

**STANDING COMMITTEE ON RAILWAYS  
(2004-05)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**X FIVE YEAR PLAN OF THE RAILWAYS**

**ELEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

August, 2005/Sravana, 1926 (Saka)

**ELEVENTH REPORT**

**STANDING COMMITTEE ON RAILWAYS  
(2004-05)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**X FIVE YEAR PLAN OF THE RAILWAYS**

*Presented to Lok Sabha on 03.08.2005  
Laid in Rajya Sabha on 03.08.2005*



**LOK SABHA SECRETARIAT  
NEW DELHI**

August, 2005/Sravana, 1926 (Saka)

**CONTENTS**

	<b>PAGE</b>
COMPOSITION OF THE COMMITTEE.....	4
INTRODUCTION .....	5
<b>PART – I</b>	
<b>Report</b>	
Report.....	6
Recommendations/Observations.....	27

**STANDING COMMITTEE ON RAILWAY (2004-05)****Shri Basudeb Acharia - Chairman****MEMBERS****LOK SABHA**

2. Shri A.Sai Prathap
3. Shri Dharendra Agarwal
4. Shri Atique Ahamad
5. Shri Ajaya Kumar
6. Shri Subrata Bose
7. Shri Bapu Hari Chaure
8. Shri Kishan Lal Diler
9. Shri Giridhar Gamang
10. Shri Pradeep Gandhi
11. Smt. Paramjit Kaur Gulshan
12. Shri Anwar Hussain
13. Shri Mahesh Kanodia
14. Shri C. Kuppusami
15. Smt. Kalpana R. Narhire
16. Shri Rajendrasinh Rana
17. Shri Kishan Singh Sangwan
18. Shri Iqbal Ahmed Saradgi
19. Dr. Arun Kumar Sarma
20. Ch. Lal Singh
21. Mohd. Tahir

**RAJYA SABHA**

22. Smt. Kamla Manhar
23. Shri Karnendu Bhattacharjee
24. Maulana Obaidullah Khan Azmi
25. Shri Lalit Kishore Chaturvedi
26. Shri Su. Thirunavukkarasar
27. Shri Tarini Kanta Roy
28. Shri R. Kamraj
29. Shri Isam Singh
30. Shri Harendra Singh Malik
31. Shri Abani Roy

**LOK SABHA SECRETARIAT**

1. Shri John Joseph - Secretary
2. Dr.(Smt.) P.K. Sandhu - Additional Secretary
3. Shri V.S. Negi - Deputy Secretary
4. Smt Abha Singh Yaduvanshi - Under Secretary
5. Shri U.C. Bharadwaj - Executive Officer

## INTRODUCTION

I, the Chairman of the Standing Committee on Railways (2004-05), having been authorised by the Committee to present the Report on their behalf, present this Eleventh Report of the Committee on 'X Five Year Plan of the Railways'.

2. The Committee took evidence of the representatives of the Planning Commission and the Ministry of Railways on 18<sup>th</sup> and 27<sup>th</sup> January, 2005 respectively.

3. The Committee considered and adopted the Report at their sitting held on 28.07.2005. Minutes of the sittings held on 18<sup>th</sup> and 27<sup>th</sup> January, 2005 and 28<sup>th</sup> July, 2005 form Part-II of the Report.

4. The Committee wish to express their thanks to the officers of the Planning Commission and the Ministry of Railways (Railway Board), for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the subject 'X Five Year Plan of the Railways' and sharing with them the issues concerning the subject which came up for discussion during evidence.

NEW DELHI;  
August, 2005  
Sravana, 1926 Saka

**BASUDEB ACHARIA**  
Chairman,  
Standing Committee on Railways

## REPORT

### CHAPTER - I

#### PLANNED DEVELOPMENT OF THE RAILWAYS – AN INTRODUCTION

The Indian Railways having a capital base of about Rs.55000 crore has been the prime public transport in the country for carrying bulk freight and long distance passenger traffic. Indian Railways has also been pivotal to the developing economy of the country as a whole. Given the diverse topography, culture and scattered natural resources on the Indian continent, the Railways have played a significant role not only in meeting the transport needs but also in binding together the dispersed areas thereby promoting national integration. Despite of the number of intrinsic advantages as compared to road transport viz. more energy efficient, economical in land use, cost effective in construction, significantly lower social cost in terms of environmental damage and safety and capable of using any form of primary energy, inadequate investment have resulted in a progressive shift in the market share of both passenger and freight traffic to road sector.

**1.2.** Since 1951 i.e. from the inception of 1<sup>st</sup> Five Year Plan upto IX Five Year Plans including four Annual Plans in between, a total of 10,998 kms of new lines, 12,048 kms. of gauge conversion and 12,401 kms. of doublings have been completed upto 2001-02. The growth of traffic and rolling stock during the period 1950-51 to 2002-03 is given below:-

Year	Route kms	Electrified route kms.	Freight output (billion net tonne kms)	Wagon capacity (in vehicle units)	Passenger output (billion passenger kms.)	Passenger coaches (number)	Number of locomotives
1950-51	53596 (100)	388 (100)	37.6 (100)	205,596 (100)	66.5 (100)	13109 (100)	8209 (100)
2002-03	63122 (118)	16272 (4194)	353.2 (939)	214,760 (104)	515.8 (776)	34896 (266)	7681 (94)

**1.3.** The above table shows that although the freight traffic has grown by about nine times and the passenger traffic by about eight times, the addition to the rolling stock has been substantially lower. According to the Railways, this has been possible due to mechanical upgradation of the rolling stock, induction of modern and new designs of rolling stock from time to time, replacement of 4 wheeler wagons with 8 wheelers wagons and bringing about efficiency in the operations.

**1.4.** The Central Government over the Plan periods have accorded high importance to the development, expansion and modernisation of railway network and in pursuance to that, the Railways have been getting budgetary support for the construction of new lines, doubling, gauge conversion, traffic facilities etc. since the inception of the planned development in the country. The Railways pay dividend on this capital support provided by the Central Government. However, the budgetary support for the specific projects, metropolitan projects, Special Railway Safety Fund and Railways share from the Central Road Fund (Diesel Cess) are exempted from payment of dividend. The Central Government have also provided subsidy to the Railways for certain un-remunerative branch lines, certain new lines etc. Upto 2004-05, Railways have received Rs.58,474 crore as budgetary support from the Central Government and paid Rs.34,756 crore as dividend to the Central Exchequer till 2004-05 (BE). The details of the Plan-wise budgetary support provided to the Railways is as under:-

(Rs. in Crore)

<b>Five Year Plan</b>	<b>Capital from General Exchequer</b>
I	142
II	576
III	1140
IV	1031
V	1141
VI	3802
VII	6940
VIII	7311
IX	15879
2002-03	5478
2003-04 (RE)	6877
2004-05 (BE)	8157
<b>Total</b>	<b>58474*</b>

\* This does not include the Budgetary Support provided for four Annual Plans.

