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**STANDING COMMITTEE ON RAILWAYS**
**(2006-07)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS**
**(RAILWAY BOARD)**

**[Action taken by the Government on the recommendations/ observations contained in the 20th Report of the Standing Committee on Railways (Fourteenth Lok Sabha) on 'Demands for Grants (2006-07)' of the Ministry of Railways]**

# TWENTY SIXTH REPORT


**LOK SABHA SECRETARIAT**
**NEW DELHI**

March, 2007/Phalguna, 1928 (Saka)

**SCR No.109**

# TWENTY SIXTH REPORT

## STANDING COMMITTEE ON RAILWAYS (2006-07)

## FOURTEENTH LOK SABHA

## MINISTRY OF RAILWAYS (RAILWAY BOARD)

**[Action taken by the Government on the recommendations/ observations contained in the 20th Report of the Standing Committee on Railways (Fourteenth Lok Sabha) on 'Demands for Grants (2006-07)' of the Ministry of Railways]**

***Presented to Lok Sabha on 15.03.2007***
***Laid in Rajya Sabha on 15.03.2007***

**LOK SABHA SECRETARIAT**
**NEW DELHI**

March, 2007/Phalguna, 1928 (Saka)

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## STANDING COMMITTEE ON RAILWAYS

**Shri Basudeb Acharia - Chairman**

### MEMBERS

### LOK SABHA

2. Shri Prasanna Acharya
3 Dr. Dhirendra Agarwal
4 Shri Atique Ahamad
5 Shri S. Ajaya Kumar
6 Shri Ramdas B. Athawale
7 Shri Bapu Hari Chaure
8 Shri H.D. Devegowda
9. Shri Kishan Lal Diler
10. Shri Giridhar Gamang
12. Shri Anwar Hussain
13. Shri Mahesh Kumar Kanodia
14. Ch. Lal Singh
15. Shri Sunil Kumar Mahato
16. Shri Ananta Nayak
17. Shri Laxmanrao Patil
18. Shri A. Sai Prathap
19. Shri Kishan Singh Sangwan
20. Shri Iqbal Ahmed Saradgi
21. Shri K. Subbarayan
22. Shri C.H. Vijayashankar

### RAJYA SABHA

22. Shri Karnendu Bhattacharjee
23. Maulana Obaidullah Khan Azmi
24. Shri Satyavrat Chaturvedi
25. Shri Lalit Kishore Chaturvedi
26. Shri Shreegopal Vyas
27. Shri Tarini Kanta Roy
28. Shri R. Kamraj
28. Shri Isam Singh
30. Shri Harendra Singh Malik
31. Shri Abani Roy

### LOK SABHA SECRETARIAT

| | | | |
|---|---|---|---|
| 1. | Dr.(Smt.) P.K. Sandhu | - | Additional Secretary |
| 2. | Shri Amitabh Mukhopadhyay | - | Joint Secretary |
| 3. | Shri V.S. Negi | - | Director |
| 4. | Shri Arun K. Kaushik | - | Deputy Secretary-II |
| 5. | Shri Vinay P. Barwa | - | Executive Officer |

# INTRODUCTION

I, the Chairman of the Standing Committee on Railways (2006-07), having been authorized by the Committee to present the Report on their behalf, present this Twenty Sixth Report of the Committee on Action Taken by the Government on the Recommendations/Observations contained in the Twentieth Report of the Standing Committee on Railways on 'Demands for Grants (2006-07)'.

2. The Twentieth Report was presented to Lok Sabha on 23.05.2006 and it contained 14 recommendations/observations. The Ministry of Railways have furnished their Action Taken Replies on all the recommendations/observations on 29.09.2006.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 14.02.2007.

4. An analysis of the action taken by the Government on the recommendations/ observations contained in the Twentieth Report of the Standing Committee on Railways (Fourteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
13 March, 2007
22 Phalguna, 1928 Saka

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

# CHAPTER I

## REPORT

This Report of the Committee deals with the Action Taken by the Government on the recommendations and observations contained in the 20th Report of the Standing Committee on Railways (2005-06) on 'Demands for Grants (2006-07)' of the Ministry of Railways. The Report was presented in Lok Sabha on 23.5.2006 and laid in Rajya Sabha simultaneously.

1.2 Action Taken Notes have been received from the Government in respect of all the 14 recommendations/observations contained in the Report. These have been broadly categorized as follows:-

(i) Recommendations/Observations which have been accepted by the Government – Para Nos. 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 14.

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies – Para No. 13.

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration - Para Nos. 6 & 12.

(iv) Recommendations/Observations in respect of which final replies are still awaited Para Nos. – nil.

1.3. The Committee will now deal with the Action Taken by Government on some of their recommendations/observations.

**A. X Five Year Plan**

**(Recommendation Para No.1)**

1.4 The Committee had observed in the above paragraph that the X Five Year Plan for the Railways was approved by the Planning Commission with an outlay of Rs. 60,600 crore comprising Rs. 27,600 crore from Gross Budgetary Support and Rs. 33,000 crore from Internal Resources & Market Borrowings. The objectives of the Plan were inter-alia to strengthen the high density network, build up capacity through National Rail Vikas Yojana, upgrade technological assets for improving efficiency, improve safety of operations by replacement of over aged assets, utilization of information technology for better customer interface and complete sanctioned rail projects. However, they found that in the terminal year i.e. 2006-07 the financial targets of the Plan were likely to be Rs. 82,674 crore consisting of Rs. 36,935 crore as Budgetary Support and Rs. 45,739 crore as Internal Resources and market borrowings resulting in 36 per cent increase in outlay as compared to the original plan outlay.

1.5 As against this phenomenal increase in financial outlay the physical achievement proposed under the Plan was not likely to be achieved except under the Plan Heads Track Renewals, Gauge Conversion and Rolling Stocks. The targets fixed under Plan Heads – New Lines and Doublings were not likely to be achieved as proposed in the Plan. The targets for New Lines likely to be achieved were 1225 kms as against proposed target of 1310 kms. Under Doubling the likely achievement was 1417 kms as against 1500 kms. An indepth study of the financial and physical targets fixed under the X Plan indicated that even after an increase of about 36 per cent in the financial targets, the Railways were not able to achieve the originally envisaged physical targets. However, the targets under Rolling Stock were most likely to outnumber the originally proposed targets except in case of Electric Multiple Units (EMUs). It showed that the Railways did not adhere to their objectives enshrined in the Plan and rather gave more importance to increase their carrying capacity instead of expansion of their network. The Committee were of the considered view that Railways needed expansion of their network in an expeditious way to decongest the traffic on highly saturated routes. They had, therefore, recommended that the Railways must accord utmost priority for the expansion and augmentation of rail network by completing all ongoing projects as early as possible. They further reiterated their earlier recommendation made in the 6$^{th}$ Report (14$^{th}$ Lok Sabha) for declaration of Bogibeel mega bridge and Rangia-Murkong-Selek (Gauge Conversion) projects as National Project.

1.6 In their Action Taken Reply, the Ministry of Railways have stated as under:

"The Committee has acknowledged the achievement under the Planheads of Track Renewals and Gauge Conversions. However, there will be some shortfall in meeting the targets of New Lines and Doubling Plan heads. The concern expressed by the Committee has been noted and efforts are being made to complete the doublings on saturated routes in a time bound manner. A thrust has been given in implementation of doublings and other throughput enhancement works and large number of these works have been transferred to Rail Vikas Nigam Limited.

Certain changes have also been brought out in the General Conditions of Contract and the same is likely to have positive effect in selection of capable contractors and fast remedial action in case of failure of contractor in satisfactorily progressing the work.

It is a fact that outlays for projects have increased considerably over the years, however, funds are being distributed as per the Statewise formula keeping in view the overall priority of the project. This has resulted into taking up of large number of projects requiring more funds for even the non-targeted projects. Actually, in such a scenario with large number of projects having heavy throwforward, the increase in outlay do not get translated commensurate into the physical targets.

In order to expedite completion of projects, number of initiatives have been taken to generate additional resources apart from normal budgetary support. Ministry of Railways have requested Chief Ministers of the State Governments to share atleast 50% of the cost of ongoing New Line and Gauge Conversion projects in their States which have been taken up primarily on socio-economic considerations. Further, to bring down the unit cost of construction of the rail line, lower signaling and track standards have been prescribed for the lines having low projected traffic. It is hoped that these measures would help in expediting the completion of projects.

As regards declaration of Bogibeel Rail Cum Road Bridge and Rangia-Murkong-Selek Gauge Conversion project as National Projects, it is mentioned that the proposal was considered by the Government and it has been directed that the projects be implemented through SPV for which funds be located in consultation with Ministry of Finance and the Planning Commission. It is considered that since these projects are non-viable, funding through SPV mechanism may not be amenable. Considering this, the proposal is under process for reconsideration of the Government."

