) Imphal (Manipur)
- (vii) Itanagar (Arunachal Pradesh)
- (viii) Aizwal (Mizoram).

All these State Capitals/Union Territories have been without a direct rail connection due to extremely difficult terrain and prohibitive costs of construction of railway lines in these regions.

A few railway lines are already under construction in J. & K. State and in the North Eastern States, which can be regarded as a step towards extension of the railway lines towards their Capitals. The on-going projects will get gradually completed depending on availability of resources. Further extensions of these lines can be given due consideration as and when the existing lines get completed and resources become available.

Recommendation No. 12

In the light of the foregoing, the Committee suggest that the following should be the broad criteria for taking up new lines:

- (1) Strategic lines;
- (2) Project-oriented lines to serve new industries, or to tap mineral and other resources;

- (3) Lines aimed at development of backward areas (including tribal areas);
- (4) Lines to connect capitals of States and Union Territories;
- (5) Lines to provide missing links which form alternative routes to relieve congestion on existing busy rail routes; and
- (6) Lines to give access to remote areas other than those specified in (3) above.

Reply of Government

The accepted criterion for taking up construction of New lines, and the priorities as for accepted recommendations of NTPC are—

- (i) Project oriented lines,
- (ii) Lines to provide missing links,
- (iii) Strategic lines, and
- (iv) Developmental lines to establish new growth Centres and to give access to remote areas.

It has, however, now been suggested by the RCC that the criterion and the priorities need to be modified, with highest priority being given to strategic lines and then to project oriented lines. The developmental lines have been split up into three different categories viz:—

- (i) Lines in backward areas.
- (ii) Lines to connect capitals of States/Union Territories.
- (iii) Lines to give access to remote areas.

The priority for lines to provide missing links, which form alternative routes to relieve congestion on existing busy rail routes has been given a comparatively low priority. (No. 5).

In this connection, it may be mentioned that from economic considerations, the project oriented lines need to be given the top-most priority as per existing priorities. The missing link also need to be accorded higher priority, as apart from such lines being provided generally in backward region, these have the advantage of providing an alternative to the already busy and congested routes, and therefore also give a boost to the general economy of the region.

With regard to the construction of lines to connect capitals of States/Union Territories, the position has been explained at length in reference to recommendation No. 11. The State Capitals/Union Territories which do not have a direct rail connection are located in difficult terrain due to which a rail connection would be rather prohibitive. Railway lines in such region can be considered only when resource position improves. In the meantime, it is essential to encourage alternative means of transport to these places.

Under the circumstances, it is suggested that the criterion and priorities as explained in reference to Recommendation No. 4 should continue.

Recommendation No. 20

Demands have been made from various quarters for conversion of metre gauge lines into broad gauge lines. The Committee note that, according to the criteria at present followed by the Railway Board, a project for gauge conversion is taken up only when a section becomes saturated and is incapable of handling additional traffic or when the magnitude of transshipment involved is such that it is uneconomical or is not feasible at all, or when it is needed for providing speedy and uninterrupted means of communication to areas which have potential growth. The Committee note that in pursuance of this policy, the Railways have practically converted the lines where there is heavy density of freight with a view to avoiding transshipment. The Committee find that in a number of foreign countries, the metre gauge system is working satisfactorily. Also there is not much of a difference between metre gauge and broad gauge, so far as passenger traffic is concerned. Further, as submitted by the Chairman, Railway Board, in evidence, "Our country is not very rich to afford conversions." In view of this, the Committee feel that as far as possible, gauge conversions should be avoided; and no gauge conversion is taken up unless it becomes absolutely necessary to do so on consideration of heavy freight density. In the meantime, the Railways should improve the operational conditions of such lines so that the need for such conversion is avoided. However, the Committee would urge early decision on and completion of gauge conversion wherever the survey report already available indicates that it is absolutely necessary (e.g. Kati-har-Jogbani line in view of its strategic and economic importance).