**1.5.** The share of the Railways in the Budgetary Support to Central Plan during the years 1997-98 to 2004-05 is as under:-

(Rs. in crore)

<b>Year</b>	<b>Budgetary Support to Central Plan (BE)</b>	<b>Budgetary Support to Railways (BE)</b>	<b>Share of Railways (%)</b>
1997-98	36130.34	1831	5.07
1998-99	42464.27	2200	5.18
1999-2000	44000.00	2540	5.78
2000-01	51276	3840	7.49
2001-02	59456	5517	8.00
2002-03	66871	5840	8.73
2003-04	72152	6577	9.12
2004-05	87886	8157*	9.28

\* Budgetary Support was Rs.6919 crore in the Annual Plan 2004-05 which was later increased to Rs.8157 crore.

**1.6.** The budgetary support from the Central Government has gradually declined after V Five Year Plan. With the continued decline of budgetary support in terms of percentage of the total Annual Plans of the Railways, the Railways decided to go in for market borrowing during the VII Five Year Plan to augment its resources for procurement of new rolling stocks. The era of market borrowing took off in 1987-88 with setting up of the Indian Railway Finance Corporation (IRFC) to finance rolling stock to the Railways on lease charges. At present, the market borrowing is done through three different sources viz. (i) leasing of rolling stock through IRFC, (ii) leasing of wagons under the Own Your Wagon Scheme (OYWS) and (iii) private participation in execution of projects through BOT. The planned investment (Plan-wise) since 1951 till 2004-05 (BE) is given in Annexure-I.

**1.7.** However, the budgetary support to the Railways in IX Plan registered a substantial increase from Rs.7,311 crore (23%) in VIII Plan to Rs.14,411 crore (32%) excluding provisions under Road Safety and Special Railway Safety Fund (SRSF).

**1.8** During the evidence, the Secretary, Planning Commission while comparing the Indian Railways with that of Chinese Railway System in terms of budgetary support being provided has apprised the Committee as under: -

“China and India have, more or less, comparable railways system in terms of track length, large land masses and a great population. In China, the total budgetary support to the Railways is 11 per cent only. We are giving the Railways more than 50 per cent budgetary support. Their IEBR is of a much higher order. The internal resources is 57 per cent and the market borrowing is 32 per cent. In case of Indian Railways, the numbers are 24 per cent and 22 per cent respectively. So, instead of the internal resources of 57 per cent as is raised in China, in India Railways are raising only about 24 per cent. In case of the market borrowing, the Chinese are depending to the extent of 32 per cent, whereas we are raising only 22 per cent. So, the entire railway operations seem to have become the kind of a budgetary support related operation. Instead, it should gradually move more and more towards self-sustaining commercial system.”



**1.9.** He further added –

“If you are propelled by commercial processes, then your pace of growth becomes much faster because it becomes self-propelling. If you are propelled by external resources be it financial institution or the Government, questions are asked and in the process a lot of self propelling speed is lost...he stressed that Railways need to bring about a series of changes in the way they are looking at their financing system.”

**1.10.** The Planning Commission have stated that budgetary support should be a trigger for those activities which can not be funded by commercial institutions. Ministry of Defence have changed their mind set and allowed private enterprises to manufacture certain parts and components likewise the Indian Railways have to change their outlook in connection with the manufacturing of peripheral requirements. The Railways have to go for public – private partnership for speedy progress of their organisation. Railways be propelled by commercial progress to acquire faster growth rate.”

**1.11.** The Planning Commission also suggested -

“In case of railways, this Tariff Regulatory Authority will go a very long way to create confidence in the private sector to come in and participate in the railway system. The legal and regulatory framework would also need to be taken care of.”

**1.12.** In regard to performance of the organization, the Secretary, Planning Commission during the oral evidence emphasized:-

“The main criterion should be efficiency. In a system where you are not able to measure the efficiency, anything can go in the name of efficiency, which might actually be inefficiency. To be able to have a calibrated system where you can measure whether the performance has been up to the mark or not according to the criteria, the requirement is to have a measurable system. There should be commercial system of accounting and cost centre based approach. This way you would know what should have been the actual cost, what should have been the revenue accrued, whether the performance has actually occurred and whether there have been cost overruns or time overruns.”

**1.13.** Ninth Five Year Plan (1997-02) was envisaged for Rs.45413 crore including budgetary support of Rs.11791 crore. However, it actualised Rs.45725 crore consisting of Budgetary support of Rs.15551 inclusive of Rs.1140 crore under SRSF and Road Safety Fund. During the Ninth Plan period, the aggregate of budgetary support provided in the Annual Plans exceeded the total budgetary support promised in the IX Plan document. However, the generation of internal resources and borrowings fell short of targets. The year-wise resources mobilised by the Railways during the entire IX Plan are as under:-

Year	Internal Resources		Market borrowings through IRFC, OYWS & BOLT		Capital from General Exchequer		Total
	Rs. crore	%	Rs. crore	%	Rs. crore	%	
1997-98	3452	42%	2795	34%	1992	24%	8239
1998-99	3455	39%	3217	36%	2185	25%	8857
1999-2000	3550	39%	2919	32%	2588	29%	9057
2000-01	3229	34%	2897	31%	3269	30%	9395
2001-02	2051	20%	2175	21%	4377	43%	10177
Total	15737	34%	14003	31%	14411	32%	45725

**1.14.** The Indian Railways exceeded the IX Plan targets of passengers in term of passenger Kms., however a short fall to the extent of 36 million tonnes (MTs) in freight traffic was registered in the terminal year of the Plan. The Ministry attributed this to the recessionary trends in the economy. The physical and financial targets set and their actual achievement during the IX Plan are as under:-

(i) The physical targets and actual achievements

Item	Targets	Achievement during IX-Plan	Percentage
New Lines	819 Kms	663 Kms	80.9%
Gauge Conversion	3710 Kms	2103 Kms	56.6%
Doubling	2500 Kms	990 Kms	39.6%
Electrification Projects	2334 Kms	2311 Kms	99%
Electric Locos	851 Nos.	697 Nos.	81.9%
Diesel Locos	785 Nos.	630 Nos.	80.2%
Coaches	10909 Nos.	11619 Nos.	106.5%
Wagons	136000 FWUs	99962.5 FWUs	73.5%