**1.7 The committee are satisfied to note that in order to expedite the completion of projects Railways have taken various initiatives including transfer of doublings and other throughput enhancement works to Rail Vikas Nigam Limited. The Committee hope that these measures will enable the Railways to achieve the desired targets. However, the Committee are not satisfied with the progress of Bogibeel Mega Bridge and Rangia-Murkong Selek (Gauge Conversion) projects. They reiterate their earlier recommendation that these projects be declared as National Projects at the earliest and completed within a given time frame.**

**B. Annual Plan 2005-2006**

**(Recommendation Para No. 2)**

1.8 In this paragraph, the Committee had noted that the Annual Plan 2005-06 was revised to Rs. 18,975 crore from Rs. 15,349 crore, which showed an increase of Rs. 3,626 crore. According to Railways, this had been possible on account of additional budgetary support of Rs. 865 crore for financing National Projects, market borrowings of Rs. 443.4 crore by RVNL for financing various ongoing Railway projects and rest by improved internal generations. As a result of improved internal generation of resources, the Ministry of Railways revived their Capital Fund and appropriated Rs. 2,433.59 crore to this Fund to finance various throughput enhancement works and also to make provision for payment of capital component of lease charges payable to Indian Railway Finance Corporation (IRFC). Allocations under various important Plan Heads like New Lines, Gauge Conversion and Doubling were also substantially increased to Rs. 1951.87 crore from Rs. 658 crore, Rs. 1234.22 crore from Rs. 645 crore and Rs. 674.69 crore from Rs. 505 crore respectively at the revised stage. However, the physical targets proposed at the budgetary stage had been revised downwards at Revised Estimate stage particularly in respect of New Lines, Gauge Conversion, Doubling and Electrification in spite of the increased allocation. The targets for New Lines had been revised to 185 kms from 219 kms, for Gauge Conversion 825 kms from 980 kms, for Doubling 300 kms from 535 kms and for Electrification 170 kms from 350 kms. Similarly, the Committee noticed the inconsistent performance in the areas of road safety works viz. manning of unmanned level crossings and construction of Road Over/Under Bridges (ROBs/RUBs). In wagon production also the Railways were likely to achieve a target of 18,000 wagons as against a budgetary target of 23,300 wagons.

1.9 The reasons for poor performance in respect of New Lines, Gauge Conversion, Doubling and Electrification, as stated by the Railways, had been delay in handing over of land, delayed supply of sleepers and slow progress of contractors. Natural calamities had also been held responsible for less achievement under Electrification. However, the Committee did not find the aforesaid reasons fully tenable as the availability of funds which was generally considered a prima facie reason for less achievement, had been substantially increased at Revised stage in respective Plan Heads. The Committee took cognizance of the fact that a lot of time was usually consumed in the process of finalization of contractual obligations and handing over of lands, which resulted in lesser achievement of targets fixed for that particular year. The Committee was of the considered view that the reasons extended by the Railways were the direct result of their unscientific and perspective planning which had not helped the Railways to achieve the desired physical progress. Therefore, they had desired that the Railways should fix their physical targets commensurate with financial targets.

1.10 The Committee appreciate the concept of Outcome Budget as stressed upon by the Hon'ble Prime Minister in his letter dated March 17, 2005 to all Union Ministers for converting financial outlays into physical outcomes. The Finance Minister also later on presented the Outcome Budget in the House in the month of August, 2005. In pursuance to this, the Committee recommend that the Ministry of Railways must invariably fix physical outcomes which could be measured and monitored on regular intervals of time so that the execution of developmental programmes may not suffer. They also desired that to avoid such situations, the Railways should indicate their carry forward targets of the previous year separately in the next year Budget to ensure more transparency and accountability.

1.11 In their Action Taken Reply, the Ministry of Railways have stated as under:

"There are various reasons for delay of projects which primarily include delays in handing over of land & supply of sleepers, natural calamities and slow progress/termination of contracts. To improve upon the contract management, certain changes have been brought out in the General Conditions of Contract and also the price variation clause. These will help in selection of proper contractors, fast remedial action in case of failure of contract and market fluctuations in prices of cement and steel.

It is a fact that outlays for projects have increased considerably over the years, however, funds are being distributed as per the Statewise formula keeping in view the overall priority of projects. This has resulted into taking up of large number of projects requiring more funds for even the non-targeted projects. Actually, in such a scenario with large number of projects having heavy throwforward, the increase in outlay do not get translated commensurate into the physical target. It is further mentioned that the milestones of various activities on a project are being fixed and being monitored regularly.

The target of gauge conversion fixed for the X Plan has already been achieved electrification targets will also be met with. However, there may be shortfall in New Line Doublings and efforts are being made to expedite their implementation.

As regards performance in the area of Road Safety works, it is mentioned that the progress of manning of unmanned level crossings and construction of Railway Over Bridges (ROBs)/Rail Under Bridges (RUBs) during last ten years have been as under:

| **Year** | **No. of manned level crossings** | **No. of ROBs/RUBs constructed** |
|---|---|---|
| 1996-1997 | 62 | 15 |
| 1997-1998 | 36 | 16 |
| 1998-1999 | 47 | 14 |
| 1999-2000 | 53 | 14 |
| 2000-2001 | 67 | 21 |
| 2001-2002 | 287 | 13 |
| 2002-2003 | 149 | 17 |
| 2003-2004 | 95 | 20 |
| 2004-2005 | 190 | 19 |
| 2005-2006 | 291 | 21 |

It can be seen that on an average, the figure for the manning of level crossing was around 50 percent upto 1998-2000. However, the pace of manning was increased with intense monitoring at Railway Board's level and in 2001-02, record number of 287 LCs were manned. However, manning of unmanned level crossings slowed down somewhat during 2002-03 and 2003-04. The reason for slower progress of manning during the two years was revision of policy, the Railways were required to undertake fresh study of level crossings and a number of level crossings which were sanctioned as per old policy had to be deleted from the sanctioned works as they did not qualify the revised criteria. Similarly, a number of level crossings had to be processed for sanction of manning as they did not meet the previous criteria but are required to be manned as per new criteria. Except the two years block of 2002-04, the progress of manning of unmanned level crossings is consistent. During 2005-06, the number has again risen to 291. During 2006-07, 369 unmanned level crossings are proposed for manning.

Railway undertake the construction of ROB/RUB in place of busy level crossings with Train Vehicle Unit more than 1 lakh on cost sharing basis. The Railway portion (i.e. portion across tracks) is constructed by Railways and approaches are built by the State Government/Road authorities. Generally, the delays take place in approaches due to various reasons e.g. funds not getting allotted by State Government, encroachments not being removed by State Government/ Road authorities in time etc. Railways completes its portion before or along with the portion on approaches. Efforts are continuously made to have the State Government expedite the progress of works on approaches and regular meetings are held at various levels to persuade the States to expedite the progress of works.

In case of Railway Electrification for 2005-06, the funds and targets were revised from Rs. 103.50 crore to Rs. 70.46 crore and 350 RKMs to 170 RKMs respectively due to Natural calamities and delay in yard remodeling works. However, the targets of X Plan of 1800 RKMs will be achieved by the end of the Plan period i.e. 2006-07.

The suggestion of the Committee to separately indicate the carry forward targets of the previous year in the next year budget has been noted for due consideration."

**1.12 The Committee note with satisfaction that the Railways have met the target of gauge conversion fixed for the X Plan and the target of 1800 Kms of Railway electrification will be achieved by the end of Plan period. They also note that the Railways are fixing milestones of various activities on a project and monitoring it regularly. The Committee, hope that their recommendation to carry forward targets of the previous year separately in the next year Budget to ensure more transparency and accountability will be incorporated in the budget for the year 2007-08.**

## C. Wagon Procurement

**(Recommendation Para No.4)**

1.13 The Committee had noted that with the continued and substantial increase in the growth of freight traffic, the demand for more wagons had also increased simultaneously. The Committee found that the Ministry of Railways had fixed a target of 23,300 Four Wheeler Units (FWUs) wagons at the Budget Estimate stage for the year 2005-06 but the target was revised down to 18,000 wagons at the Revised Estimate stage. The reason given by the Ministry of Railways for this reduction was the poor performance of most of public and private wagon manufacturers. Against this revised target, they found that at the end of February, 2006 the Railways had been able to manufacture 15,458.5 wagons and were expecting to achieve a target of 18,000 (FWUs) wagons by the end of the year. The Committee further noted that the Ministry had fixed a target of 30,000 wagons for the year 2006-07 and were quite hopeful to achieve this target. They were informed that the total manufacturing capacity of wagons as claimed by the wagon industries in the country is of the order of 40,000 wagons. The Railways were confident that the wagon industries would be able to manufacture 30000-32000 wagons during the year 2006-07. To meet the target of wagons, the Railways required around 2,40,000 wheels during the year 2006-07. The total manufacturing capacity in the country is about 2,00,000 wheels. Thus there would be a shortfall of 40,000 wheels. As a result the Railways would have to import around 40,000 wheels from abroad to meet their requirement. Keeping in view the poor performance of wagon manufacturing units both in public and private sector during 2005-06, it becomes quite expedient on the part of the Ministry to have a watch by holding regular and continuous coordination with the wagon manufacturers to ensure full procurement of wagons required during 2006-07. The Committee desired that there should not be any delay in placing the orders with wagon industries for procurement of wagons. They further desired that the decision with regard to the import of wheel requirement be decided at the earliest so that the manufacturing of wagons may not get affected. They also desired that the manufacturing capacity of Rail Wheel Factory, Bangalore and Durgapur Steel Plant be increased from the present capacity so that in future there may not be any need for importing the wheels.

