

RAILWAY CONVENTION COMMITTEE  
(2004)

(FOURTEENTH LOK SABHA)

THIRD REPORT  
ON  
'EXTENSION OF CONCESSIONS AVAILABLE ON  
CONSTRUCTION OF NEW LINES ON STRATEGIC  
CONSIDERATION TO GAUGE CONVERSION WORKS TAKEN  
UP ON STRATEGIC CONSIDERATION'

Presented in Lok Sabha on 12.08.2005

Laid in Rajya Sabha on 12.08.2005

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LOK SABHA SECRETARIAT  
NEW DELHI

August, 2005/ Sravana , 1927 (S)

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#### PART II

Minutes of the :-

- (i) Fifth sitting of the Railway Convention Committee (2004) held on 27th January, 2005
- (ii) Ninth sitting of the Railway Convention Committee(2004) held on 3<sup>rd</sup> August, 2005

RAILWAY CONVENTION COMMITTEE (2004)

CHAIRMAN

Shri Gingee N. Ramachandran, MP

MEMBERS  
LOK SABHA

2. Shri Atique Ahamad
- \*3. Prof. Rasa Singh Rawat
4. Shri Raghunath Jha
5. Shri Kailash Joshi
6. Shri Babu Lal Marandi
7. Shri Nizamoddin
8. Shri M. Rajamohan Reddy
9. Shri Madan Lal Sharma
10. Shri D. Venugopal
11. Shri Rajesh Verma
12. Shri Mahboob Zahedi

RAJYA SABHA

13. Shri Vijay J. Darda
14. Shri Surendra Lath
15. Dr. Narayan Singh Manaklao
16. Shri K.Rama Mohana Rao
17. Shri Dwijendra Nath Sharmah
18. Shri A. Vijaya Raghavan

SECRETARIAT

- |    |                            |   |                      |
|----|----------------------------|---|----------------------|
| 1. | Shri John Joseph           | - | Secretary            |
| 2. | Smt. Paramjeet Kaur Sandhu | - | Additional Secretary |
| 3. | Shri V.S. Negi             | - | Deputy Secretary     |
| 4. | Shri O.P. Shokeen          | - | Under Secretary      |

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\* Nominated vide Bulletin dated 29.3.2005 as Member of RCC *vice* Shri S. Bangarappa, who resigned from Lok Sabha on 10<sup>th</sup> March, 2005

## INTRODUCTION

I, the Chairman, Railway Convention Committee (2004), having been authorised by the Committee to present the Report on their behalf, present this Third Report on 'Extension of concessions available on construction of new lines on strategic consideration to gauge conversion works taken up on strategic consideration.'

2. Based on the Memorandum submitted by the Ministry of Railways, the Railway Convention Committee (2004) took up for examination the said Memorandum wherein the Ministry of Railways requested to extend concessions available on construction of new lines on strategic consideration to on-going and future gauge conversion works taken up on strategic consideration and also to completed projects since 1992. The Committee took evidence of the Representatives of the Ministry of Railways on 27<sup>th</sup> January, 2005 and after careful consideration recommended that concessions in payment of dividend as available on new lines on strategic consideration should also be extended to on-going and future gauge conversion works taken up on strategic consideration.

3. The Committee wish to express their thanks to the Representatives of Ministry for placing before them their views and for furnishing information to the Committee desired in connection with the examination of the Memorandum.

4. The Committee considered and adopted this Report at their sitting held on 3<sup>rd</sup> August, 2005. The Minutes of the sittings of the Committee form **Part – II** of the Report.

New Delhi ;  
3<sup>rd</sup> August, 2005  
12 Sravana, 1927 (S)

*Gingee N Ramachandran*  
CHAIRMAN  
RAILWAY CONVENTION COMMITTEE

# PART I

# REPORT

## Background

1. The construction of new lines is taken up through budgetary support financed through General Revenues. Strategic lines are those lines which are taken up for construction on strategic consideration on the specific demand of the Ministry of Defence (Army Headquarters).