(ii) The financial targets and actual expenditure

Item	Allocations (Rs. crore)	Actual expenditure (Rs. crore)
New Lines	2500	2914
Gauge Conversion	3627	3486
Doubling	2519	2417
Track Renewals	7158	7934
Electrification Projects	1562	1538
Rolling Stock	19266	18062

**1.15.** In spite of the increased expenditure over the approved Plan outlays during the Ninth Plan, the physical targets particularly under the Plan Heads New Lines, Gauge Conversion, Doublings and acquisition of Wagons could not be achieved by the Railways. The mid-term appraisal of the Ninth Plan had stressed the need for prioritisation of all ongoing projects. The Planning Commission has also been consistently suggesting that the criteria of priority for projects needs urgent review and the resources which are made available to the departments should be applied in a concentrated manner on a few projects so that they could be taken up at a time and completed within the time frame because time overruns lead to cost overruns. However, no headway has been made in this direction by the Railways and the available resources continued to spread thinly over a large number of projects viz. 83 New Lines, 70 Gauge Conversion, 94 Doubling, 23 Electrification and 19 Metropolitan transport projects as on April, 2002.

**1.16.** The Secretary, Planning Commission during the evidence emphasized -

“Basically, the issue of prioritisation has to be looked at by creating some kind of a balance between the equity aspect and the commercial aspect. The commercial aspect has to be the main guiding criterion whereas the equity aspect demands that any project should be given the higher priority. If it is commercially viable, then consensual decision should be taken. The basic problem is that since they (Railways) are not able to distinguish between the equity-based demands and the other demands because there are demands from all segments. Therefore, they (Railways) are having problems in regard to prioritisation. If we have the single criterion relating to commercial preference, it would be easy for prioritisation”

**1.17.** The Mid-term appraisal of the Ninth Plan had also heralded the urgent need for stringent corrective measures. The Railway policy framework has some inherent weaknesses that prevent their healthy growth. As a result of these policy distortions, the Railways are not finding themselves competent enough to meet the increasing competition from the road sector. It is felt that the Railways require a strategic shift in their objectives in the backdrop of massive investment taking place in the highways and pipeline sectors. The Railways must reorient their objectives to cope with upcoming

cost-effective and efficient market competition from road transport. They will have to be pro-active, customer friendly and market-savvy organisation which responds instantly to market needs. The thrust has to be on modernisation of the railway system to ensure better safety, reliability and carrying capacity by adopting corridor and throughput approach. In this process, the Railways have decided to complete 62 identified throughput enhancement works during the remaining period of X Plan i.e. 2004-07. The accelerated completion of these works will result in augmentation of the sectional capacity, de-bottlenecking of saturated section and terminals, improving operational flexibility, better utilization of rolling stock and ensured safety of operation.

## CHAPTER – II

### X FIVE YEAR PLAN OF THE RAILWAYS

**2.1.** The Railways draw up their Five Year Plan as well as the Annual Plan in consultation with Planning Commission and in consonance with the national Five Year Plan.. The X Five Year Plan (2002-07) formulated keeping in view the future needs and challenges, emphasize that the Railways need to run primarily on commercial lines. While it could continue to play its social and developmental role, it should be suitably compensated for such services. Keeping into account the fact that the Railways are also a commercial organisation, its Plan has to be financed substantially by generation of more internal resources through cost control measures.

**(a) Objectives:**

**2.2.** Following are main thrust areas of Tenth Plan:-

- (i) Strengthening of the High Density Network – Investments towards building up capacity through National Rail Vikas Yojana and investment towards completion of sanctioned rail projects.
- (ii) Technological upgradation of assets for improving efficiency throughout and increasing average speed of trains.
- (iii) Utilizing Information Technology for better customer interface.
- (iv) Improving safety of operations by replacement of over aged assets through Special Railway Safety Fund.
- (v) Reduction in energy bill by direct purchase of power from Central Generating Agencies and joint ventures for setting up power plants with generating agencies.
- (vi) Mobilisation of additional resources through private/public participation in railway projects.
- (vii) To increase share of freight and passenger traffic during X Plan.

**2.3.** The steps taken by the Railways to achieve the major objectives/targets of the X Five Year Plan are as under:-

- (a) Strengthening of High Density Network which include the Golden Quadrilateral and its diagonals to augment capacity:- to achieve this objective a number of non-budgetary initiatives viz. Public-Private Partnership, cost sharing with State

- Government(s), funds through Ministry of Defence, additional funds for National Projects, National Rail Vikas Yojana and Remote Area Rail Sampark Yojana have been launched by the Railways. For fast track implementation of bankable projects under National Rail Vikas Yojana, a PSU named Rail Vikas Nigam Ltd. (RVNL) has been set up in January 2003. Railways have handed over about 76 projects to RVNL for execution.
- (b) Technological up-gradation of assets and modernization of the Railway system:- Railways have formulated an integrated modernization plan covering the period 2005-06 to 2009-2010 with the aim towards transforming the Indian Railways into a modern system of global standards. The total expenditure involved for these identified items would be about Rs.24,000 crores. Out of this, Rs.4,000 crore is available under Special Railway Safety Fund for corresponding sanctioned works in the Green Book. Of the remaining Rs.20,000 crore, Rs.3,370 crore is proposed to be mobilized through internal generation and Rs.6,000 crore through market borrowing. The balance requirement of Rs.10,270 crore would be met through enhanced budgetary support.
- (c) Utilizing Information Technology for better customer interface, becoming more user friendly and market savvy organization:- Railways have taken the following steps to utilize IT for better customer interface:-
- (i) Internet based ticketing has been launched by IRCTC in 2002. This facility is available in all major cities of India now.
  - (ii) E-ticketing has been launched on selected pairs of Shatabdi trains for booking tickets on the Internet.
  - (iii) Internet-based customer reservation queries :- The facility of Internet-based reservation enquiry was further extended during the Tenth Five Year Plan period.
  - (iv) Mobile-phone based ticketing : In 2004, booking of reserved tickets was started over mobile phones by IRCTC.
  - (v) SMS alerts:- A system launched to provide SMS alerts to passengers of selected trains about train delays, ticket status etc.
  - (vi) Unreserved Ticketing System (UTS) : The UTS launched in August 2002 has already been deployed at over 100 locations all over the country and is being expanded rapidly.