Reply of Government

The National Transport Policy Committee (NTPC) in para 9.24 of their Report have stated:

"The Metre Gauge system being so well spread cannot altogether be converted into Broad Gauge nor is it necessary

to do so, except on certain routes where traffic density are heavy or transshipment causes severe bottlenecks."

In the light of these observations, Gauge Conversion projects for completion in the 7th Plan from among those already in progress and the new starts will be selected. It is necessary to have the priority list based on the importance of the projects since about Rs. 850 crores are required to complete only the on-going projects. In case funds as per requirement are not made available the priority list would help decide the earlier completion of the more important projects.

Further information called for by the Committee

Comments of the Ministry on steps taken to make working of metre gauge lines economical and viable.

Further Reply of Government

Improvement of operational conditions of metre gauge lines is a continuous process. The Railways are, therefore, always striving to improve the services as well as the conditions of metre gauge lines as also of the other gauges. Some of the important doubling and traffic facility works presently in progress on the metre gauge section are as follows:—

		(Rupees in Crores)
S. No.	Name of work.	Cost
<i>Doubling :</i>		
1.	Phulera Kishangarh (51 Km .)	12.00
2.	Tambaram-Chengalpettu (31 Kms.)	16.90
<i>Traffic Facility Works</i>		
3.	Additional through-put terminal Facilities on Bikaner Division including doubling between Garhi Harusaru and Khalilpur for additional cement traffic.	15.08
4.	Line capacity works on Ratlam-Phulera-Reengus section for additional cement traffic.	5.89
5.	Lumding-Badarpur-Additional traffic facilities (Phase II)	2.32
6.	Lumding-Badarpur Traffic facility works (Phase II)	6.00

Recommendation No. 21

The Committee find that since the commencement of the First Plan, 8777 kilometerage has been added by way of doublings as against 7731 by way of new lines. The double/multiple lines which stood at less than 5,000 kilometers at the beginning of the First Plan rose to 13,141 kilometers as on 31st March, 1982. The Committee find that while individual schemes for new lines and conversions are required to be placed before the Planning Commission, no clearance from the Planning Commission is required for individual doubling projects, which are decided by the Ministry of Railways themselves. According to the Ministry of Railways, doubling projects are always taken up with a view to augment capacity on saturated/congested sections to meet the anticipated increase in the level of traffic and as such, "it is desirable to give priority to doubling projects." While in principle the Committee do not disagree with the need for augmenting capacity on saturated/congested lines, they feel that it should not be at the cost of needs of remote, backward areas. The Committee cannot fail to notice a pronounced preference to gauge conversion and doubling of lines as compared to new lines in the past. Now that practically all the trunk routes have already been provided with double/multiple lines and gauge conversion has been done wherever there was heavy density of freight traffic, the Committee feel that emphasis should shift to construction of new lines, particularly those aimed at linking remote, backward areas and the funds for new lines augmented.

Reply of Government

In order to have a balanced investment in capacity building sectors like doubling and essentially developmental project like New Lines, Planning Commission recommends allocation of funds under separate Plan-heads in a balanced manner. 'New Lines' have a separate Plan-head, whereas Doubling and Gauge Conversion are sub-Plan-heads under the overall Plan-head 'Traffic Facilities'. The construction of 'New Lines' would depend upon the funds provided under that Plan-head. Doubling of trunk routes is still in progress. 815 Km. out of 10607 Km. of trunk routes still remain to be done. The policy of carrying out gauge conversion projects has been reviewed, and the emphasis on this type of work has been reduced. Only those lines where gauge conversion is un-avoidable to carry additional traffic offering are now being taken up.

Recommendation No. 25

Several suggestions for starting new lines have been made to the Committee by different State Governments/other organisations and representatives of the people. The Committee have already suggested broad criteria for starting new lines. They desire that the Railway Board should consider these suggestions in the light of the broad criteria indicated by the Committee and such of them as, in their opinion, fulfil the said criteria may be considered for inclusion in the perspective Track Expansion plan suggested by the Committee in para 12 *ante*.