1.14 In their Action Taken Reply, the Government have stated as under:

"The target for wagon acquisition for the year 2005-06 was revised from Budgetary target of 23300 to 18000 in terms of Four Wheeler Units (FWUs) keeping in view the poor performance of wagon builders. The actual acquisition during the year 2005-06 was 18681 FWUs inclusive of CONCOR wagons. It is factually correct that the Budgetary target of 30000 (FWUs) wagons has been made for the year 2006-07 which is inclusive of 5000 FWUs to be acquired under Wagon Investment Scheme (WIS). Wheelsets required for manufacturing of WIS wagons will be arranged by Wagon Builders themselves. Total wheelsets requirement for Railways' own requirements of 25000 FWUs will be around 40000. Out of this 36000 Nos. of wheelsets will be supplied by Rail Wheel Factory (RWF) and for balance quantity effort would be made to arrange it through import.

As on 01.04.2006 the outstanding wagon orders with the wagon manufacturers was 14759 (FWUs). Further orders for 3905 FWUs have been released/placed on wagon manufacturing units and Railway workshop respectively. Thus making the total load of 18664 FWUs as on 1.6.06 and there is adequate coverage for the various inputs required for manufacturing of these wagons i.e. Steel, Bogie, Coupler, CTRB etc. Tenders for 2006-07 is under finalization. Efforts are being made to ensure prompt supply of components and necessary assistance are being given to needy firms for the smooth manufacture of wagons by conducting regular meetings with the manufacturers and steel supplying firms. The last meeting was held on 17.4.2006. Regular coordinaton with the Ministry of Heavy Industries (Dept. of Public Enterprises) is also being maintained at higher level at regular intervals.

Rail Wheel Factory, Bangalore, started production of 56700 Wheels and 23000 Axles, in 1984. Subsequently, the capacity was augmented in 1998 (Phase I) for manufacturing 95000 Wheels, 48000 Axles and 35000 Wheelsets. By 2007 (Phase II) the capacity shall further be augmented for manufacturing 115000 Wheels, 48000 Axles and 48000 Wheelsets.

In addition to above, a new wheel factory is being set up at Chhapra with capacity to manufacture 1,00,000 wheels per annum.

Durgapur Steel Plant (DSP) used to supply around 45,000 wheels per annum till 2003-04. Efforts are being made to enhance the capacity of DSP. In order to enhance the capacity of DSP, there were meetings of DSP management first with Hon'ble Minister of Railways and then with Principal Secretary to Prime Minister. Member Mechanical, Railway Board also visited DSP to assess their capacity and finally Managing Director/DSP vide his letter dated 6.09.04 has given a commitment to supply 80,000 nos. wheels per annum from 2006-07 onwards. As on date this is the final commitment given from DSP. Durgapur Steel Plant has also shown their intent to enhance the capacity upto 90,000 nos. wheels and 10,000 nos. axles per annum."

**1.15 The Committee are satisfied to note that the Railways are taking initiatives for the augmentation of production capacity of wheels and axel manufacturers viz. Rail Wheel Factory, Bangalore and Durgapur Steel Plant. As against the Budgetary target of 30000 Four Wheeler Units (FWUs) for the year 2006-2007, the Railways had released a total load of 18664 FWUs on wagon manufacturers and Railway workshops as on 1.6.2006. The Committee are apprehensive whether the Railways will be able to achieve the budgetary target of wagon procurement for the year 2006-2007, since the capacity augmentation of the manufacturing units is going to take affect from 2007 onwards. The Committee, therefore, desire that the Railways should expedite the process of augmentation of the production capacity of the present wheel manufacturing units and the setting up of new wheel factory at Chhapra to meet the anticipated additional wagon requirements.**

## D. Upgradation of Trains

**(Recommendation Para No. 6)**

1.16 The Committee had noted that 2006-07 has been declared by the Railways as 'Y*ear of Passenger Service with Smile'* and in pursuance of this a number of steps were proposed to provide various important services to the commuters. Conversion of Mail/Express trains to Superfast trains was declared as one of the components of these measures. The Minister of Railways in his Budget Speech 2006-07 had announced to convert 200 Mail/Express trains into Superfast trains by increasing their speed. The representatives of the Ministry of Railways had submitted before the Committee that the average speed of a Superfast train is around 55 kmph whereas in case of Mail/Express train it has been assessed between 45-50 kms. The Committee had noted that there is no qualitative and quantitative difference in passenger amenities being offered in both Mail/Express and Superfast trains. They further noticed that the passengers traveling in AC and ordinary sleeper coach by Superfast trains are being charged additional Rs. 30 and Rs. 20 respectively per passenger in the name of Superfast charge.

1.17 The Committee were constrained to note that although the Railways had not increased the fare of passenger trains while converting them into Superfast ones but are levying additional charges on the rail commuters even though the train runs at a speed lower than the speed of Superfast train which is evident from Railway time table. Such indirect increase in fare was not understandable to the Committee. The Railways had also levied Service Tax on rail tickets of Mail/Express and Superfast trains and catering charges in Rajdhani and Shatabdi trains from 1$^{st}$ April, 2006 after the Rail Budget 2006-07 was passed by Parliament. The Committee disapproved such policy of the Railways putting additional burden on the rail commuters without declaring such hikes in the Budget itself in a transparent way. They had strongly recommended that the Railways should refrain from adopting such deceptive practices of passing of additional burden on rail commuters by way of converting Mail/Express trains into Superfast Trains without enhancing any substantial convenience and amenities to the passengers. They also deprecated the policy of the Railways for levying additional charges just after the passing of the Rail Budget without taking the approval of the Parliament.

1.18 In their Action Taken Reply, the Government have stated as under:

"The concept of superfast trains for the purpose of levying surcharge was introduced on 1.4.1973. However, there were no fixed criteria and certain fast trains running on specific routes were declared as superfast. Hon'ble Minister for Railways had declared in his Budget Speech in 1993 that "There is an increasing demand for superfast trains and Railways have decided that trains which have an average speed of 55 kmph or more on the Broad Gauge and 45 kmph or more on the Metre Gauge will be designated as superfast trains". Consequent to the above announcement, the levy of supplementary charges on superfast trains, based on speed criteria, was notified on 13.09.1993. It was decided that the commercial speed of trains will be taken into consideration to categorize a train as superfast for levy of supplementary charges. The commercial speed of a train on the entire run in both directions will be minimum 55 kmph for BG trains and 45 kmph for MG trains. On 17.09.1998, powers to declare trains as superfast based on speed criteria were delegated to the zonal railways. However, if any Zonal Railway desires not to declare a train as superfast inspite of fulfilling speed criteria, exemption from Railway Board is required to be taken. It has now been decided that, w.e.f. 1.9.06, superfast surcharge will not be levied on season ticket holders traveling in earmarked coaches by those superfast trains, which have total journey less than 325 kms from train originating to destination station.

(ii) Regarding Service Tax on rail tickets, no such rail tickets of Mail/Express and Superfast trains has been levied.

(iii) In compliance to Ministry of Finance, Department of Revenue's notification No. 2/2006 Service Tax dated 01.03.2006, instruction for levying of Service Tax on Mobile catering Services of Indian Railways, at the prescribed rate and the manner contained in the said notification, has been issued. Indian Railway Catering and Tourism Corporation and its licensees of on-board catering services, have been instructed to collect Service Tax as fixed by Ministry of Finance and pass on the whole amount collected from the passengers, to the authorities concerned under the Ministry of Finance, Department of Revenue."

**1.19 The Committee are not satisfied with the reply of the Government. They feel that speed of trains should not solely form the basis to charge additional levy on rail commuters as there is no qualitative and quantitative difference in passenger amenities being offered in both Mail/Express and Superfast Trains. The Committee, therefore, reiterate its earlier recommendation that Railways should refrain from passing of additional burden on rail commuters by way of converting Mail/Express trains into Superfast trains without enhancing any substantial convenience and amenities to the passengers. The Committee also desire that in view of the improvement in technology, track renewal works undertaken and increased load bearing capacity of concrete sleepers, the criteria for declaring the mail/express trains as superfast trains should be revised and the trains with a commercial speed of 75 kmph and above only be declared as superfast trains.**

**E. Privatisation in Container Business**

**(Recommendation Para No. 12)**

1.20 The Committee had noted that till recently the Container Corporation of India Ltd. (CONCOR) used to be the sole operator under the administrative control of the Ministry engaged in moving container trains on Indian Railways. However, Minister of Railways announced a policy on 05.01.2006 to permit various Indian Public/Private Sector Companies/persons either individually or in joint venture registered in India to move container trains on the four categorized routes. The Minister of Railways while presenting Rail Budget 2006-07 informed the House that the policy of permitting private parties to run container trains had been well received so far and 14 applicants had already deposited Rs. 540 crore as registration fee. He also added that all the eligible applicants would be permitted to run container trains before 31st March, 2006 and a model concession agreement would be prepared by the end of 2005-06. He further added that rail link container depots and integrated logistic parks would have to be created to make container policy successful and transparent. A policy to create such facilities under public private partnership schemes would be made shortly.