- (vii) Web-enabled train enquiry : This facility enabling passengers to obtain the running position and likely arrival and departure timings of all express trains on Internet has been launched in April 2004.
  - (viii) Passenger operated enquiry terminals (POET) :- These are self-service enquiry terminals which enables passengers to obtain information on reserved tickets status, accommodation on trains etc. Similar touch-screen systems have also been provided in a few major stations.
  - (ix) Integrated Call Centres :- A project for provision of Integrated Call Centres for passenger enquiries has been conceived and is under execution. Two such Centres at Patna and Bangalore has already been set up and twenty more are to be set up.
  - (x) Web-enabled claims management system is under implementation where claims case status would be monitored by claimants over the Internet. Case registration would also be possible over the Internet. This system would be fully implemented in the next financial year.
  - (xi) Computerized Railway Receipts (RRs) is being initiated which will lead to more accurate and to quicker processing of RRs.
  - (xii) E-Payment gateway enabling payment of freight charges through direct bank debit.
- (d) Improving safety of operations by replacement of over aged assets through Special Railway Safety Fund, a non-lapsable fund of Rs.17,000 crore was set up in 2001 for replacement of over aged assets.
- (e) To increase share of freight and passenger traffic during X Plan by strategic shift in the objectives to cope with a more competitive market, Indian Railways need to run primarily on commercial lines while it could continue to play its social and developmental role.
- (f) The process of rationalization of freight structure for re-balancing of tariffs was initiated in the Railway Budget 2002-03 and is being continued.

(g) Other measures taken to attract more traffic and to enhance internal generation by augmenting earnings are:-

- (i) There has been no across-the-board increase in the freight rates for the years 2003-04 and 2004-05.
- (ii) Number of Class for freight rates has been reduced from 59 to 27.
- (iii) Highest Class has been reduced from Class-300 to Class-250 and ratio of the highest and lowest freight rate reduced from 8.0 to 2.8
- (iv) Classification of commodities including POL, Iron & Steel, etc. were suitably reduced which resulted in reduction in freight rates from 3.7 per cent to 10 per cent.
- (v) Train-load classification has been extended to all commodities.
- (vi) Powers of GMs have been enhanced to grant freight concessions upto 24 per cent to quote Station-Station rates.
- (vii) Incentive of 2 per cent rebate on every Rs. 5 crore net additional freight earnings granted for Premier Customers, generating and originating earning of Rs.25 crore per annum from their sidings for commodities in Class-135 and above.
- (viii) A rebate of 10 per cent in freight charges for the transportation of heavy machinery consignments by special trains in a special type of wagons owned by the customers has been granted.
- (ix) MOU has been signed with CWC to develop a network of 22 freight terminals to provide single-window service as a freight forwarder including loading/unloading of wagons, storage of consignments and road-bridging at the originating and destination points.
- (x) In order to remove anomalies in the method of arriving at the chargeable distance for fare and freight by different zonal railways, total distance will be rounded off to the next higher kilometer only once at the end, instead of multiple rounding off at intermediate stages. The rationalization which bring uniformity in charging of fare and freight is being implemented shortly.
- (xi) A new scheme, called "Engine-on-Load" (EOL) scheme has been introduced to ensure faster clearance of rakes and better availability of wagons. The EOL customers are exempted from payment of engine hire charges, siding charges, shunting charges and the cost of all the railway staff posted in the sidings. A system of debit/credit hours, for computation



of demurrage has also been introduced. The scheme is being liberalized further to make it more attractive.

- (xii) The benefit of train-load rate for booking of “two-point” block rakes has been granted for the entire distance of transportation on end to end basis.
  - (xiii) Customers have been allowed clubbing up to 12 consignments in a Broad Gauge 8-wheeler wagons.
  - (xiv) Own Your Wagon Scheme (OYWS) is being liberalized to enhance public private partnership in procurement of wagons.
- (h) For passenger traffic Indian Railways have taken a number of steps to augment its passenger carrying capacity by introducing a large number of new trains, increasing the frequency of existing trains besides augmenting their composition.

**(b) Plan Outlay**

**2.4.** Based on the assessment of requirements to meet the passenger and freight traffic demands, Railways had projected a Plan outlay of Rs.64687 crore for the X Plan, with a budgetary support of Rs.40615 crore including contribution to SRSF amounting to Rs.10,965 crore. The Planning Commission, however, has approved a total Plan outlay of Rs.60,600 crore for the X Five Year Plan comprising budgetary support of Rs.27,600 crore (45.5%) and Rs.33,000 crore (54.5%) of internal generation of resources and market borrowings. The breakup of X Plan outlays as proposed by Railways and that approved by Planning Commission is as under:

	As Proposed by Railways	Approved by Planning Commission
<b>Internal &amp; Extra Budgetary Resources</b>	<b>Rs.24,072 crore</b>	<b>Rs.33,000 crore</b>
Internal Generation (incl. Safety Surcharge)	Rs.14,072 crore	
<b>Gross Budgetary Support</b>	<b>Rs.40,615 crore</b>	<b>Rs.27,600 crore</b>
Budgetary support	Rs.27,500 crore	
Government Contribution to SRSF	Rs.10,965 crore	
Safety Fund	Rs.2150 crore	
<b>Total</b>	<b>Rs.64687 crore</b>	<b>Rs.60,600 crore</b>

**2.5.** On being asked about the reasons for reduction in the Plan allocation from Rs.64,687 crore to Rs.60,600 crore and its impact on carrying capacity of freight and passenger traffic, the Secretary, Planning Commission explained -

“The reduction was on the basis of expected Gross Budgetary Support (GBS) that would emanate. We do feel that in any case this is the sector where the GBS that has actually been provided is way ahead of what was envisioned in the Tenth Plan document itself. The total GBS, which was supposed to be provided over a period of 5 years, was Rs.27,600 crore. We have already provided for about 70 per cent of this in the first 3 years. In the remaining 2 years, we have to provide only 30 per cent. If we were to take at a flat rate, if we were to take Rs.27,600 crore divided by 5, Rs.5,500 crore would be the annual level of GBS. But, what we have provided for is about the same order of the GBS in the first 2 years. But, in the current year, we raised it to the level of Rs.8157 crore. There is a likelihood that it will remain at this level. So, we will probably land up giving them a lot more of GBS than what was thought of in the Plan. There has been no reduction of GBS. In fact, this is an increase of the effective GBS over the plan projection.”

**2.6.** Further with reference to the overall GBS availability of the Planning Commission for all Ministries/Departments and State Governments put together for X Plan he stated as under:-

“In the Tenth Plan, the total GBS that was envisaged in the first year, we were able to get pretty around that. But in the second year we got Rs.13,000 crore less than what was envisaged in the Tenth Plan. In the third year of the Plan, we got another about Rs.13,000 crore less than what was envisaged. We got Rs. 1 lakh 46 thousand crore instead of Rs.1 lakh 59 thousand crore. We are already short by Rs.25,000 crore as far as the overall GBS is concerned. In that scenario, we have given Railways more than what was actually planned for or projected in the Tenth Plan. So, that is something which makes this issue of Rs.64,000-Rs.60,000 a non-issue.”