2. The Railways Separation Convention of 1924, recognized that the Railways cannot be called upon to make a contribution or to bear the working losses of railway lines constructed on strategic considerations. In this connection, in para 2 of the Resolution regarding the Separation of Railway Finances from General Finances, adopted by the Legislative Assembly on 20<sup>th</sup> September, 1924 recommended as under:-

“The interest on the capital-at-charge of, and the loss in working of strategic lines shall be borne by General Revenues and shall consequently be deducted from the contribution so calculated in order to arrive at the net amount payable from Railway to General Revenues each year”

3. Prior to 1<sup>st</sup> April 1949, the interest on capital-at-charge and the loss in the working of strategic lines was borne by General Revenues. After Independence in August 1947, all the then strategic lines remained in Pakistan. RCC (1949) did not touch upon the question of operating loss on strategic lines as there was only one such line under construction at that time. Similarly, the RCC (1954) deferred their recommendations on this issue in view of the fact that the annual loss on such lines, then existing, was insignificant.

4. In 1960, the then Financial Commissioner (Railways) in a Memorandum to RCC had urged that the question of operating loss on strategic lines had assumed importance as the operating loss on such lines was anticipated to be about Rs.1.15 crore per annum during the next Plan period.

5. Keeping in view of the above facts, the RCC (1960), in their Report presented on 30<sup>th</sup> November, 1960, had recommended as under:-

“The Committee accept the suggestion as reasonable and recommends that the annual loss on the working of the strategic lines should be borne by the General Revenues”.

6. The above recommendation of the Committee was accepted by then Government and a Resolution moved to that effect was adopted on 6 December 1960 by the Lok Sabha and on 12 December 1960 by the Rajya Sabha.

7. As per recommendations of the Railway Convention Committee (1960), all strategic lines whether remunerative or un-remunerative, are eligible for subsidy from the General Exchequer. In other words, Railways do not pay dividend on the Capital advanced from the General Revenues on construction of such lines. The losses in respect of working of such lines are also borne by the General Exchequer.

8. However these concessions are applicable only in case of ‘new lines’ and not in case of ‘gauge conversion’ works taken up on strategic consideration.

9. RCC (1999) in their Third Report on Construction of new broad gauge line between Kolayat and Phalodi on strategic consideration vide para 37 had recommended as under:-

“The Committee note that during evidence Chairman, Railway Board, had suggested that the concession now available on the construction of new lines on strategic considerations may also be extended to gauge conversion works taken up on strategic consideration. The Committee recommend that a note on the above suggestion along with the views of the Ministry of Finance may be incorporated in the Memorandum on ‘Rate of Dividend for 2002-03 and other ancillary matters’ and sent to the Committee for their consideration.”

10. In the follow up of the RCC (1999) recommendations, the Ministry of Railways have now submitted the Memorandum seeking concessions available on construction of New Lines on strategic consideration to gauge Conversion Works taken up on strategic consideration.

11. The gauge conversion work was going on slowly till 1991. With effect from 1.4.1992, Railways, in consultation with Planning Commission, decided to take up gauge conversion works in a big way and it was decided to convert 14,500 kms. of metre gauge/narrow gauge lines to broad gauge. This was planned to be completed at the rate of about 6000 kms. each in the 8<sup>th</sup> & 9<sup>th</sup> Plans and the remaining in the 10<sup>th</sup> Plan.

12. A number of metre gauge lines in the border areas have been taken up/converted into broad gauge on strategic consideration on requests from Defence Authorities. The details of lines taken up for conversion on the recommendations/request of Defence Authorities are given in **Appendix-I**. The total length so converted is 1467.6 kms. approximately at a completion cost of Rs.825 crore.

13. The gauge conversion works which have been proposed by Ministry of Defence for being taken up on strategic consideration and are in progress are given in **Appendix-II**. Anticipated cost of these projects covering a length of 2300 kms. approximately stands at Rs.4431 crore. Out of these, Ministry of Railways have to fund Rs.3858.85 crore.

14. In addition to above, Ministry of Defence has also recommended another two gauge conversion works (Sadulpur-Ratangarh-Bikaner : 238 kms. and Mavli-Marwar: 152 kms.) with a total length of 390 kms. at a total anticipated cost of Rs.600 crore. Thus 2690 kms. of gauge conversion works on strategic considerations at an anticipated cost of Rs.5031 crore are either in progress or have been proposed by the Ministry of Defence for taking up in future. Of these, the work of gauge conversion of Luni-Barmer-Munabao



at an estimated cost of Rs.304.26 crore is being partly funded by the Ministry of Defence to the extent of Rs.216.00 crore and the work of gauge conversion of Sakri-Laukha Bazar-Nirmali & Saharsa-Forbesganj (206.06 kms.) which has been sanctioned in December 2003 at a cost of Rs.355.81 crore is to be funded by the Ministry of Defence.