1.21 The representatives of the Ministry of Railways emphasizing the reasons for privatization of container traffic submitted before the Committee that the export and import container traffic is increasing at a very high rate to the order of 15 to 18 per cent over the last several years and the CONCOR has a limited capital to sustain such growth. He further added that the private players would invest a lot of money in building Inland Container Depots (ICDs) and purchasing rolling stock so that the share of containerized traffic both export and import would increase.

1.22 The Committee, having gone into the depth of the matter of privatization of container traffic had reasons to believe that opening of container traffic to private players would open the door for unhealthy business tactics which would ultimately decimate an organization like CONCOR which has been nurtured with the public money and has been consistently performing well in consonance with the mandate assigned to it. The Committee was apprehensive that by privatizing the container traffic, it would have an adverse economic impact on the health of the CONCOR. In view of this, the Committee strongly recommended that instead of opening further entry of private players in the container traffic, Railways must concentrate on further enhancing the carrying capacity of the CONCOR by increasing its capital base.

1.23 In their Action Taken Reply, the Ministry of Railways, have stated that Container Corporation of India Ltd. (CONCOR) was incorporated in March 1988, as a public sector enterprise under the Ministry of Railways. CONCOR's objective is to provide transportation logistics for exim as well as domestic cargo in containers, expand CONCOR's terminal network in the country so as to enhance its market share in container business. CONCOR's terminal operations are spread across the country. CONCOR has very strong financial and functional base with proper future plans for development of new terminals, expansion of handling capacity at ports, increase connectivity in hinterlands and acquisition of new rolling stock. The containerized cargo is growing 15% to 18% per annum. The existing rail share is about 25%.

1.24 Therefore, CONCOR's business will grow, despite permitting private players in this field. In fact, with the opening of container operation to private players, India's export, import and indigenous industries will get a boost.

**1.25 The Committee are not satisfied with the reply of the Government. They have reasons to believe that privatization of container traffic will expose the Container Corporation of India Ltd. (CONCOR) to turbulent market forces. The growth in containerized cargo will introduce strong competition amongst all the players in the container traffic business and without adequate measures to insulate CONCOR from various market risks, the private players are likely to eat into the revenue of CONCOR thus adversely affecting its economic health. The Committee, therefore, reiterate its earlier recommendation that instead of opening further entry of private players in the container traffic, Railways must concentrate on further enhancing the carrying capacity of the CONCOR by increasing its capital base.**

# CHAPTER-II

# RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

### Recommendation (Para No.1)

The Committee note that X Five Year Plan for the Railways was approved by the Planning Commission with an outlay of Rs. 60,600 crore comprising Rs. 27,600 crore from Gross Budgetary Support and Rs. 33,000 crore from Internal Resources & Market Borrowings. The objectives of the Plan were inter-alia to strengthen the high density network, build up capacity through National Rail Vikas Yojana, upgrade technological assets for improving efficiency, improve safety of operations by replacement of over aged assets, utilization of information technology for better customer interface and complete sanctioned rail projects. However, they find that in the terminal year i.e. 2006-07 the financial targets of the Plan are likely to be Rs. 82,674 crore consisting of Rs. 36,935 crore as Budgetary Support and Rs. 45,739 crore as Internal Resources and market borrowings resulting in 36 per cent increase in outlay as compared to the original plan outlay.

As against this phenomenal increase in financial outlay the physical achievement proposed under the Plan is not likely to be achieved except under the Plan Heads Track Renewals, Gauge Conversion and Rolling Stocks. The targets fixed under Plan Heads – New Lines and Doublings are not likely to be achieved as proposed in the Plan. The targets for New Lines likely to be achieved are 1225 kms as against proposed target of 1310 kms. Under Doubling the likely achievement is 1417 kms as against 1500 kms. An indepth study of the financial and physical targets fixed under the X Plan indicates that even after an increase of about 36 per cent in the financial targets, the Railways have not been able to achieve the originally envisaged physical targets. However, the targets under Rolling Stock are most likely to outnumber the originally proposed targets except in case of Electric Multiple Units (EMUs). It shows that the Railways did not adhere to their objectives enshrined in the Plan and rather gave more importance to increase their carrying capacity instead of expansion of their network. The Committee are of the considered view that Railways need expansion of their network in an expeditious way to decongest the traffic on highly saturated routes. They, therefore, recommend that the Railways must accord utmost priority for the expansion and augmentation of rail network by completing all ongoing projects as early as possible. They further reiterate their earlier recommendation made in the 6th Report (14th Lok Sabha) for declaration of Bogibeel mega bridge and Rangia-Murkong-Selek (Gauge Conversion) projects as National Project.

**Reply of the Government**

The Committee has acknowledged the achievement under the Planheads of Track Renewals and Gauge Conversions. However, there will be some shortfall in meeting the targets of New Lines and Doubling Plan heads. The concern expressed by the Committee has been noted and efforts are being given in implementation of doublings and other throughput enhancement works and large number of these works have been transferred to Rail Vikas Nigam Limited.

Certain changes have also been brought out in the General Conditions of Contract and the same is likely to have positive effect in selection of capable contractors and fast remedial action in case of failure of contractor in satisfactorily progressing the work.

It is a fact that outlays for projects have increased considerably over the years, however, funds are being distributed as per the Statewise formula keeping in view the overall priority of the project. This has resulted into taking up of large number of projects requiring more funds for even the non-targeted projects. Actually, in such a scenario with large number of projects having heavy throwforward, the increase in outlay do not get translated commensurate into the physical target.

In order to expedite completion of projects, number of initiatives have been taken to generate additional resources apart from normal budgetary support. Ministry of Railways have requested Chief Ministers of the State Governments to share atleast 50% of the cost of ongoing New Line and Gauge Conversion projects in their States which have been taken up primarily on socio-economic considerations. Further, to bring down the unit cost of construction of the rail line, lower signaling and track standards have been prescribed for the lines having low projected traffic. It is hoped that these measures would help in expediting the completion of projects.

As regards declaration of Bogibeel Rail Cum Road Bridge and Rangia-Murkongselek Gauge Conversion project as National Projects, it is mentioned that the proposal was considered by the Government and it has been directed that the projects be implemented through SPV for which funds be located in consultation with Ministry of Finance and the Planning Commission. It is considered that since these projects are non-viable, funding through SPV mechanism may not be amenable. Considering this, the proposal is under process for reconsideration of the Government.

**Recommendation (ParaNo.2)**

The Annual Plan 2005-06 was revised to Rs. 18,975 crore from Rs. 15,349 crore, which shows an increase of Rs. 3,626 crore. According to Railways, this has been possible on account of additional budgetary support of Rs. 865 crore for financing National Projects, market borrowings of Rs. 443.4 crore by RVNL for financing various ongoing Railway projects and rest by improved internal generations. As a result of improved internal generation of resources, the Ministry of Railways revived their Capital Fund and appropriated Rs. 2,433.59 crore to this Fund to finance various throughput enhancement works and also to make provision for payment of capital component of lease charges payable to Indian Railway Finance Corporation (IRFC). Allocations under various important Plan Heads like New Lines, Gauge Conversion and Doubling were also substantially increased to Rs. 1951.87 crore from Rs. 658 crore, Rs. 1234.22 crore from Rs. 645 crore and Rs. 674.69 crore from Rs. 505 crore respectively at the revised stage. However, the physical targets proposed at the budgetary stage have been revised downwards at Revised Estimate stage particularly in respect of New Lines, Gauge Conversion, Doubling and Electrification in spite of the increased allocation. The targets for New Lines have been revised to 185 kms from 219 kms, for Gauge Conversion 825 kms from 980 kms, for Doubling 300 kms from 535 kms and for Electrification 170 kms from 350 kms. Similarly, The Committee notice the inconsistent performance in the areas of road safety works viz. manning of unmanned level crossings and construction of Road Over/Under Bridges (ROBs/RUBs). In wagon production also the Railways are likely to achieve a target of 18,000 wagons as against a budgetary target of 23,300 wagons.

The reasons for poor performance in respect of New Lines, Gauge Conversion, Doubling and Electrification, as stated by the Railways, have been delay in handing over of land, delayed supply of sleepers and slow progress of contractors. Natural calamities have also been held responsible for less achievement under Electrification. However, the Committee do not find the aforesaid reasons fully tenable as the availability of funds which is generally considered a prima facie reason for less achievement, has been substantially increased at Revised stage in respective Plan Heads. The Committee do take cognizance of the fact that a lot of time is usually consumed in the process of finalization of contractual obligations and handing over of lands, which results in lesser achievement of targets fixed for that particular year. They are of the considered view that the reasons extended by the Railways are the direct result of their unscientific and perspective planning which has not helped the Railways to achieve the desired physical progress. Therefore, they desire that the Railways should fix their physical targets commensurate with financial targets.

The Committee appreciate the concept of Outcome Budget as stressed upon by the Hon'ble Prime Minister in his letter dated March 17, 2005 to all Union Ministers for converting financial outlays into physical outcomes. The Finance Minister also later on presented the Outcome Budget in the House in the month of August, 2005. In pursuance to this, the Committee recommend that the Ministry of Railways must invariably fix physical outcomes which can be measured and monitored on regular intervals of time so that the execution of developmental programmes may not suffer. They also desire that to avoid such situations, the Railways should indicate their carry forward targets of the previous year separately in the next year Budget to ensure more transparency and accountability.