2.7. Financing of the Railways first three Annual Plans of the X Plan has been as under:

(Rs. in crore)				
	IEBR		Budgetary Support	Total
	Internal Generation	Market Borrowing		
2002-03	3113	2517	5778	11408
2003-04 (prov.)	3476	2837	7081	13394
2004-05 (BE)	3728	3450	7320*	14498*
<b>Total</b>	10317	8804	20179	39300

\* Rs.1137 crore additional budgetary support has been provided for 2004-05 by the Planning Commission. In addition Rs.400 crore has been provided by Ministry of Finance for progressing in National project of Uddampur-Srinagar-Baramulla new line.

(c) **X Plan Physical Targets**

(i) **Freight Traffic**

2.8. The original projection for freight traffic for the X Plan, the actual performance during the first two years and projection for the third year of X Plan are as under:

	X Plan targets for terminal year 2006-07	2002-03		2003-04		2004-05	Average Growth per annum (Compounded)	
		Target	Actual	Target	Actual (Prov)	Target	Target as per X Plan	Expected till 2004-05
Originating loading (MT)	624	510 BE 515 RE	518.7	540 BE 550 RE	557.4	580	4.8%	5.6%
Lead (Kms.)	635	693.5	680.9	677.7	684.0	680.2		
Freight Output (BNTKMS)	396	334 BE 357 RE	353.2	367 BE 373 RE	381.2	394.5	3.5%	5.8%

2.9. The freight traffic targets for the terminal year of the X Plan are 624 million tonnes of originating traffic and 396 billion NTKMs of freight output. However, the freight output targeted at 396 BNTKMS has been revised to 424 BNTKMS at the mid term appraisal. Similarly the compounded growth rate has also been revised to 4.9 per cent from 3.5 per cent originally targeted. According to Railways the actual likely achievement by the end of 2004-05 is expected to be 580 million tonnes of originating loading and 394.5 billion NTKMs of freight output. The target for the X Plan is likely to be achieved.

**2.10.** The Chairman, Railway Board informed the Committee that against the target of 580 mt planned to achieve during 2004-05, Railways would be achieving something in between 590 to 595 MTs. Even at 580 MTs the compounded growth works out to 5.6 per cent against the 4.8 per cent projected target growth of the X Plan. As regards Net Ton Kilometers for 2004-05, 394.5 BNTKM has been projected in the mid term appraisal and Railways are going to have 5.8 per cent compounded growth in BNTKMS in 2004-05 itself which is much beyond the 3.5 per cent stipulated target of the X Plan.

**(ii) Passenger Traffic**

**2.11.** The original projection for passenger traffic for the X Plan, the actual performance during the first two years and projection for the third year of X Plan are as under:

	X Plan targets for terminal year 2006-07	2002-03		2003-04		2004-05	Average Growth per annum (Compounded)	
		Target	Actual	Target (revised)	Actual (Prov)	Target	Target as per X Plan	Expected till 2004-05
No. of Passengers (Millions)	5885	5188 BE 5022 RE	5048.2	5177 BE 5211 RE	5202.9	5359.9	2.6%	1.2%
Passenger Kms. (Billion)	625	498 BE 485 RE	515.8	508 BE 530 RE	533.65	542.05	4.8%	3.9%

**2.12.** The Passenger traffic targets for the terminal year of the X Plan has been originally projected at 5885 million originating passengers and 625 billion passenger kms. This has been revised during the mid term appraisal as 5686 million originating passenger and 593 billion passenger kilometers and the corresponding compounded growth has also been revised to 1.9 per cent and 3.8 per cent respectively. According to Railways the actual likely achievement by the end of 2004-05 is expected to be 5359.9 million originating passengers and 553.5 billion passenger kms. There was a dip in the number of originating passengers in the year 2002-03 due to imposition of safety surcharge in October, 2001 and upward revision in the suburban as well as non suburban passenger fares during 2002-03. Further there has been a shift in the short distance passengers to the road sector with the expansion and growth of road network. Although the Railways are taking steps to augment their passenger carrying capacity by introducing new trains, increasing frequency of existing trains, augmenting train composition and

introducing consumer friendly concepts such as revamping Tatkal Scheme, Internet Ticketing, Computerised Unreserved Ticketing System etc. the target for the X Plan are not likely to be achieved.

**(ii) Major Project Target**

**2.13.** Major projects are the new lines, gauge conversion and doubling of tracks. The physical targets set for these projects during the X Plan and achievement in the first two years and projections for the third year of the Plan are as under:

	<b>Target for X Plan</b>	<b>2002-03 (Actual)</b>	<b>2003-04 (Prov.)</b>	<b>2004-05 (Target)</b>	<b>Total</b>
<b>New Lines</b>	1310 kms.	178 kms.	162 kms.	273 kms.	613 kms.
<b>Gauge Conversion</b>	2365 kms. 4000 kms.* (Revised)	830 kms.	854 kms.	1000 kms.	2684 kms.
<b>Doubling</b>	1500 kms.	194 kms.	206 kms.	381 kms.	781 kms.

\* Revised on being found possible to speed up the progress of some of the gauge conversion works due to augmentation of non-budgetary resources.

**2.13.** The targets fixed for the new lines, gauge conversion and doubling for the first two years of the X Plan were 439 kms., 1317 kms. and 590 kms. respectively. In a written reply submitted to the Committee subsequently, the Ministry of Railways stated that against these targets, Railways could achieve 340 kms. of new lines, 1684 kms. of gauge conversion and 400 kms. of doubling during the period. The Chairman, Railway Board during the oral evidence informed the Committee that Railways are way ahead in achieving the gauge conversion target of 2684 kms. set by the end of 2004-05, but are lagging behind in the field of new lines and doublings. The involvement of long gestation periods on account of land acquisition, forestry clearance, contractual failures and construction of major bridges where finalisation of design takes unavoidably a longer time etc. are the factors for the delay and not keeping pace with the pro-rata targets of the X Plan target under these heads. However, all out efforts are being made to achieve the target of New Lines and Doubling during the X Five Year Plan.