15. According to the Railways, the time frame of completion of the above projects depends upon the availability of resources. During the financial year 2004-05, an amount of Rs.243.55 crore has been allocated for the above mentioned on-going works (excluding allocation of Rs.11 crore for Luni-Barmer-Munabao and Rs.8 crore for Sakri-Laukha Bazar-Nirmali & Saharsa-Forbesganj works for which the funds are being provided by Ministry of Defence). The total capital involved for the completed as well as on-going gauge conversion works is Rs.4683.85 crore (completed works – Rs.825.00 crore, on-going works – Rs.3770.59 crore and Rs.88.26 crore representing Railway share for Luni-Barmer-Munabao G.C. work). The dividend presently payable is 6.5%. If the request of the Ministry of Railways is accepted, the total concession being sought after completion of the on-going gauge conversion works on strategic considerations would work out to about Rs.304.45 crore per year at the present rate of dividend. Further, on taking up the remaining two gauge conversion works as recommended by Defence Authorities, the total capital involved would be Rs.5283.85 crore at current costs, taking the concession to Rs.343 crore or so.

16. Since Independence, the total Capital-at-charge provided by the General Revenue for construction of new strategic lines in the country till March 2001 was Rs.509.22 crore whereas the expenditure incurred on the completed gauge conversion works of strategic lines is of the order of Rs.825 crore. Thus, the Railways have incurred more amounts on the gauge conversion works as compared to the expenditure incurred on construction of new lines on strategic consideration.

17. Keeping in view the above fact, the Ministry of Railways, in their Memorandum, submitted as under:

“The construction of new lines on strategic consideration and the works taken up for gauge conversion on strategic consideration are similar in nature. As per recommendations of the RCC (1960), the interest on Capital-at-Charge and annual loss on the working of the strategic lines shall be borne by the General Revenues. The Government has also accepted the recommendations of the RCC. The above concessions should, therefore, be expanded to the gauge conversion works done on strategic considerations.”

18. On the advise of the Ministry of Finance (**Appendix-III**), views of the Ministry of Defence was also sought in this regard. The latter, vide letters dated 19.6.2003 and 15.09.2003 (**Appendix-IV and V**), have recommended that the concessions may be extended to gauge conversion works subject to the condition that the Railways adhere to a time bound programme for the project and the concession should be applicable to specific projects after being duly vetted by Ministry of Defence. The concession can be made applicable to on-going gauge conversion works. However, the application of same parameters on completed projects cannot be considered at this belated stage.

19. In this connection, the Ministry of Railways have also forwarded the following views of the Ministry of Finance:

“Ministry of Finance vide letter dated 04.01.2004 (**Appendix-VI**) have also agreed to extension of concessions to gauge conversion works taken up on ‘strategic consideration’ with the following limitations:-

- i) Concessions would be applicable to specific projects vetted/certified by the Ministry of Defence as ‘strategic’ and limited each year to the amount actually spent by Railways on such projects;
- ii) Concessions will be limited only to on-going and future gauge conversion projects taken up on strategic consideration and not to already completed projects;
- iii) Concessions would become due only if such projects are completed on time and within the approved cost estimates.”

20. While commenting on the above views of the Ministries of Defence and Finance, the Ministry of Railways have submitted the following for the consideration of the committee:

“It is felt that the concessions should not only be applicable to the on-going and future gauge conversion projects but also the projects which have been taken up on the recommendations of the Defence Authorities and completed since 1992, when project unigauge had been launched. Further, the concessions should not be linked to

time bound completion of the projects as no separate funding for these strategic gauge conversion works is being given by Ministry of Defence and, the projects are to be progressed as per the availability of resources. Besides, in as much as, all these projects have already been identified and have been taken up/are proposed on recommendations of Defence Authorities, no further approval is considered necessary. Thus, Ministry of Railways are of the views that the recommendations of RCC as admissible to the construction of strategic lines should also be applicable to gauge conversion works taken up on strategic consideration, in totality.