**Reply of the Government:**

There are various reasons for delay of projects which primarily include delays in handing over of land & supply of sleepers, natural calamities and slow progress/termination of contracts. To improve upon the contract management, certain changes have been brought out in the General Conditions of Contract and also the price variation clause. These will help in selection of proper contractors, fast remedial action in case of failure of contract and market fluctuations in prices of cement and steel.

It is a fact that outlays for projects have increased considerably over the years, however, funds are being distributed as per the Statewise formula keeping in view the overall priority of projects. This has resulted into taking up of large number of projects requiring more funds for even the non-targeted projects. Actually, in such a scenario with large number of projects requiring more funds for even the non-targeted projects. Actually, in such a scenario with large number of projects having heavy throwforward, the increase in outlay do not get translated commensurate into the physical target. It is further mentioned that the milestones of various activities on a project are being fixed and being monitored regularly.

The target of gauge conversion fixed for the X Plan has already been achieved electrification targets will also be met with. However, there may be shortfall in New Line Doublings and efforts are being made to expedite their implementation.

As regards performance in the area of Road Safety works, it is mentioned that the progress of manning of unmanned level crossings and construction of Railway Over Bridges (ROBs)/Rail Under Bridges (RUBs) during last ten years have been as under:

| **Year** | **No. of manned level crossings** | **No. of ROBs/RUBs constructed** |
|---|---|---|
| 1996-1997 | 62 | 15 |
| 1997-1998 | 36 | 16 |
| 1998-1999 | 47 | 14 |
| 1999-2000 | 53 | 14 |
| 2000-2001 | 67 | 21 |
| 2001-2002 | 287 | 13 |
| 2002-2003 | 149 | 17 |
| 2003-2004 | 95 | 20 |
| 2004-2005 | 190 | 19 |
| 2005-2006 | 291 | 21 |

It can be seen that on an average, the figure for the manning of level crossing was around 50 percent upto 1998-2000. However, the pace of manning was increased with intense monitoring at Railway Board's level and in 2001-02, record number of 287 LCs were manned. However, manning of unmanned level crossings slowed down somewhat during 2002-03 and 2003-04. The reason for slower progress of manning during the two years was revision of policy, the Railways were required to undertake fresh study of level crossings and a number of level crossings which were sanctioned as per old policy had to be deleted from the sanctioned works as they did not qualify the revised criteria. Similarly, a number of level crossings had to be processed for sanction of manning as they did not meet the previous criteria but are required to be manned as per new criteria. Except the two years block of 2002-04, the progress of manning of unmanned level crossings is consistent. During 2005-06, the number has again risen to 291. During 2006-07, 369 unmanned level crossings are proposed for manning.

Railway undertake the construction of ROB/RUB in place of busy level crossings with Train Vehicle Unit more than 1 lakh on cost sharing basis. The Railway portion (i.e. portion across tracks) is constructed by Railways and approaches are built by the State Government/Road authorities. Generally, the delays take place in approaches due to various reasons e.g. funds not getting allotted by State Government, encroachments not being removed by State Government/ Road authorities in time etc. Railways completes its portion before or along with the portion on approaches. Efforts are continuously made to have the State Government expedite the progress of works on approaches and regular meetings are held at various levels to persuade the States to expedite the progress of works.

In case of Railway Electrification for 2005-06, the funds and targets were revised from Rs. 103.50 crore to Rs. 70.46 crore and 350 RKMs to 170 RKMs respectively due to Natural calamities and delay in yard remodeling works. However, the targets of X Plan of 1800 RKMs will be achieved by the end of the Plan period i.e. 2006-07.

The suggestion of the Committee to separately indicate the carry forward targets of the previous year in the next year budget has been noted for due consideration.

**Recommendation (Para No.3)**

As sequel to the recommendations of Khanna Committee, the Ministry of Railways created a Special Railway Safety Fund in 2001-02 to wipe out the arrears of replacement and renewals of over aged assets within a time span of six years. The corpus of this fund was to be appropriated by the Ministry of Finance to the extent of Rs. 12,000 crore and Rs. 5,000 crore by the Ministry of Railways from its internal generations. By the end of the terminal year 2006-07, the Ministry of Railways would be able to mobilize Rs. 4642.57 crore and the Ministry of Finance Rs. 10,789 crore under this Fund thus leaving a shortfall of Rs. 1568.43 crore. The Ministry have informed during the evidence that the tenure of the fund has been extended by one year more and all the remaining works under this Head will be completed in 2007-08 by incurring the left over funds. However, the Committee are not fully satisfied with the pace of execution of works under this Head. The allocations made over the last five years to various work heads under this Fund have shown no consistency as per the priority and urgency of these works. The reasons such as problems of steel prices, delay in fabrication of girders, non requirement of replacement of some of the bridges after critical review etc. extended by the Ministry for slow progress of works particularly related with reconstruction of bridges and signaling & telecommunication works are not acceptable to the Committee. The Committee take serious view on the manner in which the Railways have executed the works under this Head. They strongly recommend that all the works contained in the Pink Book under the Head SRSF for replacement and renewals must be completed in letter and spirit by the end of the year 2007-08 positively.

**Reply of the Government:**

Every effort will be made to complete majority of the projects/works funded through Special Railway Safety Fund latest by 2007-08. Also progress of balance of works under Special Railway Safety Fund will be monitored regularly at the appropriate level.

### Recommendation (Para No.4)

With the continued and substantial increase in the growth of freight traffic, the demand for more wagons has also increased simultaneously. The Committee find that the Ministry of Railways fixed a target of 23,300 Four Wheeler Units (FWUs) wagons at the Budget Estimate stage for the year 2005-06 but the target has been revised down to 18,000 wagons at the Revised Estimate stage. The reason given by the Ministry of Railways for this reduction was the poor performance of most of public and private wagon manufacturers. Against this revised target, they find that at the end of February, 2006 the Railways have been able to manufacture 15,458.5 wagons and are expecting to achieve a target of 18,000 (FWUs) wagons by the end of the year. The Committee further note that the Ministry have fixed a target of 30,000 wagons for the year 2006-07 and are quite hopeful to achieve this target. They were informed that the total manufacturing capacity of wagons as claimed by the wagon industries in the country is of the order of 40,000 wagons. The Railways are confident that the wagon industries would be able to manufacture 30000-32000 wagons during the year 2006-07. To meet the target of wagons, the Railways require around 2,40,000 wheels during the year 2006-07. The total manufacturing capacity in the country is about 2,00,000 wheels. Thus there would be a shortfall of 40,000 wheels. As a result the Railways will have to import around 40,000 wheels from abroad to meet their requirement. Keeping in view the poor performance of wagon manufacturing units both in public and private sector during 2005-06, it becomes quite expedient on the part of the Ministry to have a watch by holding regular and continuous coordination with the wagon manufacturers to ensure full procurement of wagons required during 2006-07. The Committee desire that there should not be any delay in placing the orders with wagon industries for procurement of wagons. They further desire that the decision with regard to the import of wheel requirement be decided at the earliest so that the manufacturing of wagons may not get affected. They also desire that the manufacturing capacity of Rail Wheel Factory, Bangalore and Durgapur Steel Plant be increased from the present capacity so that in future there may not be any need for importing the wheels.

**<u>Reply of the Government:</u>**

The target for wagon acquisition for the year 2005-06 was revised from Budgetary target of 23300 to 18000 in terms of Four Wheeler Units (FWUs) keeping in view the poor performance of wagon builders. The actual acquisition during the year 2005-06 was 18681 FWUs inclusive of CONCOR wagons. It is factually correct that the Budgetary target of 30000 (FWUs) wagons has been made for the year 2006-07 which is inclusive of 5000 FWUs to be acquired under Wagon Investment Scheme (WIS). Wheelsets required for manufacturing of WIS wagons will be arranged by Wagon Builders themselves. Total wheelsets requirement for Railways' own requirements of 25000 FWUs will be around 40000. Out of this 36000 Nos. of wheelsets will be supplied by Rail Wheel Factory (RWF) and for balance quantity effort would be made to arrange it through import.

As on 01.04.2006 the outstanding wagon orders with the wagon manufacturers was 14759 (FWUs). Further orders for 3905 FWUs have been released/placed on wagon manufacturing units and Railway workshop respectively. Thus making the total load of 18664 FWUs as on 1.6.06 and there is adequate coverage for the various inputs required for manufacturing of these wagons i.e. Steel, Bogie, Coupler, CTRB etc. Tenders for 2006-07 is under finalization. Efforts are being made to ensure prompt supply of components and necessary assistance are being given to needy firms for the smooth manufacture of wagons by conducting regular meetings with the manufacturers and steel supplying firms. The last meeting was held on 17.4.2006. Regular coordinaton with the Ministry of Heavy Industries (Dept. of Public Enterprises) is also being maintained at higher level at regular intervals.

Rail Wheel Factory, Bangalore, started production of 56700 Wheels and 23000 Axles, in 1984.

Subsequently, the capacity was augmented in 1998 (Phase I) for manufacturing 95000 Wheels, 48000 Axles and 35000 Wheelsets. By 2007 (Phase II) the capacity shall further be augmented for manufacturing 115000 Wheels, 48000 Axles and 48000 Wheelsets.

