

**STANDING COMMITTEE ON RAILWAYS  
(2007-08)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**[Action taken by the Government on the recommendations/  
observations contained in the 27<sup>TH</sup> Report of the Standing  
Committee on Railways (Fourteenth Lok Sabha) on 'Demands  
for Grants – 2007-08 of the Ministry of Railways']**

**THIRTY FIFTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 2007/Agrahayana, 1929 (Saka)

SCR No.: 123

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*Presented to Lok Sabha on .....2007  
Laid in Rajya Sabha on .....2007*



**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 2007/Agrahayana, 1929 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON RAILWAYS (2007-08)****Shri Basudeb Acharia - Chairman****MEMBERS****LOK SABHA**

2. Shri Prasanna Acharya
3. Dr. Dharendra Agarwal
4. Shri Atiq Ahamad
5. Shri S. Ajaya Kumar
6. Shri Bapu Hari Chaure
7. Shri H.D. Devegowda
8. Shri Kishan Lal Diler
9. Shri Giridhar Gamang
10. Shri Anwar Hussain
11. Shri Mahesh Kumar Kanodia
12. Ch. Lal Singh
13. Smt. Suman Mahato
14. Shri Ananta Nayak
15. Shri Laxmanrao Patil
16. Shri A. Sai Prathap
17. Shri Kishan Singh Sangwan
18. Shri Iqbal Ahmed Saradgi
19. Shri Manik Singh
20. Shri K. Subbarayan
21. 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 A. Elavarasan
  29. Shri Isam Singh
  30. Shri Harendra Singh Malik
  31. Shri Abani Roy
-

**SECRETARIAT**

- |    |                       |   |                            |
|----|-----------------------|---|----------------------------|
| 1. | Dr.(Smt.) P.K. Sandhu | - | Additional Secretary       |
| 2. | Shri P.K. Misra       | - | Joint Secretary            |
| 3. | Shri V.S. Negi        | - | Director                   |
| 4. | Shri Y.M. Kandpal     | - | Deputy Secretary           |
| 5. | Shri R.S. Negi        | - | Senior Executive Assistant |
-

## **INTRODUCTION**

I, the Chairman of the Standing Committee on Railways (2007-08), having been authorized by the Committee to present the Report on their behalf, present this Thirty Fifth Report of the Committee on Action Taken by the Government on the Recommendations/Observations contained in the Twenty Seventh Report of the Standing Committee on Railways (2006-07) on 'Demands for Grants – 2007-08 of the Ministry of Railways.'

2. The Twenty Seventh Report was presented to Hon'ble Speaker on 25.04.2007 and presented to Lok Sabha on 26.04.2007. It contained 18 recommendations/observations. The Ministry of Railways have furnished their Action Taken Replies on all the recommendations/observations on 25.10.2007.

3. The Committee considered the Action Taken Report and adopted the same at their sitting held on 03.12.2007.

4. An analysis of the action taken by the Government on the recommendations/observations contained in the Twenty Seventh Report of the Standing Committee on Railways (2006-07) Fourteenth Lok Sabha is given in Appendix-II.

NEW DELHI;  
4 December, 2007  
13 Agrahayana, 1929 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 Twenty Seventh Report of the Standing Committee on Railways (2006-07) on 'Demands for Grants - 2007-08 of the Ministry of Railways'. The Report was presented to Hon'ble Speaker on 25.04.2007 and to the Lok Sabha on 26.04.2007.

1.2 Action Taken Notes have been received from the Government in respect of all the 18 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, 6, 7, 8, 9, 10, 15 and 18.

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies –

Nil.

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration –

Para Nos. 12, 13, 16 and 17.

- (iv) Recommendations/Observations in respect of which final replies are still awaited -

Para Nos.11 and 14.

**1.3. The Committee desire that replies to the observations/comments contained in Chapter I and V of the Report be furnished to them expeditiously.**

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

**A. Execution of Dedicated Freight Corridor  
(Recommendation Para No.3)**

1.5 The Committee felt that utmost priority needs to be accorded to execute the dedicated freight Corridor project which was admittedly lagging behind by five years. The Committee also noted that allocation of Rs.1,300 crore had been made for this project during 2007-08. The Committee had desired to be apprised of the details of this project with target for completion.