Reply of Government

Observations are noted. In view of the severe constraint of resources and heavy commitments already in hand, there is little chance of adding much to the existing list of on-going projects. However, recommendations made by the State Governments will be given due consideration.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED AND WHICH HAVE BEEN REITERATED

Recommendation No. 22

Intimately connected with the foregoing is the question of removal of congestion and dispersal of Railway facilities from and between the metropolitan cities of Bombay, Calcutta, Madras and Delhi. Because of historical reasons the thrust of investment has hitherto been in and around the aforementioned metropolitan cities and the trunk routes connecting them. Even after Independence, this concentration has unfortunately continued. The result has been further congestion on the one hand and the accentuation of regional imbalance on the other. In the opinion of the Committee, time has now come when with a view to removing the congestion as also attaining a fair measure of dispersal of Railway infrastructure developing new growth centres in the country, further concentration of investment in around the metropolitan cities and trunk routes connecting these cities should be avoided. The Committee have no doubt that as a result of this, the country as a whole will be overall richer in infrastructure. As deposed by the Chairman, Railway Board before the Committee, if instead of further investment on the Grand Trunk route, investment could be made in the West-Coast line—between Bombay and Mangalore, one could reach Mangalore from Delhi in 24 hours. Likewise, by well-thought out and well-worked out investments in and around the coal and other mining belts, the industrial map of the country could be changed. The Committee trust that the Railway Board will attend to it at the earliest.

Reply of Government

Line Capacity on the routes leading to the metropolitan cities and other supporting facilities have been provided taking into account the existing and anticipated traffic demands. The need for dispersal of new Railway infrastructure to avoid congestion of the metropolitan cities and consequently resulting in development of new growth centres in the country is, so far as is possible, already being practised on the Railways. Location of new industries set up in the private and public sector, depends on various factors outside the purview of Railways.

Further information called for by the Committee

Since the subject matter concerns Government of India as a whole whether this has been placed before the Cabinet and if so, the decision taken thereon.

Further reply of Government

The need for dispersal of new Railway infrastructure to avoid congestion at the metropolitan cities and to promote development of new growth Centres is being kept in view while formulating new projects.

Comments of the Committee

Please see paragraph 1.12 of Chapter I

Recommendation (S. No. 24 of Part—II)

The Committee note that the Railway Convention Committee (1973) had called for a review to identify the lines which should be closed keeping in view the availability of alternative modes of transport in the concerned sections. Review carried out by the Railway Board in consultation with the Zonal Railways in 1976-77 disclosed that there were 23 uneconomic branch lines where satisfactory alternative modes of transport were available and that the closure of the lines would not adversely affect the public interest. The Ministry of Railways approached the concerned State Governments to agree either for closure of those lines or for the reimbursement of the losses sustained by the Railways in operating these lines. None of the State Governments have agreed to the proposal of the Ministry of Railways to discontinue the lines. A few other Committees have also recommended closure of these lines. However, no decision has been taken in the matter so far. The Committee are of the view that since there is reluctance on the part of the concerned State Governments, the issue should be re-examined with a view to seeing whether these lines could be made viable by improving speed or changing the timing of trains to suit the convenience of the travelling public or by providing more passenger facilities.

Reply of the Government

The Railway Reforms Committee made an in-depth study of the uneconomic branch lines and have submitted their recommendations/conclusions in this regard in Part XI of their report on 'Economics' submitted in October, 1983. They have recognised the fact that the closure of a railway line may evoke protests but at the same time it

was difficult in the overall national interest to ignore the fact that the operating loss on such lines is a restraint on the Railways' efforts at resource mobilisation. The Committee have classified the 136 uneconomic branch lines into the following categories:—

- (i) 40 lines which can be closed down in view of availability of adequate road services to meet full transport requirements of the area.
- (ii) 17 lines, all of which are in Gujarat State, which can be closed provided 'kutchha' roads which become unserviceable during monsoon, are converted into all-weather metalled roads.
- (iii) 5 lines for which surveys for conversion have been ordered.
- (iv) 74 lines which cannot be closed for reasons such as strategic importance, serving remote areas not accessible by road, serving hill towns which are of tourist importance etc.