In addition to above, a new wheel factory is being set up at Chhapra with capacity to manufacture 1,00,000 wheels per annum.

Durgapur Steel Plant (DSP) used to supply around 45,000 wheels per annum till 2003-04. Efforts are being made to enhance the capacity of DSP. In order to enhance the capacity of DSP, there were meetings of DSP management first with

Hon'ble Minister of Railways and then with Principal Secretary to Prime Minister. Member Mechanical, Railway Board also visited DSP to assess their capacity and finally Managing Director/DSP vide his letter dated 6.09.04 has given a commitment to supply 80,000 nos. wheels per annum from 2006-07 onwards. As on date this is the final commitment given from DSP.

Durgapur Steel Plant has also shown their intent to enhance the capacity upto 90,000 nos. wheels and 10,000 nos. axles per annum.

**Recommendation (Para No. 5)**

The Committee note that the Minister of Railways has announced in his Budget Speech that 55 new trains would be introduced during the year 2006-07. Out of these 55 proposed new trains, 7 trains are to be introduced on such sections where gauge conversion works are in progress at present and are likely to be completed by 2007-08. The Ministry of Railways have submitted before the Committee that these trains would be introduced after the completion of gauge conversion works and most probably would be completed during the financial year 2006-07 itself. However, the Committee have reasons to believe considering the poor past track records of the Ministry with regard to the execution of gauge conversion works, the proposed new trains would not be able to run on these sections by the end of the financial year 2006-07. The Committee have raised this matter in their previous Reports also. They are of the considered view that introduction of the new trains should be announced only after completing the ground work so that the general public is not subjected to disappointment at a later stage.

**Reply of the Government:**

The following trains of Rail Budget 2006-07 are to be introduced after gauge conversion/ after commissioning of new lines.

**Train Name**

1. Jogbani-Kolkata Express (tri-weekly) (after gauge conversion)
2. Ajmer-Udaipur City Express (after gauge conversion)
3. Purna-Nanded-Patna Express (after gauge conversion) (weekly)
4. Purna-Adilabad Passenger (after gauge conversion) (weekly)
5. Nanded-Adilabad Passenger (after gauge conversion) (daily)
6. Madurai-Rameswaram Passenger (after gauge conversion) (daily)
7. Kumarghat-Agartala (after commissioning of new metre gauge line)(daily)

Most of these trains are likely to be introduced during the current financial year after completion of the projects. However, in cases where major infrastructure changes like gauge conversion, new line, additional platform & pitlines at originating / terminating stations etc. are required but cannot be done due to unforeseeable circumstances, the introduction of new services may take some more time and will be done on completion of the work. Furthermore, in this connection, it is stated that inclusion of a particular section in Budget facilities quick execution/ completion of the work due to a target date. Moreover, it also serves the purpose of an information disseminating tool.

In view of above, it is stated that proper care would be taken to include train services only on those sections in Budget, which are likely to be completed during the concerned financial year.

**Recommendation (Para No.7)**

The Ministry of Railways are the largest employer after the Ministry of Defence. As per the Railways, the actual staff strength of all categories as on March, 2005 has been assessed at about 14.22 lakh against the sanctioned strength of 15.96 lakh. Out of this sanctioned strength, safety category has the maximum stake of 7.5 lakh. The Committee notice that safety category itself has around 84000 vacancies. Every year three percent employees are retiring and out of this one per cent vacancies are being filled up and the remaining two percent posts are being surrendered as per the guidelines of the DOPT. The Ministry submitted before the Committee that they had approached the DOPT for the exemption of the aforesaid guidelines atleast for filling of vacant posts in the safety category and the Ministry of Personnel acceded to the request of the Railways. They have also informed the Committee that the vacant posts in the safety category would be filled up in due course. The Committee hope that these vacant posts will now be filled up at the earliest.

Presently recruitment of Group C and Group D posts in the Railways and its Production Units is being done through 19 Railway Recruitment Boards (RRBs) located all over the country as per the indent of recruitment of posts furnished by the Zones/Divisions and the Production Units. Each RRB conducts recruitment independently on different dates. This has resulted in multiplicity and duplicity of applications causing great inconvenience not only to the exam conducting agencies but to the examinees also. The Committee in their 17th Report (13th Lok Sabha) had recommended inter-alia that all RRBs must ensure a common advertisement of all posts of each categories and hold a written exam on a single day to avoid multiplicity and duplicity of applications and to benefit at large the local people of the areas. They had further opined that it would be much easier and practical if the recruitment of Group D posts be made local based. However, it has not happened till date. Having a holistic view of the ground realities and taking into account the aspiration of the local people, the Committee strongly recommend again that the recruitment of Group D posts be done from local areas only. They are of the considered view that this will go a long way not only compensating the local people but inculcating in them a sense of belongingness to the Railways. They are fully convinced that it can be executed by holding a written exam by respective RRBs on a single day.

**Reply of the Government:**

The filling up of vacancies of safety/operational posts is under consideration of the Committee of Secretaries. However, intake at regular intervals is essential since railways manpower requirement have to balance the operational, safety and security aspects. Hence recruitment of essential safety/operational categories are being undertaken.

For expediting recruitment, simultaneous examinations for safety categories of posts viz. ASM, Diesel/Electric Assistant, Goods Guard, Junior Engineer & Section Engineer are being conducted by Railway Recruitment Boards (RRBs) on common date(s) by issuing Centralized Employment Notification. It has also been decided to hold simultaneous examinations for isolated and specified categories on common date(s) for which Centralized Employment Notification has already been issued by RRB/Trivandrum.

The demand for restricting of the recruitment to Group 'D' posts from amongst candidates of local area only is not tenable in light of the extant instructions issued by Department of Personnel & Training (which is the Nodal Department), pursuant to the directives of Hon'ble Supreme Court in the matter of Excise Superintendent, Malkapatnam, Krishan District, Andhra Pradesh V/s K.B.N. Visweshwara Rao & others which provide for wide publicity of the vacancies including publication of the same in the Employment News, etc. and consideration for recruitment of all those who apply against such notifications. Any deviation from the aforesaid instructions will tantamount to contempt of the apex court's verdict.

**Recommendation (Para No.8)**

The Committee note that the Railways have recently withdrawn the facility of telescopic benefit from the onboard commuters who catch connecting train from station(s) enroute. As a result the passengers have to pay more now, if they catch one or more trains enroute instead of a single train to the destination. The Committee find such withdrawal of telescopic benefit as unwarranted and unhealthy practice. They, therefore, desire that the telescopic benefit which was earlier given to the passengers be restored henceforth with.

**Reply of the Government:**

On reconsideration, Ministry of Railways have restored from 15.6.2006 the benefits of telescopic fares available prior to 1.4.2006 to long distance passengers traveling by different trains.

### Recommendation (Para No.9)

The Committee are happy to note that the Railways have been able to excel their financial performance during the years 2004-05 and 2005-06. The Railways have achieved a freight target of 668 million tonnes against a Budgetary target of 635 million tonnes projected during the financial year 2005-06, which shows an increase of about 10.72 per cent over the freight loading achieved during the previous year. In the passenger sector also the growth has been 9.4 per cent over the passenger traffic of the previous year i.e. 2004-05. The freight revenues have shown a growth of 18.2 per cent over the freight earnings achieved during the year 2004-05. Similarly, 6.5 per cent growth is likely to be achieved in passenger earnings as compared to that of the previous year 2004-05. The Committee desire that the Railways must keep up this performance in future also without becoming complacent of what they have achieved so far.

**Reply of the Government:**

The point made by the Committee is noted. Railways are making all efforts not only to sustain the good performance of 2005-06 in both physical and financial terms but also to improve it further.

### Recommendation (Para No.10)

The Committee observe that the Railways are anticipating to improve their operating ratio to 86.7 per cent for the year 2005-06 as compared to 91.2 per cent in 2004-05. Further improvement of 3 per cent growth in operating ratio is likely to be achieved as a result of some changes made by the Railways in their accounting system which was necessitated due to procedural requirements and the operating ratio at the end of the financial year 2005-06 is likely to be 83.7 per cent. During the examination the Ministry have informed the Committee that the lease charges (principle/capital component) which used to be a part of ordinary expenses has been made a part of capital expenditure since 2005-06 which has resulted in improvement of 3 per cent in the operating ratio and this does not count the efficiency of the Railways as such. Keeping this into account, the Committee desire that the Railways should further improve their operating ratio by increasing their internal generation and reducing undesirable expenditure.

**Reply of the Government:**

The observations of the Committee have been noted. It will be the endeavour of the Railways to further augment the internal generation of resources. As compared to the internal generation of Rs. 9,959 cr. In 2005-06 (RE), the Railways have budgeted for a higher target of Rs. 11,400 cr. In 2006-07 (BE) and hope to cross the same through improved performance in earnings and rationalization of expenditure.