**2.14.** On being asked whether there is a system for monitoring all these projects at the Boards level so that all the clearances etc. can be expedited, the Chairman, Railway Board stated:-

“Every month in the Board meeting, as regards Annual Plan, we are analyzing our annual targets, which are based on the budgetary support and other factors like the

internal resources. We have the budget plan and the plan size. Depending upon the Annual Plan size, we fix our targets for the projects. So as regards the targeted projects the full Board is analyzing them every month. But as regards remaining projects, we are not doing them as a regular measure in the Board. But it is being done at the level of the General Manager and Additional General Manager. They are having a quarterly progress review meetings. Somewhere they are having more frequent than that. But these are being regularly monitored at a fairly high level. We have got the Budget review stages. There also, we get a chance to review and have a overall view of the progress of the work, Plan head-wise and location-wise.”

**2.15.** Further he also added:—

“By and large whatever lengths have been targeted – whether in respect of new lines, gauge conversion or doubling – we have achieved them with a marginal shortfall here and there. Instead of 31 March of the financial year, we might have been doing the job a few months later. It happens so because of some unavoidable reasons only. This year 2004-05, we have taken up a total length of 1650 kms., out of which roughly 270 kms. of length is for taking up new line projects, around 380 kms. for doubling and 1000 kms. for gauge conversion. As compared to 1000 kms. to 1100 kms. that we had been doing in the previous years, we have pitched our targets on a higher side this year. As per the review, we are going to achieve a target of 1400 kms. The maginal shortfall is because of various reasons like some havoc caused by floods, problems in land acquisition etc.

**2.16.** On being asked the basis on which the gauge conversion work has been revised to 4000 kms. from 2365 kms., the Ministry of Railways in their reply stated that the progress of gauge conversion works during the IX Plan was far lesser as compared to VIII Plan. In fact, lots of gauge conversion works on which preparatory works were completed during the IX Plan are now being completed in the X Plan. Due to augmentation of budgetary resources, it has been possible to speed up the progress of gauge conversion works as a result the target for gauge conversion have been revised to 4000 Kms.”.

**(iii) Rolling Stock Targets**

**2.17.** The target for the acquisition of rolling stock are fixed every year at the time of the Annual Plan exercise depending upon the freight and passenger targets set for the year. For the Tenth Plan, Railways had projected a loading target of 600 million tonnes and 369 billion NTKMs for the terminal year 2006-07. However, this was revised by the Planning Commission to 624 million tonnes and 396 billion NTKMs. The revised requirement of Rolling stock with the increase in freight targets is given below:-

	<b>Targets as per X Plan document</b>	<b>Revised targets proposed now</b>
Diesel Locomotives	444	655
Electric Locomotives	343	481
Coaches (conventional)	9,160	9,160
EMUs	1,965	1,745
Wagons (FWUs)*	65,000	94,214

\* This does not include Departmental wagons.

**2.18.** During the first two years quantum of rolling stock acquired and proposed for 2004-05 along with the balance requirement for the remaining two years is given below:-

	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>Total</b>	<b>Balance</b>
Diesel Locomotives	100	109	120	329	326
Electric Locomotives	69	86	90	245	236
Coaches	1669	2072	2224	5965	3195
EMUs	122	139	180	441	1304
Wagons (FWCs)*	12684	13435	18500	44619	49595
EMUs/DMUs	126	121	192	439	311

\* This does not include Departmental wagons

**2.19.** As per the Railways, the procurement of coaches and locomotives both electrical and diesel has been as per requirement and targets set during the first three years. In the case of the wagon acquisition, the total wagon production has been less than the targets set during the first three years of the Plan mainly on account of under performance of the public sector units manufacturing these items. Two public sector units viz. Bharat Wagon and Engineering Company Limited, Mokameh and Muzzafarpur had not manufactured the wagons for 8 to 10 months which have now started production since October 2004. The targeted acquisition of rolling stock are likely to be achieved by the end of the X Plan.

### **SPECIAL RAILWAY SAFETY FUND (SRSF)**

**2.20.** A non-lapsable Special Railway Safety Fund of Rs.17,000 crore was set up in 2001. The funding was to be done by a dividend free grant of Rs.12000 crore from the General Exchequer and Rs.5000 crore to be generated by the Ministry of Railways by levy of safety surcharge on passenger fares. The objective was to liquidate the accumulated arrears of renewal of assets namely tracks, bridge works, signaling and telecommunication and rolling stock within a time frame of 6 years from 2001-02 to 2006-07. Out of the Rs.17,000 crore, the projection for the six year period for track renewal was Rs.7670 crore, bridge works Rs.1722 crore, signaling and telecommunication Rs.3652 crore and rolling stock Rs.3698 crore. Against this, till March 2004, Rs.4376 crore on track renewal, Rs.351 crore on bridge works, Rs.1002 crore on signaling and Rs.755 crore on rolling stock has been spent by the Railways.

**2.21** The planned and actual allocation for the first four years are as under:-

**(values in Rs. Crore)**

<b>Year</b>	<b>Planned allocation for the year</b>	<b>Actual expenditure allocation/ for the year</b>	<b>Estimated Safety Surcharge to be contributed by MOR</b>	<b>Actual contribution by MOR</b>	<b>Planned allocation from MOF</b>	<b>Actual allocation from MOF</b>
2001-02	2500	1434	400	434	2100	1000
2002-03	3000	2486	860	1136	2140	1350
2003-04	3000	2584 (Prov.)	890	984 (Prov.)	2110	1600
2004-05	3000	3833 (BE)	925	858 (BE)	2075	2975 (BE)

**2.22.** The Planning Commission admitted that GBS component which should have gone into the SRSF did not go in adequate measure. The Commission accepted that there had been a shortfall of Rs.2400 crore in three years i.e. 2001-04. However, they stated that the trend of shortfall had been corrected since 2004-05 and an enhanced allocation of Rs.2075 crore had been provided to the Ministry of Railways. On the top of it, the Commission have further stated that another Rs.900 crore have been provided to make up for the previous years' shortfall. They also assured the Committee that Rs.2700 crore would be provided in the next year 2005-06 and the balance in the terminal year of the X Plan.

### **CORPORATE SAFETY PLAN**

**2.23** Railways have formulated a Corporate Safety Plan to enhance safety (2003 to 2013). The main objectives of the Corporate Safety Plan are to reduce the



number of accidents and to reduce chances of passenger fatality in consequential train accidents etc. The Plan envisages an outlay of nearly Rs.32,000 crore over a ten year period. While clearing of the arrears of replacement of tracks, bridges, signaling gears and rolling stock would be addressed through the SRSF (Rs.13,100 crore), annual arising for these items will be taken care of by normal provisioning under DRF (around Rs.1,000 crore). The road related safety works would be addressed through the diesel cess funded Railway Safety Fund (nearly Rs.9,000 crore). The balance would be funded through the Development Fund (to the extent of Rs.4,700 crore) and score additional Budgetary Support (around Rs.4,200 crore).