2. The Ministry of Railways have accepted the recommendation to retain 74 uneconomic branch lines and techno-economic study of the lines which are incurring an annual loss of more than Rs. 20 lakhs has been undertaken with a view to narrow down the losses. In regard to the 17 lines where all-weather metalled roads are not available at present, the matter has been taken up with the Government of Gujarat. They have not yet advised us of their final views regarding development of roads but have expressed their inability to agree to the closure of these lines. In respect of the 40 lines identified for closure, the Committee have suggested that the Railways should enter into a serious dialogue with the State Governments either to agree to the closure of these 40 lines or to share the loss on a 50 : 50 basis in respect of those lines which are desired to be continued. The Committee have recommended that Railways should set off 50 per cent of the losses on such lines against the share of the grant payable to the States in lieu of the passenger fare tax, after a period of 2 years for completing the State-Railway dialogue, in consultation with the Finance Commission. Accordingly, the Committee's recommendations were placed before the VIII Finance Commission in December 1983 requesting for their views and the State Governments concerned were also written to in the matter. In their report, the VIII Finance Commission have stated that the issue may be resolved by negotiations between the Government of India and the States concerned. Meanwhile, replies have since been received from all the State Governments, except Kerala and Bihar, stating

that they do not agree either for the closure of the uneconomic lines or sharing the losses with the Railways.

3. The question of closing down certain uneconomic branch lines and increasing the earnings and reducing the working expenses of these lines has been considered by the Government from time to time. While on the one hand the State Governments have been totally averse to closure of these lines, there has been little or no effect on the losses sustained by the Railways on account of poor traffic and heavy increases in the costs of operation in spite of various measures taken to improve their viability, including adjustment of time-table wherever feasible to suit public convenience, introduction of 'one engine only' system, running of trains during day light only etc. In view of the low density of traffic obtaining on most of these branch lines, there is no scope for making them viable.

Comments of the Committee

Please see paragraphs 1.15, 1.16 and 1.17 of Chapter I.

CHAPTER V

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

Recommendation No. 6

From the figures of 48 new lines (longer than 20 Kms) constructed by the Railways since 1950, the Committee find that in most cases the return estimated by the Railways in the Sixth year after opening of a line, which usually forms the basis of the Railway Board's investment decision for starting a new line, was quite off the mark. Out of 48 lines, the actuals were closer to anticipations only into four cases i.e., Indore-Ujjain line (8.39 per cent and 10.34 per cent), Panskura-Haldia Port line (6.01 per cent and 7.06 per cent) Dutibori-Ummer line (36.3 per cent and 38.4 per cent) and Guna-Muski line (—4.23 per cent and —3.33 per cent). How unrealistic the anticipations of the Railway Board were in other cases can be seen from the fact that as against the anticipated return of (—) 1.87 per cent in case of Kumedpur-Barsoi line, the actual return was (+) 48.08 per cent. There were 17 other cases where the actuals in the sixth year were far in excess of the anticipations of the Railway Board. One of such lines—Naomundi-Banaspani line—showed a return of 64.77 per cent as against the anticipated 8.53 per cent and another line—Jhund-Kandla line—showed a return of 44.99 per cent against 9.42 per cent. In 12 lines, the actuals were far below the anticipations and in ten others the positive projections had turned out to be negative. All these show how faulty the return projections of the Railway Board were. As conceded by the Chairman, Railway Board, 'many reforms are necessary in our present system of commercial and traffic survey'. The Committee, therefore, recommend an indepth study of the estimation parameters and techniques with a view to refining them so as to give realistic projections.