## Recommendation (Para No.11)

The Committee have noted that the Railways proposed to construct a dedicated multi--modal high axle load Freight Corridor with computerized control on Western and Eastern routes with an estimated cost of Rs.22,000 crore. The Eastern Corridor (2587 kms., double lines) will be constructed from Ludhiana to Sonnagar and the Western corridor (2082 kms., double line) will be constructed from Jawahar Lal Nehru Port, Mumbai to Tughlakabad. Both the Corridors will be joined by a link between Dadri and Khurja. The feeder routes of these Corridors will also be upgraded. The projects is expected be completed and commissioned within 5 years after the Special Purpose Vehicle (SPV) is setup. The Ministry have informed the Committee that the funding of the project is proposed through internal generation apart from raising funds through multilateral/bilateral agencies, long term loans, public-private partnerships and budgetary resources. They further informed that a separate agency under the administrative control of the Ministry would be created to implement the project and to this effect Cabinet Committee on Economic Affairs would be approached shortly for creating a SPV which will be entrusted with the task of carrying out planning, construction and train operation of these Corridors. A provision of Rs. 2 crore each for both the Corridors has been kept in the Rail Budget 2006-07 and the Ministry have engaged RITES to carry out final location survey for both these projects. The financing Plan of the project would be ready in the next two months.

Regarding the strengthening of the Golden Quadrilateral and Diagonal routes, the Ministry has informed that the Rail Vikas Nigam Limited has been formed specifically for strengthening the Golden Quadrilateral and Port connectivity works and the investment in the Freight Corridors will be an additional investment in this regard. The Ministry further stated that they would be preparing their Corporate Plan which will contain the details of their future Plan. The Committee do welcome the idea of special Freight Corridors in an effort to decongest the already over saturated primary feeder routes and improve the efficiency in the freight traffic business. However, they are equally concerned over the way the concept of Special Freight Corridor emerged without any mention of it in X Plan document and conscious for strengthening of Golden Quadrilateral and Diagonal routes and feeder routes connecting commercial Ports. They are also concerned over the efficiency and the strategy of the Railways to implement the proposed Freight Corridors project. Taking a holistic view of the entire spectrum of the concept of Freight Corridor, they recommend that the Railways must connect Kolkata also with the Eastern Freight Corridor as it being a port and hub of industrial activity in the Eastern sector will definitely serve the objectives of the proposed Freight Corridors. They also recommend that the Railways must continue their efforts to strengthen the Golden Quadrilateral & Diagonal routes and feeder routes to Ports in addition to investment on special Freight Corridors proposed. Simultaneously, they desire that the Railways must finalise their Corporate Plan and Special Purpose Vehicle (SPV) at the earliest for carrying out the aforesaid Freight Corridor project. The Committee also desire that while finalizing the Special Purpose Vehicle due consideration may also be given to Public Sector Units such as NTPC, SAIL, etc.

**<u>Reply of the Government:</u>**

The need for Dedicated Freight Corridor on selected routes to meet the long-term requirements of movement for enhanced freight traffic was emphasized in Mid-Term Review of $10^{th}$ Five Year Plan. Given the present growth in GDP of 8 per cent, the Railways expect to carry 95 million tones incremental traffic per year and about 1100 million tones revenue earning freight traffic by the end of $11^{th}$ Plan. To sustain this kind of growth, large investment in augmentation of capacity is required on Indian Railways. Development of Dedicated Freight Corridors for carrying additional traffic is essential in view of high growth in demand. Therefore, the Railways have proposed a 2700 kilometer long railway line project (Eastern Corridor – 1232 Kms. and Western Corridor – 1469 Kms.) as an augmentation of the capacity of Indian Railways network to handle the large increase in volume of traffic over the coming years. These dedicated freight corridors along with the feeder routes of Indian Railways will ensure availability of sufficient capacity in the face of rising demand for transport.

The Eastern Corridor as approved by the CCEA in its meeting on 21.2.2006 was proposed to start from Ludhiana in Punjab and terminate at Sonnagar, via Ambala, Saharanpur, Khurja and Allahabad. However, in view of the representation from the Government of West Bengal and also considering the possibility of increase in freight traffic on account of proposed deep sea port, Eastern Corridor will be extended up to the proposed port in Kolkata area.

Dedicated Freight Corridor Projects are proposed to be implemented through a Special Purpose Vehicle. The SPV will plan, construct, own and maintain the dedicated freight corridor under a Design, Build, Construct and Maintain and Transfer Concession to be given by Ministry of Railways. In order to ensure that the SPV has effective independence in decision making and is able to function with a market focus and business orientation for constructing and maintaining the corridor, it would have sufficient autonomy, delegation and flexibility in conducting its business. The proposal for formation of a Special Purpose Vehicle to implement the project has been submitted to the Cabinet for approval. Initially the SPV may be constituted with 100% equity by Ministry of Railways. The equity in the SPV may be offered to PSUs/Government institutions in case they evince interest in future subject to retention of majority stake by Ministry of Railways.

As recommended by the Committee, Railways are continuing the projects taken up for strengthening of golden quadrilateral & diagonals and port connectivity. These projects are under implementation of Rail Vikas Nigam Limited (RVNL) and mostly targeted for completion in next three years period.

Indian Railways have identified eight sanctioned projects and five unsanctioned projects to strengthen the Rail Connectivity to Major Ports. The Railways have already taken initiative by forming a Special Purpose Vehicle (SPV) in the form of Rail Vikas Nigam Limited for execution of the important port connectivity works. All these projects are being executed on a fast track manner.

The Eleventh Five Year Plan proposals are presently under formulation. In order to ensure due integration of the Corporate Plan with five-year plan objectives, it is considered prudent to finalise the former soon after the 11th Plan is ready. The exercise will be completed in the next three to four months.

**Recommendation (Para No.14)**

The Railway Protection Force, was created by 'The Railway Protection Force Act, 1957' with the mandate for better protection and security of the Railway property. This Act was amended in 1985 and it was made specific that this Force will be an armed force of the Union to regulate matters connected with Railway property and matters connected therewith. It also made specific that the command, supervision and administration of the Force shall vest in the Director-General [Section 8 (1), of 1985 Act.] It further clarified that subject to the provision of sub-section (1), the administration of the force, within such local limits in relation to a railway as may be prescribed shall be carried on by an Inspector-General, Additional Inspector-General or a Deputy Inspector General in accordance with the provisions of this Act and of any rules made thereunder and they shall, subject to any direction that may be given by the Central Government or the Director General in this behalf discharge their functions under the general supervision of the General Manager of the Railway. This Act was further amended in 2003 but no change was made in the administration and superintendence of the force.

The Committee note that a desired level of compatibility and coordination between the Railway Protection Force and the Railway Administration has not been perceived well over the years and as a result the coveted objectives of the Railways have not been efficiently addressed to. They, therefore, desire that a mechanism be evolved so that Railways and RPF may function more homogeneously.

**Reply of the Government:**

The matter is under the active consideration of the Railway Board. The report of the Committee for Integration of RPF with other departments of the Railways constituted vide Railway Board Order No. ERB-1/2005/23/10 dated 1.4.2005 had been received in March, 2006 and the recommendation of this report are being amalgamated with the recommendations of the Committee of the Gopal Achari Committee constituted by the Railway Board vide order No. ERB-1/2004/23/43 dated 11.11.2004 to reframe the RPF Rules in the wake of the re-orientation of the RPF's role following the amendments made in December, 2003 in the RPF Act and the Railways Act.

# CHAPTER-III

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

### Recommendation (Para No.13)

The Committee observe that Railways have taken various measures for rationalizing and modernizing SLR/Brake vans. These include leasing out of front and rear SLR and liberal leasing of Parcel Vans. Though the Committee appreciate the contention of the Railways that these measures will help in earning more revenues and better cleanliness at the platforms, they are afraid that the Railways have not given a thought to the interests of workers presently engaged in handling this job. They, therefore, desire that before taking a final decision in the matter of leasing of SLRs a scheme to watch the interests of these workers be formulated so that their interests are not harmed due to leasing out of SLRs.

**<u>Reply of the Government:</u>**

Over the years, Railways have been incurring huge losses in carriage of parcel traffic under conventional methods of transportation by passenger carrying trains and were subjected to severe criticism, both by the public as well as the Standing Committee on Railways.

The Standing Committee on Railways, in their 9$^{th}$ Report (2001), critically commented upon management of parcel business on Indian Railways. The Committee recommended that parcel services should be segregated from passenger business. Further, available SLRs should be utilized for clearance of only luggage, perishables, newsprint, pets etc. These recommendations were accepted by Ministry of Railways and an assurance was given to the Committee. Leasing of parcel space in Brakevans of passenger carrying trains, leasing of round trip Parcel Vans, leasing of 'Millennium Parcel Express', development of exclusive parcel terminals and streaming of booking and carriage of parcel traffic are the action plans of Indian Railways to streamline the management of parcel business. Initiatives taken by the Railways are as under:-

(i) With a view to provide value-added service to the rail-customers, to maximize the utilization of Brakevans of passenger carrying trains and thereby increase earnings, schemes for leasing of parcel space in front SLRs of passenger carrying trains and leasing of Parcel Vans on round trip basis were introduced by Railways. Under these schemes parcel space is leased out to private operators by inviting bids through open tenders. Loading/unloading is done by leaseholders. Leasing is the most economical way of handling parcels as Railways are assured of the full earning capacity of the parcel space, irrespective of the actual utilisation of space. Further, railways save on their cost on loading, unloading, documentation, marking and storage of parcels in case or leased SLRs.