### **REMOTE AREA RAIL SAMPARK YOJANA**

**2.24.** In the Interim Budget Speech 2004-05, a new scheme called “Remote Area Rail Sampark Yojana” had been announced to expedite the completion of all sanctioned projects which would provide rail linkage to remote areas within a time frame of 5 years. Completion of all these projects under the proposed scheme in 5 years will involve a substantial funding requirement of Rs.17375 crore during the next 5 years. It is proposed to launch this scheme from 2005-06. Additional Budgetary Support would be required for this scheme.

The proposed scheme comprises of 42 projects of New Lines and 18 of gauge conversion spread over 19 States. On completion, these projects will add 5063 kms of new rail access to remote and rural areas and convert 3342 kms of existing MG lines.

### **RAIL VIKAS NIGAM LIMITED**

**2.25** The Railways’ first initiative to boost private investment in rail infrastructure project was manifested in Build Operate Lease Transfer (BOLT) Scheme launched in 1994. However, due to certain deficiencies in its norms, the response remained low and therefore, the scheme was redesigned as Build Operate Transfer (BOT) to make it attractive for private investors. The terms and conditions/guidelines under BOT have been prepared in consultation with financial institutions like ICICI, IDBI and some private entrepreneur’s engaged in construction business. These terms and conditions have been cleared by the Ministry of Law. To boost further the public–private partnership in the rail infrastructure, the Ministry of Railway have constituted the Rail Vikas Nigam Limited (RVNL) in January, 2003 under the National Rail Vikas Yojana (NRVY) to focus towards resource mobilisation and execution of projects which are financially viable and bankable i.e. where the rate of return is more than 14%. Similarly,

the Ministry have gone for Mumbai Railway Vikas Corporation and Joint Venture projects through Special Purpose Vehicles (SPVs) to promote public – private partnership under Concession Agreement. The Ministry informed the Committee during the examination of the subject - Ongoing and Pending Projects that they were involving State Govts. of Jharkhand, Karnataka, West Bengal and Tamil Nadu for participation and a number of project had been evolved to get money from World Bank and Asian Development Bank. The Minister of Railways in his Budget Speech (2004-05) announced on the floor of the House that 56 projects has been handed over to RVNL for execution.

**2.26.** Till today Rs.1682 crore have been incurred under BOLT/BOT/Own Your Wagon Scheme. During the year 2004-05 a budgetary provision of Rs.50 crore has been made under the same schemes. During the evidence the representatives of the Planning Commission stated that it has been their consistent advice to the Ministry of Railways that whenever they take up any project, they should try to complete that project in given time frame. There should not be spreading of resources on many projects. Instead, they should concentrate their resources on very few projects, to get them completed within a definite time frame. That is why, the Commission has consistently impressed upon various Departments that privatisation of projects is very necessary. The Commission also expressed that commercial preference should be the main guiding criterion for privatisation. The Commission further submitted that there is room for reducing the 14% rate of return keeping into account low interest regime and declining inflationary trend to judge the viability of the projects to make it attractive for private investment.

## CHAPTER – III

### RECOMMENDATIONS/OBSERVATIONS

**3.1. The Committee note that given the huge throw forward of ongoing projects of about Rs.46000 crore and inadequate mobilisation of resources particularly the Internal & Extra Budgetary Resources (IEBR), the Railways at present are facing tremendous pressure to sustain their growth. Their credibility in terms of safety, punctuality, speed and reliability has further added to their concern. The emergence of quality highways and pipeline sectors have also posed stiff competition in regaining the lost traffic from these sectors. The unabated inclusion of non-viable projects year after year without making provisions of adequate financial resources has put tremendous pressure on the Railways to cope up with maladies affecting their growth. The Committee find that out of Rs.27,600 crore budgetary support earmarked for X Plan, more than 70 per cent has already been placed at the disposal of the Railways during initial three years of the X Plan itself. The contribution of IEBR as percentage of total X Plan IEBR is only about 55 per cent whereas the share of internal resources has drastically plummeted to 17 per cent in 2002-03, 19 per cent in 2003-04 and 20 per cent in 2004-05 (BE) of the Plan outlays. Taking into account all these facts, the Committee are of the view that Railways have not been able to install the self-propelling system which progressively pushes the organisation towards the achievement of higher growth rate year after year. They find that the X Five Year Plan (2002-07) also emphasize for commercial role for the Railways while it continues to play social and developmental role for which suitable compensation be provided. The Committee are of the opinion that the Railways should gradually move towards self-sustaining commercial system. However, while doing so the Railways must continue to play social and developmental role.**

**Further, in view of the new emerging horizons of competition from the quality highways and pipeline sectors and the lack of desired efficiency, safety and reliability levels, the Committee are of the considered view that the Railways must concentrate to improve their efficiency level by (i) adopting transparent accounting system based on cost centre and profit centre approach, (ii) providing better**

throughputs on Golden Quadrilateral diagonals and viable corridors and (iii) ensuring better connectivity between ports and hinterlands.

3.2 The Committee find that the Central Exchequer has provided about Rs.58474 crore since 1951 to 2004-05 to Railways as Budgetary Support enabling them to invest in infrastructure projects. The latter has paid Rs.34756 crore as dividend to the former during the same period. The Budgetary Support to the Railways has increased manifold in absolute term since VIII Five Year Plan. The Railways received Rs.7311 crore as Central assistance in VIII Five Year Plan. During the IX Plan Rs.15551 crore was provided to the Railways as Central Assistance including Rs.1140 crore a share of Road Safety Fund and Special Railway Safety Fund. The average share of the Railways in budgetary support to the Central Plan during IX Plan was 6.32 per cent. During the X Five Year Plan, the Gross Budgetary Support (GBS) has been approved to the order of Rs.27600 crore including Rs.10,965 crore and Rs.2150 crore contribution under the SRSF and RSF respectively. The Planning Commission submitted that 70 per cent of the X Plan budgetary support has already been provided to the Railways. During 2004-05, the budgetary support has been raised to Rs.8157 crore and this will not come down from Rs.8000 crore per year during the remaining two years of the X Plan. Thus, Railways would be getting about Rs.36000 crore as Gross Budgetary Support by the end of X Plan which is more than approved in the Plan document. However, the Planning Commission stated that the real problem is not the Gross Budgetary Support to the Railways but the low level of IEBRs.

Further, over the years acquired financing pattern by the Railways exhibits a continued reliance on the budgetary support. The share of the Central Assistance to the Railways has become more than 50 per cent of the Plan. The Commission further stated that the Railways being a commercial organisation should first finance its Plan substantially by Internal Resources. The Committee observe that due to some inherent distortions in the Railways Policy framework, the financial health of the Railways is not growing with the result that even the projected targets of IEBRs could not be achieved during the IX Plan. They feel that Railways have to ensure greater financial discipline and efficiency in their functioning.