21. At present, the following are six strategic lines which get relief in payment of dividend and operating losses:

1. Bhatinda-Suratgarh
2. Pathankot-Mukerian
3. Jaisalmer-Pokaran
4. Rangapara North Lakhimpur-MurkongSelak
5. Siliguri-Joghighopa including BG conversion of Siliguri-Haldibari
6. Bhuj-Naliya

22. The total relief (subsidy) in payment of dividend in respect of the strategic lines and their operating losses during the last five year is as indicated below:-

<b>Year</b>	<b>Relief</b>	<b>(Rs.in crore) Operating Loss</b>
1999-2000	36	226
2000-2001	36	272
2001-2002	36	301
2002-2003	36	307
2003-2004	36	239

## Recommendations

23. The Committee after taking into account the views of Ministries of Defence, Finance and Railways are of the considered view that since concessions are already provided to strategic lines, on the same analogy the concessions could be provided for Gauge Conversion of strategic lines also. They, therefore, recommend that concessions in payment of dividend as available on new lines on strategic consideration should also be extended to on-going and future gauge conversion works taken up on strategic consideration. Further, the Committee opine that fresh vetting of the projects by the Ministry of Defence need not be required as the projects are taken on the request/recommendation of the Ministry of Defence only.

24. The Committee also feel that the issue of national security is of paramount importance and thus due priority should be given for completion of the projects taken up on strategic consideration.

New Delhi ;  
3<sup>rd</sup> August, 2005  
12 Sravana, 1927 (S)

*Gingee N Ramachandran*  
CHAIRMAN  
RAILWAY CONVENTION COMMITTEE

# APPENDICES

**Appendix-I**

Details of completed strategic gauge conversion works.

S · N o ·	Project	Length in Kms.	Comple- tion cost (Rs. in crore)	Date of commissio- ning	Authority, if any
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**North Western Railway**

1.	Bhatinda-Hanumangarh-Suratgarh	142	18.46	3.5.78	Planning Commission's Letter No.T&C/7(7)/88 dated 16.12.1988
2.	Suratgarh-Bikaner	182	71.3	18.4.88	Planning Commission's letter No.T&C/7(7)/88 dated 16.12.1988
3.	Suratgarh-Anupgarh	78.6	29.54	3.4.85	Planning Commission's letter No.T&C/7(7)/88 dated 16.12.1988
4.	Bikaner-Merta Rd.- Jodhpur & Merta Rd.- Phulera	524.0	304.19		Ministry of Defence's letter No.5(6)/84/D (Mov) dt. 25.06.1991
	i) Lalgah-Merta Rd.	177		31.03.93	
	ii) Gotan-Jodhpur	58		25.01.94	
	iii) Phulera-Degana	108		08.04.93	
	iv) Degana-Merta Rd	45		06.12.93	
	v) Merta Rd.-Merta City	15		22.06.93	
	vi) Merta Rd.-Gotan	50		15.12.93	
	vii) Makrana-Parbatsar	21		29.02.96	
	viii) Lalgah-Kolayat	50		23.10.92	
5.	Jodhpur-Jaisalmer Pokaran-Ashapur Gomat	300] 6 ]	134.82	12.03.95 01.09.98	Army HQ's letter No.14202/Q Mov(Plg.) dt.01.12.1993
6.	Jodhpur-Luni-Marwar	104	114.17	15.03.98	Army HQ's letter No.14202/Q Mov(Plg.) dt.01.12.1993
	Luni-Marwar	72			
	Luni-Jodhpur	32			

**Western Railway**

1.	SawaiMadhopur-Jaipur- Phulera	131	152.52	03.01.93	Planning Commission's Letter No.T&C/7(7)/85 Vol.III dated 16.03.1994
	<b>Total</b>	<b>1467.6</b>	<b>825</b>		

## Appendix-II

Details of strategic gauge conversion works, which are in progress

S.No.	Project	Length In kms.	Anticipa- Ted cost (Rs.in cr.)	Authority, if any
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### North Western Railway