(ii) As per the assurance given to Standing Committee and with a view to reduce the inconvenience to passengers, ensuring their safety and free movement on platforms, reduction in over-carriage of parcels, improving punctuality of trains and overall decongestion of platforms at railway stations, booking and carriage of parcel has been rationalized in February 2004 and subsequently modified in November 2005 in the larger public interest. Booking of parcels from and to intermediate stations of a train is also permitted if that train stops for more than five minutes at those stations so as to avoid detention of trains on account of loading/unloading of parcels, causing avoidable inconvenience to passengers and to reduce over carriage of parcels.

There is no proposal to curtail the existing workforce of parcel porters. Their interests will not be harmed due to leasing schemes.

# CHAPTER-IV

## RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

### Recommendation (Para No.6)

The Committee notice that 2006-07 has been declared by the Railways as 'Y*ear of Passenger Service with Smile'* and in pursuance of this a number of steps have been proposed to provide various important services to the commuters. Conversion of Mail/Express trains to Superfast trains has been declared as one of the components of these measures. The Minister of Railways in his Budget Speech 2006-07 has announced to convert 200 Mail/Express trains into Superfast trains by increasing their speed. The representatives of the Ministry of Railways submitted before the Committee that the average speed of a Superfast train is around 55 kmph whereas in case of Mail/Express train it has been assessed between 45-50 kms. The Committee note that there is no qualitative and quantitative difference in passenger amenities being offered in both Mail/Express and Superfast trains. They further notice that the passengers traveling in AC and ordinary sleeper coach by Superfast trains are being charged additional Rs. 30 and Rs. 20 respectively per passenger in the name of Superfast charge.

The Committee are constrained to note that although the Railways have not increased the fare of passenger trains while converting them into Superfast ones but are levying additional charges on the rail commuters even though the train runs at a speed lower than the speed of Superfast train which is evident from Railway time table. Such indirect increase in fare is not understandable to the Committee. The Railways have also levied Service Tax on rail tickets of Mail/Express and Superfast trains and catering charges in Rajdhani and Sbhatabdi trains from 1st April, 2006 after the Rail Budget 2006-07 was passed by Parliament. The Committee disapprove such policy of the Railways putting additional burden on the rail commuters without declaring such hikes in the Budget itself in a transparent way. They strongly recommend that the Railways should refrain from adopting such deceptive practices of passing of additional burden on rail commuters by way of converting Mail/Express trains into Superfast Trains without enhancing any substantial convenience and amenities to the passengers. They also deprecate the policy of the Railways for levying additional charges just after the passing of the Rail Budget without taking the approval of the Parliament.

**Reply of the Government:**

The concept of superfast trains for the purpose of levying surcharge was introduced on 1.4.1973. However, there were no fixed criteria and certain fast trains running on specific routes were declared as superfast. Hon'ble Minister for Railways had declared in his Budget Speech in 1993 that "There is an increasing demand for superfast trains and Railways have decided that trains which have an average speed of 55 kmph or more on the Broad Gauge and 45 kmph or more on the Metre Gauge will be designated as superfast trains". Consequent to the above announcement, the levy of supplementary charges on superfast trains, based on speed criteria, was notified on 13.09.1993. It was decided that the commercial speed of trains will be taken into consideration to categorize a train as superfast for levy of supplementary charges. The commercial speed of a train on the entire run in both directions will be minimum 55 kmph for BG trains and 45 kmph for MG trains. On 17.09.1998, powers to declare trains as superfast based on speed criteria were delegated to the zonal railways. However, if any Zonal Railway desires not to declare a train as superfast inspite of fulfilling speed criteria, exemption from Railway Board is required to be taken. It has now been decided that, w.e.f. 1.9.06, superfast surcharge will not be levied on season ticket holders traveling in earmarked coaches by those superfast trains, which have total journey less than 325 kms from train originating to destination station.

(ii) Regarding Service Tax on rail tickets, no such rail tickets of Mail/Express and Superfast trains has been levied.

(iii) In compliance to Ministry of Finance, Department of Revenue's notification No. 2/2006 Service Tax dated 01.03.2006, instruction for levying of Service Tax on Mobile catering Services of Indian Railways, at the prescribed rate and the manner contained in the said notification, has been issued. Indian Railway Catering and Tourism Corporation and its licensees of on-board catering services, have been instructed to collect Service Tax as fixed by Ministry of Finance and pass on the whole amount collected from the passengers, to the authorities concerned under the Ministry of Finance, Department of Revenue.

**Recommendation (Para No.12)**

The Committee note that till recently the Container Corporation of India Ltd. (CONCOR) used to be the sole operator under the administrative control of the Ministry engaged in moving container trains on Indian Railways. However, Minister of Railways announced a policy on 05.01.2006 to permit various Indian Public/Private Sector Companies/persons either individually or in joint venture registered in India to move container trains on the four categorized routes. The Minister of Railways while presenting Rail Budget 2006-07 informed the House that the policy of permitting private parties to run container trains had been well received so far and 14 applicants had already deposited Rs. 540 crore as registration fee. He also added that all the eligible applicants would be permitted to run container trains before 31st March, 2006 and a model concession agreement would be prepared by the end of 2005-06. He further added that rail link container depots and integrated logistic parks would have to be created to make container policy successful and transparent. A policy to create such facilities under public private partnership schemes would be made shortly.

The representatives of the Ministry of Railways emphasizing the reasons for privatization of container traffic submitted before the Committee that the export and import container traffic is increasing at a very high rate to the order of 15 to 18 per cent over the last several years and the CONCOR has a limited capital to sustain such growth. He further added that the private players would invest a lot of money in building Inland Container Depots (ICDs) and purchasing rolling stock so that the share of containerized traffic both export and import would increase.

The Committee, having gone into the depth of the matter of privatization of container traffic have reasons to believe that opening of container traffic to private players would open the door for unhealthy business tactics which would ultimately decimate an organization like CONCOR which has been nurtured with the public money and has been consistently performing well in consonance with the mandate assigned to it. The Committee are apprehensive that by privatizing the container traffic, it would have an adverse economic impact on the health of the CONCOR. In view of this, the Committee strongly recommend that instead of opening further entry of private players in the container traffic, Railways must concentrate on further enhancing the carrying capacity of the CONCOR by increasing its capital base.

**Reply of the Government:**

Container Corporation of India Ltd. (CONCOR) was incorporated in March 1988, as a public sector enterprise under the Ministry of Railways. CONCOR's objective is to provide transportation logistics for exim as well as domestic cargo in containers, expand CONCOR's terminal network in the country so as to enhance its market share in container business. CONCOR's terminal operations are spread across the country. CONCOR has very strong financial and functional base with proper future plans for development of new terminals, expansion of handling capacity at ports, increase connectivity in hinterlands and acquisition of new rolling stock. The containerized cargo is growing 15% to 18& per annum. The existing rail share is about 25%.

Therefore, CONCOR's business will grow, despite permitting private players in this field. In fact, with the opening of container operation to private players, India's export, import and indigenous industries will get a boost.

# CHAPTER-V

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

**- N I L -**

NEW DELHI;
March, 2007
Phalguna, 1928 Saka

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

## MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON RAILWAYS (2006-07)

The Committee sat on Wednesday, the 14th February, 2007 from 1500 hours to 1530 hours in Committee Room 'B', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI BASUDEB ACHARIA - CHAIRMAN**

**MEMBERS**

**LOK SABHA**

2. Dr. Dhirendra Agarwal
3. Shri S. Ajaya Kumar
4. Shri Ramdas Bandu Athawale
5. Shri H.D. Devegowda
6. Shri Kishan Lal Diler
7. Shri K. Subbarayan

**RAJYA SABHA**

8. Shri Karnendu Bhattacharjee
9. Shri Satyavrat Chaturvedi
10. Shri Lalit Kishore Chaturvedi
11. Shri Tarini Kanta Roy
12. Shri Harendra Singh Malik
13. Shri Abani Roy

**SECRETARIAT**

1. Shri V.S. Negi - Director
2. Shri Arun K. Kaushik - Assistant Director

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. Thereafter, the Committee took up for consideration the draft Report on Action Taken by the Government on the recommendations/observations contained in the 20th Report of the Committee on 'Demand for Grants (2006-2007)' of the Ministry of Railways and adopted the same with minor amendments.

**The Committee then adjourned.**

**APPENDIX-II**

**ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/ OBSERVTIONS CONTAINED IN THE 20th REPORT (14TH LOK SABHA) ON 'DEMANDS FOR GRANTS (2006-07) OF THE MINISTRY OF RAILWAYS.**

**Total number of Recommendations/Observations 14**

(i) Recommendations/observations which have been accepted by Government 11
(*Vide* recommendations/observations)

Para Nos. 1. 2, 3, 4, 5, 7, 8, 9, 10, 11 and 14

Percentage of total 79%

(ii) Recommendations/observations which the Committee do not Desire to pursue in view of Government replies 01

(*Vide* recommendations/observations)

Para No. 13

Percentage of total 7%

(iii) Recommendations/observations in respect of which replies of which replies of Government have not been accepted by the Committee which require reiteration. 02
(*Vide* recommendations/observations)

Para Nos. 6 & 12

Percentage of total 14%

(iv) Recommendations/observations in respect of which final replies of Government are still awaited. Nil
(*Vide* Recommendations/observations)

Para Nos. Nil.

Percentage of total