Reply of Government

The recommendation is for an in-depth study of the estimation of parameters and techniques for commercial and traffic survey. The survey methodology is often updated with every revision of the Engineering Code. Not many surveys have yet been conducted using the latest provisions. It is also, therefore, too early to expect actual

returns from such projects for comparison with estimates. The large differences noticed by the RCC between the actuals and the estimates at the time of survey cannot always be attributed to deficiency in the survey methodology. The factors that are most likely to contribute to the divergence are:

- (i) a change in the relative costs and prices;
- (ii) gestation period of the project being longer than anticipated at the time of project formulation; and
- (iii) change in the industrial development planning of the concerned area resulting in (a) non-materialisation of some anticipated streams of traffic; or (b) materialisation of new traffic which could not have been foreseen at the time of the survey.

Apart from the above, another contributory factor which needs investigation is the difference in methodology adopted for the *post-facto* evaluation and that was used for the survey. One or two sample studies carried out by the Economic Unit showed the *post-facto* evaluation to be somewhat deficient in some respects, especially in the matter of allocating the project's share of revenue and expenditure. As advised by RCC, a systematic and indepth analysis of a number of completed projects would be necessary to establish whether the existing methodology of survey needs further modification or whether it is the technique of *post-facto* evaluation which needs to be improved.

A Committee has been appointed consisting of the Joint Directors of Railway Board to examine the entire problem and suggest improvements in both survey methodology as well as in *post-facto* evaluation.

Further information called for by the Committee

Summary of the Report of the Committee appointed to conduct an indepth study of the estimation parameters and techniques for commercial and traffic survey.

Further Reply of Government

The Committee consisting of Deputy Economic Adviser, Joint Director Railway Planning and Joint Director Finance (X) I was nominated to conduct the above study. In the meantime, two members, the then incumbents of the Joint Director Railway Planning and Joint Director Finance (X) I have been transferred and the

new incumbents have been posted in these posts. This Committee of three officers has yet to finalise its recommendations.

Recommendation No. 19

The need to provide adequate funds to meet the total requirements of Railways for track expansion and rehabilitation/replacement of overaged assets is recognised by all. The Committee feel that the first effort in this direction will have to be made by the Railways themselves. The Committee note in this connection that the proportion of Railways' internal resources to their Plan outlay, which was 66 per cent in the First Plan, came down to 30 per cent in 1979-80. Thereafter, it started rising and in 1983-84, it is expected to be 56 per cent. The Committee feel that there is scope to further improve Railways' internal resources by continuous improvement of their operational efficiency and optimal utilisation of their existing assets. But in spite of all this, the Committee are aware that it would not be possible for the Railways to find the entire finance for the track expansion/renewal programmes. In this connection, the Committee would like the Planning Commission and the Ministries of Finance and Railways to sit together and see how far the following avenues can be explored:

- (1) Upto the Fourth Plan, the balance in the Depreciation Reserve Fund was kept outside the Plan funds. Since the beginning of the Fifth Plan, it has been forming part of the Plan kitty. The possibility of restoring *status quo ante* may be examined.
- (2) The Railways pay dividend on the capital invests from General Revenues. If the cumulative dividend already paid is in excess of the related capital, the excess of the related capital, the excess should be ploughed back to finance Railway development and renewal programmes in addition to the normal plan allocation.
- (3) In case Railways are assisted by foreign aid, such assistance should be regarded as addition to the normal Plan fund development and renewal programmes.
- (4) It may also be seen whether the project-oriented lines can be treated as a part of the project itself and 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.

- (5) Another important field for raising resources could be commercial exploitation of Railway lands/property, as is being done in some other countries already.

Reply of Government.

Remarks will be furnished separately.

Further information called for by the committee

Action Taken on this recommendation may please be furnished.

NEW DELHI;

April 2, 1986

Chaitra 12, 1908 (S)

SUBHASH YADAV

Chairman,

Railway Convention Committee.