1.	Samdari-Bhildi	223	244.74	Planning Commission's letter No.T&C7(7)/85 dated 17.10.1989
2.	Rewari-Sadulpur-Hisar	211	268.32 (provisi- onal)	Ministry of Defence's letter No.1751-F/RM/2001 dated 30.05.2001
3.	Ajmer-Nasirabad	23	34.50	Ministry of Defence's letter No.1751-F/RM/2001 dated 30.05.2001
4.	Chittaurgarh-Mavli	61	91.50	Ministry of Defence's letter No.1751-F/RM/2001 dated 30.05.2001
5.	Bandikui-Bharatpur-Agra	152	175.03	Ministry of Defence's letter No.1751-F/RM/2001 dated 30.05.2001

### Northeast Frontier Railway

1..	Lumding-Silchar	171.28	1496.42	Ministry of Defence's Ref. ID No.4(I)/96/D (Mov) dated 19.12.1996
2.	Rangia-Murkongselek	510.33	915.70	Army HQ letters No.14202/Q Mov(Plg) dated 01.12.1993

### Western Railway

1.	Viramgam-Bhildi	130	199.75 (including BOT)	Planning Commission's letter No.T&C7(7)/85 dated 17.10.1989
5.	Gandhidham-Palanpur	313	344.63 (including Deposit/ RVNL)	Planning Commission's letter No.T&C7(7)/85 dated 17.10.1989
<b>Total</b>		<b>1794.61</b>	<b>3770.59</b>	

In addition to above, the gauge conversion work of Luni-Barmer-Munabao (299 kms.) taken up at an estimated cost of Rs.304.26 crore is being funded by the Ministry of Defence (Ref. Letter no.1751-F/RM/2001 dated 30.5.2001) to the extent of Rs.216.00 crore. The balance of Rs.88.26 crore has been provided by the Railways for this project, on which also the relief in payment of dividend is being sought. Also, the gauge conversion work of Sakri-Laukha Bazar-Nirmali & Saharsa-Forbesganj (206.06 kms.) which has been included in the Supplementary Budget 2003-04 at a cost of Rs.355.81 crore has been decided to be funded by the Ministry of Defence (vide letter

No.4(1)/2003/D(Mov) dated 5.1.2004). Thus the total strategic gauge conversion works in progress comes to 2299.67 kms. for which the Railways are required to spend Rs.3858.85 crore.



D.O.F.No.7(5)-B(AC)/2002

Ministry of Finance  
Department of Economic Affairs  
North Block  
New Delhi – 110001

D. SWARUP  
(Additional Secretary, Budget)

December 18, 2002

Dear Shri Tewari,

This has reference to your letter No.99/RCC/204/2 dated December 4, 2002 regarding submission of Memorandum to Railway Convention Committee for determination of rate of dividend payable by Indian Railways to General Revenues for 2003-04.

2. The views of this Ministry on the Interim Memorandum are as follows:

(a) Appropriation to Depreciation Reserve Fund.

The Railway plan requirement for 2003-04 would be finalised by the Planning Commission in consultation with the Ministry of Railways. Hence the appropriation to the DRF may be made in consonance with the capacity to generate internal resources and plan requirement. The appropriation to Pension Fund in 2003-04 could be based on the trends of actual expenditure in last few years.

(b) Appropriation to Development Fund and Capital Fund.

The appropriations to these funds may be made out of the excess left after meeting the dividend liability.

(c) Dividend concession on capital employed in case of gauge conversion works taken up on strategic considerations.

The Railway Convention Committee (1999) in Para 37 of their 3<sup>rd</sup> Report on construction of new broad gauge line between Kolayat and Phalodi had recommended that a note on dividend concession on capital employed in case of gauge conversion work taken up on strategic consideration, along with views of Ministry of Finance, may be incorporated in the Memorandum on rate of dividend for 2002-03 and submitted to the Committee for their consideration. Since the Ministry of Railways did not incorporate a note on the said subject in the Memorandum on rate of dividend for 2002-03, it is suggested that a separate memorandum on the subject may be submitted instead of placing this issue before RCC through this Interim Memorandum. As the issue has wider ramifications, it would be preferable if Railways submit a separate memorandum on the subject covering, inter alia, the total financial implication, time frame and year-wise break-up of the anticipated cost of such gauge conversion. Ministry of Railways may also obtain the comments of Ministry of Defence in the matter.

(d) Principles governing interest on various Railway reserve funds.

The existing principle governing interest on various Railway Fund balances placed in the Public Account of India may be allowed to continue during the year 2003-04 also. We agree that the balances in the Railway Safety Fund and the Special Railway Safety Fund may be treated as interest-free since both these funds have been constituted with the contribution from the General Revenue only.