**3.3** Despite the fact that the Railways have registered a continuous improvement in the utilisation of their assets, a shortfall to the extent of 36 million tonnes in the freight traffic in the terminal year of IX Plan was registered. The Railways attributed this to the recessionary trends in the economy. The Committee note that during the X Plan, the freight traffic for the terminal year of X Plan is fixed at 624 MTS of original traffic and 396 BNTKMS of freight output. In the mid term appraisal, the freight output has been revised to 424 BNTKMS. The Committee were informed that against the target of 580 MTs planned during 2004-05, Railways would be achieving something in between 590 to 595 MTs and 5.8 per cent compounded growth in BNTKMS. Therefore, freight target of 624 MTS targeted would be achieved easily while keeping the average growth rate of freight at 5.6 per cent per annum as against the required growth rate of 4.8 per cent. However, the growth rate in passenger segment would be approximately 1.9 per cent in number of passengers and 3.8 per cent in passenger kms. only as against the target growth rate of 2.6 per cent in number of passengers and 4.8 per cent in passenger kms. respectively.

The Committee feel that the Railways do need a strategic shift in their objectives to become more and more user friendly and market savvy in their business. They should develop their enterprise to respond instantly to customers needs and market forces. The Committee are of the view that the Railways must augment their capacity and simultaneously accord topmost priority for improvement of safety and reliability.

**3.4** As on date, the Railways' shelf consists of more than 280 ongoing projects of New Line, Gauge Conversion, Doubling, Electrification and Metro-politan Transport. The present throw forward of these ongoing projects has been assessed more than Rs.46000 crore. Majority of these projects are found to be non-viable i.e. having less than 14 per cent rate of return required as per the extant guidelines.

The Committee find that inadequate funding to execute these projects has led to time-overrun which has ultimately resulted in enormous cost overrun. The rare and valuable resources allocated to complete these projects were allowed to spread scarcely, which did not yield any tangible results. The priority criteria adopted by the Railways in November, 1998 did not adhere to the principles of capacity

augmentation and completion of last mile projects in true sense. The Committee also notice that the Planning Commission has been consistently emphasizing for the review of the criteria of priority norms fixed in 1998. However the Ministry of Railways are not adhering to that. The Committee are of the considered view that unless pragmatic approach towards the priority fixation criterion is accorded, the desired results are not going to be achieved. Commercial viability, capacity augmentation and strategic consideration require urgent attention of the Railways while fixing the priority of projects. Therefore, the Committee recommend the Railways to review the extant criteria of priority fixation procedure and fix the priority of projects afresh in consultation with the Planning Commission. The Committee also recommend that the socially desirable projects may also be accorded due consideration while prioritising the projects.

**3.5** The Committee find that the Railways does not have substantial resources for investment in the infrastructure. The Railways first time in 1994 decided to mobilize resources for projects through external sources and floated a BOLT Scheme to attract private investment which was later on redesigned as Build Operate Transfer (BOT) Scheme. The Committee note with concern that no substantial investment from private sector has been registered during VIII and IX Plans for rail infrastructure projects under the aforesaid scheme. A Rail Vikas Nigam Limited (RVNL) has been constituted in January, 2003 to focus towards resource mobilisation and execution of bankable projects having rate of return of more than 14 per cent. Though the Railways have recently initiated certain efforts for Joint Ventures and Special Purpose Vehicles as in the case of States of Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu, Jharkhand and West Bengal, to boost State Government and Public Sector participation in the execution of viable projects, the Railways still needs to mobilize the much needed investment. The Committee emphasise that Railway should explore the possibility of joint ventures with other States and well on the similar lines. The Committee have found that the requisite condition of 14 per cent as rate of return to declare a project as viable has further worsened the malady, as most of the projects are not judged as viable project and are left out of the scope of RVNL. The Committee were informed by the Planning Commission that under the present low inflationary norms and declining interest rate, the extant rate of return (i.e. 14%) could be thought of for review. The Committee, after having gone into the full spectrum of the need for

investment in rail infrastructure projects, have come to a conclusion that the State Government and Public Sector participation in rail infrastructure projects may prove the real panacea for financial health of the Railways. They, therefore, recommend that the Railways must accord utmost priority to partnership in the execution of rail projects. They also recommend that the existing rate of return i.e. 14 per cent as the viability criteria of the projects be considered for review so that more and more projects could be brought into the purview of RVNL for their execution.

3.6 The Committee note that the Railways are simultaneously implementing various funds/schemes like the Special Railway Safety Fund, Road Safety Fund, Corporate Safety Fund, Integrated Railway Modernisation Plan, Remote Area Rail Sampark Yojana and National Rail Vikas Yojana. Though the objectives of these schemes may be different but the overall aim is to ensure better capacity, safety, reliability and punctuality of trains. Moreover, the Central Assistance is separately earmarked for each of these schemes. The Committee apprehend that so many schemes may cause confusion and lead to over lapping of aims and objectives of these schemes. They further apprehend that it may lead to over lapping of expenditure also. They are of the view that all these ongoing schemes may be pooled together under an integrated scheme to ensure cost and time efficiency and to avoid over lapping of expenditure and efforts.

3.7 The Committee find that the target for the X Plan for major projects namely new lines, gauge conversion and doubling of tracks has been fixed as 1310 kms., 4000 kms. and 1500 kms. respectively. In the first two years of the Plan the target fixed were 439 kms. for new lines, 1317 for gauge conversion and 590 kms. for doubling. The Committee find that as against these targets, Railways could achieve 340 kms. of new lines, 1684 kms. of gauge conversion and 400 kms. of doubling during the period. The Railways are way ahead in achieving the gauge conversion target of 2684 kms. set by the end of 2004-05, but are lagging behind in the field of new lines and doublings because of the problems relating to land acquisition, forestry clearance and contractual failures etc. Railways are therefore, not keeping pace with the pro-rata targets of X Plan target under these Heads. The Committee further recommend that the Railways and the Planning Commission should shun their conservative approach while clearing the projects which are socially desirable

and having great importance in view of the developmental needs of the backward areas. They also recommend that the Railways must identify the missing links and areas requiring where gauge conversion from Narrow/Metre gauge to broad gauge is undertaken extensions and accord due priority to complete the same which an completion will increase the freight earnings and market share of the Railways.

New Delhi;  
August, 2005  
Sravana, 1926 (Saka)

(BASUDEB ACHARIA)  
Chairman,  
Standing Committee on Railways