APPENDIX

(Vide Para 4 of Introduction)

Analysis of the Action Taken by Government on the Recommendations/observations contained in the Twelfth Report of Railway Convention Committee, 1980

I. Total number of recommendations	25
II. Recommendations observations which have been accepted by the Government (Vide recommendations at S. No. 1, 7, 8, 13, 14, 15, 16, 17, 18 and 23)	
Number	10
Percentage to total	40%
III. Recommendations observations which the Committee do not desire to pursue in view of the replies of the Government (Vide recommendations at S. No. 2, 3, 4, 5, 9, 10, 11, 12, 20, 21 and 25)	
Number	11
Percentage to total	44%
IV. Recommendations observations in respect of which the replies of the Government have not been accepted by the Government (Vide recommendations at S. No. 22 and 24)	
Number	2
Percentage to total	8%
V. Recommendations observations in respect of which final replies of the Government are still awaited (Vide recommendations at S. No. 6 and 19)	
Number	2
Percentage to total	8%

PART-II

**Minutes of the sitting of the Railway Convention Committee, 1985,
held on 2 April, 1986**

RAILWAY CONVENTION COMMITTEE (1985)

12th Sitting

2-4-1986

The Railway Convention Committee held its sitting from 15.30 Hrs to 16.00 hrs.

PRESENT

Members of the Committee

1. Shri Subhash Yadav—*Chairman*
2. Shri Basudeb Acharia
3. Prof. Narain Chand Parashar
4. Shri Vijay N. Patil
5. Shri Ram Dhan
6. Shri Ram Ratan Ram
7. Shri Dipen Ghosh
8. Shri M. Maddanna
9. Shri Bhagatram Manhar
10. Shri. P. Upendra

SECRETARIAT

1. Shri N. N. Mehra—*Joint Secretary.*
2. Shri Krishnapal Singh—*Senior Financial Committee Officer.*

The Committee considered the draft Report on Action Taken by Government on the recommendations contained in the Twelfth Report of the Railway Convention Committee, 1980 on 'Track Expansion Programme of Railways'.

The Committee adopted the Action Taken Report after consideration, subject to amendment mentioned in the Appendix and some verbal corrections.

The Committee authorised the Chairman to make any consequential corrections as might become necessary and present the Report to Parliament.

The Chairman then referred to the retirement of Shri M. Maddanna on 2.4.1986. He thanked him for his valuable services and wished him God-speed. Other Members also praised the services rendered to the Committee by Shri Maddanna.

Thereafter the Committee adjourned.

APPENDIX

<i>S. No.</i>	<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>For</i>	<i>Read</i>
(1)	3	1.8	6	<i>add "conversion projects"</i> <i>after "new lines".</i>	
(2)	5	1.12		existing paragraph may be replaced by the enclosed paragraph.	
(3)	9	1.15	6	<i>add at the end of the paragraph</i> <i>"and convince them of the advisability</i> <i>of closing the totally uneconomic</i> <i>lines whose conversion may be</i> <i>viable.</i>	

ENCLOSURE TO APPENDIX

1.12 The Committee are constrained to observe that instead of giving a specific answer to their positive suggestion that since the subject matter concerns the Government of India as a whole, this might be placed before the Cabinet, Railways have chosen to repeat in substance what they had said in their earlier action taken reply. This smacks of scant regard which the Ministry have for the recommendation coming from the Committee. While the Committee agree that location of new industries set up in the private and public sector depends upon various factors outside the purview of Railways, they had suggested the matter to be placed before the Cabinet as the Ministry had pleaded that location of new industries set up in the private and public sector depended upon on various factors outside the purview of Railways. The Committee still feel that instead of giving a stereotyped reply Government should give serious consideration to their suggestion and apart from bringing this matter to the notice of Cabinet they should also bring to the notice of State Governments as location of new industries in the private and public sector also depended upon the State Governments.

The Committee reiterate that concerted action should be taken by the Ministry of Transport in whose control and purview all modes of transport fall to see that new railway infrastructure is suitably dispersed all over the country, so that congestion of the metropolitan cities is effectively checked.