(e) Dividend rate on capital invested and subsidy from General Revenues.

While we are not opposed to the proposal that the existing rates and modalities for determining the dividend payable by the Railways on the investment from General Revenues and subsidy from General Revenues to Railways may continue to be adopted for the year 2003-04, we would like to reiterate the need to pay the dividend regularly. It is pertinent to mention here that in order to enable Railways to meet its Plan needs this Ministry had permitted deferment of dividend of Rs.2823 crore during the year 2000-01 and 2001-02. The deferment of the dividend liability in these two years was agreed to, despite serious pressure on General Revenues, to enable the Railways to improve their finances. Railways need to improve their financial health in order to ensure that they are able to discharge the pending liability of deferred dividend along with the estimated dividend of Rs.2679.11 crore payable in the year 2002-03. This Ministry is also of the opinion that the Railways should constitute a Railway Tariff Regulatory Authority with the mandate to fix tariff on a rational basis with automatic adjustment based on cost inputs, including fuel and electricity tariff and staff costs.

With personal regards,

Yours sincerely,  
Sd/-  
(D. Swarup)

Shri A.S. Tewari,  
Additional Member (Budget),  
Ministry of Railways, (Railway Board),  
Rail Bhawan,  
New Delhi.

No.313/US/D(GS-1)/2003  
Government of India  
Ministry of Defence

New Delhi, dated the 19<sup>th</sup> June 2003

OFFICE MEMORANUM

Subject : Memorandum on dividend concession on capital employed in case of gauge conversion works taken up strategic consideration.

The undersigned is directed to refer to the correspondence resting with Ministry of Railways. Railway Board O.M. No.2002/W2/GC/O/1 dated the 3<sup>rd</sup> March 2003 on the above subject. The proposal for the extension of concessions available on the construction of new lines on strategic considerations to gauge conversion works on strategic considerations have been examined in consultation with Army HQrs. It is observed that Railways have been getting concessional subsidy from General Exchequer for construction of railway lines of strategic importance from Defence point of view. The Railways do not pay any dividend on the capital advanced from general revenue. The proposal of Railways is to avail similar concession on strategic railway lines where gauge conversion is under progress.

2. Ministry of Defence recommends that the concession may be extended for gauge conversion works subject to the condition that the Ministry of Railways adhere to a time-bound programme for the project and the concession should be applicable to specific projects after being duly vetted by Ministry of Defence.

sd/-  
(Goutam Sanyal)  
Director (G)  
Ph23011896

Ministry of Railways, Railway Board  
Shri P.K. Sanghi, Executive Director/Works  
Railway Board  
New Delhi.

No.313/US.D(GS-1)/2003  
Government of India  
Ministry of Defence

New Delhi dated the 15<sup>th</sup> September, 2003

OFFICE MEMORANDUM

Subject: Memorandum on dividend concession on capital employed in case of gauge conversion works taken up on strategic consideration.

The undersigned is directed to refer to the Ministry of Railways, Railway Board O.M. No.2002/W2/GC/O/1 (Pt) dated the 5<sup>th</sup> August 2003 on the above subject and to state that the matter has been reconsidered in this Ministry in consultation with Army HQrs.

2. This Ministry has already recommended that the concession may be extended for gauge conversion works subject to the condition that the Ministry of Railways adhere to a time-bound programme for the project and the concession should be applicable to specific projects after being duly vetted by the Ministry of Defence.

3. The same concession can be made applicable to on-going gauge conversion works taken up on strategic consideration. However, application of same parameters on completed projects cannot be considered at this belated stage.

Sd/-  
(Gautam Sanyal)  
Director

Ministry of Railways, Railway Board  
Shri P.K. Sandhi, Executive Director/Works  
Railway Board  
New Delhi

Copy to:-

Addl.DG.Mov/Mov(Plg)

W.r.t. their Note No.1420/Mov(Plg)  
Dated 5.9.2003 on the above subject.

No.F.7(5)-B(AC)/2003  
Ministry of Finance  
Department of Economic Affairs  
(Budget Division)

New Delhi  
4.1.2004

Subject : Extension on concessions on gauge conversions works taken up on strategic consideration.

Reference Adviser Finance, Ministry of Railways'  
D.O.No.99/RCC/204/10 dated 22.10.2003 on the subject cited above.

2., The proposal of Ministry of Railways for extension of concessions now available on 'strategic Railway lines' to gauge conversions works taken up on 'strategic considerations is agreed to with the following limitations:

- (i) Concessions would be applicable to specific projects vetted/certified by the Ministry of Defence as 'strategic' and limited each year to the amount actually spent by Railways on such projects;
- (ii) Concessions will be limited only to on-going and future gauge conversion projects taken up on strategic consideration and not to already completed projects;
- (iii) Concessions would become due only if such projects are completed on time and within the approved cost estimates.

3. This issues with the approval of Secretary (Expenditure).

Sd/-  
(Meena Chaturvedi)  
Director (Budget)  
Ph23094045

Shri S.C. Gupta,  
Adviser Finance,  
Ministry of Railways,  
Rail Bhawan.

# PART II

**MINUTES OF THE FIFTH SITTING OF THE RAILWAY CONVENTION COMMITTEE (2004) HELD ON 27<sup>TH</sup> JANUARY, 2005.**

\* \* \*

The Committee sat on Thursday, the 27<sup>th</sup> January, 2005 in Committee Room 'E', Parliament House Annexe from 1500 hrs to 1615 hrs.

**PRESENT**

Shri Gingee N. Ramachandran - Chairman

**MEMBERS**

**LOK SABHA**

2. Shri Kailash Joshi
3. Shri M. Rajamohan Reddy
4. Shri Madan Lal Sharma
5. Shri D. Venugopal
6. Shri Mahboob Zahedi

**RAJYA SABHA**

7. Shri Vijay J. Darda
8. Dr. Narayan Singh Manaklao

**SECRETARIAT**

- (1) Shri V.S. Negi - Deputy Secretary
- (2) Shri O.P. Shokeen - Assistant Director

**REPRESENTATIVES OF MINISTRY OF RAILWAYS**

- (i) Shri R.K. Singh - Chairman, Railway Board and ex-officio Principal Secretary to the Government of India.
- (ii) Smt. Vijayalakshmi Viswanathan - Financial Commissioner, Railways and ex-officio Secretary to the Government of India
- (iii) Smt. Sunita Awasthi - Additional Member (Budget)

2. At the outset, the Chairman welcomed the Members and the representatives of the Ministry of Railways to the sitting of the Committee and invited their attention to Direction 58 of the Directions by the Speaker, Lok Sabha. Thereafter the Committee took oral evidence of the representatives of the Ministry of Railways on the issue of 'Extension of concessions in payment of dividend available on construction of new lines on strategic consideration to gauge conversion works taken up on strategic consideration' The evidence concluded.

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

The Committee then adjourned.

MINUTES OF THE NINTH SITTING OF THE RAILWAY  
CONVENTION COMMITTEE (2004) HELD ON 3<sup>rd</sup> AUGUST, 2005.

\* \* \*

The Committee sat on Tuesday, the 3<sup>rd</sup> August, 2005 in Committee Room 'B', Parliament House Annexe, from 1500 hrs to 1540 hrs.

**PRESENT**

Shri Gingee N. Ramachandran - Chairman

**MEMBERS**  
**LOK SABHA**

2. Prof. Rasa Singh Rawat
3. Shri Raghunath Jha
4. Shri Nizamoddin
5. Shri Mahboob Zahedi

**RAJYA SABHA**

6. Shri Vijay J. Darda
7. Shri Surendra Lath
8. Shri Narayan Singh Manklao
9. Shri K. Rama Mohana Rao
10. Shri Dwijendra Nath Sharmah
11. Shri A. Vijaya Raghavan

**SECRETARIAT**

- (1) Shri V.S. Negi - Deputy Secretary
- (2) Shri O.P. Shokeen - Under Secretary

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. Thereafter, the Committee considered the Draft Report on 'Extension of concessions available on construction of new lines on strategic consideration to gauge conversion works taken up on strategic consideration.' and adopted the same without any amendment/modification

3. The Committee also authorized the Chairman to finalise the Report and present the same to both the House of Parliament after making consequential changes, if any, arising out of the factual verification by the Ministry of Railways.

\*4. xxxxxx xxxxx xxxxx

The Committee then adjourned.

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\*Matters related to other subjects.