1.6 In their action taken reply, the Ministry of Railways have, *inter alia* stated as under:-

“The Dedicated Freight Corridors are proposed to be completed in a time frame of 5 years through a Special Purpose Vehicle (SPV). Cabinet, in its meeting on 24<sup>th</sup> August, 2006, approved setting up of a Special Purpose Vehicle under the Ministry of Railways for execution of Dedicated Freight Corridor projects. An Implementing Agency called Dedicated Freight Corridor Corporation of India Limited (DFCCIL) has been incorporated on 30<sup>th</sup> October, 2006.

The project would be funded by a mix of debt and equity in the ratio of 2:1. Government of India through Ministry of Railways will invest in the equity of the implementing agency (DFCCIL). Financial assistance is being sought through Department of Economic Affairs under the STEP Loan Scheme of the Government of Japan.

**1.7 The Committee regret to note that though as much as Rs. 1300 crore has been allocated for the Dedicated Freight Corridor project during 2007-08, work on execution of the Project does not seem to have been started yet. The Committee would like to know the present status of obtaining financial assistance for the project and how soon work in execution of the project is expected to be started.**



## **B. Delay in Signalling and Telecommunication Works (Recommendation Para No.5)**

1.8 The Committee noted with regret that there had been huge shortfall in achievement in signalling replacement and rehabilitation works, track circuiting and blocks proving by Axle Counters during 2006-07. The Committee were of the view that the reasons advanced by Ministry for this shortfall such as constraints of manufacturing and contractual capabilities, non-finalisation of tenders, severe shortage of signal engineers and staff and delay in provision of service buildings could be controlled by advance planning and proper coordination. The Committee urged that at least in 2007-08 prompt efforts should be made to identify the shortcomings and deficiencies with a view to achieving satisfactory performance in this regard. The Committee also trusted that action would be taken to adhere to the time limit laid down by Khanna Committee to complete track circuiting at stations.

1.9 In their action taken reply, the Ministry of Railways have stated as under:-

“Hon’ble Minister in his Budget Speech 2007-08 has emphasized on using modern signalling systems to effect improvement in line capacity. The concerns expressed by the Committee for shortfall in achievement have been noted. Railways have been endeavouring to bring about changes in the system and execute projects on fast track. However, there are certain extraneous factors on which Railways have no control and these affect the implementation of projects. Recently, some decisions like floating & finalization of composite tenders have been taken for S&T projects to expedite the progress. Track circuiting works at stations are being given highest priority and action is being taken to adhere to the time limit laid down.”

**1.10 The Ministry of Railways in their reply have not specified what are the extraneous factors that hinder implementation of projects. The Committee desire to be apprised of the same. The Committee would also like to know whether these issues were**

**ever taken up with the concerned authorities/agencies and if so, when and with what result.**

### **C. Review of Advance Payment Scheme (Recommendation Para No. 12)**

1.11 The Committee noted that freight outstanding from State Electricity Boards and Power Houses as on 31<sup>st</sup> January 2007 was stated to be over Rs.1411 crore. The Committee were informed that the main defaulters in this regard were Badarpur Thermal Power Station (Rs. 554.81 crore), Punjab Electricity Board (Rs. 442 crore), and Delhi Vidyut Board (Rs. 176 crore) and that Badarpur Thermal Power Station had since paid Rs.300 crore. Punjab Electricity Board and Delhi Vidyut Board with whom there was a serious dispute over the dues had reportedly gone to Court and the verdict of the court appointed arbitrator has gone against Railways. The Committee had desired to be informed as to how it was proposed to recover those dues and whether there was violation of any provisions of the contract by Railways with regard to those cases. The Committee desired the Ministry to order a probe into the matter with a view to fixing responsibility for lapses, if any.

1.12 As regards dues from Punjab State Electricity Board, the Ministry of Railways have, *inter alia* stated in the action taken reply as under:-

“The Award given by the Arbitrator against the Railways is not in accordance with the provision of the Advance Payment scheme at Destination. Hence Northern Railway has challenged the award. Accordingly, the case has been heard before the Civil Court of Patiala, which upheld the award given by the Arbitrator. The judgement is under legal scrutiny. As far as Railways are concerned, there has been no violation of any provision of contract. The Advance Payment Scheme has been implemented with the agreement of the concerned State Electricity Board. As stated earlier, normally all traffic especially Coal is required to be booked as ‘paid’. Since SEB’s are not regular in arranging pre-payment, this scheme was designed to help them avoid pre-payment by maintaining an Advance Deposit with Railways. In case the deposit fell short of the requisite amount, the traffic was automatically charged at a higher tariff than the paid tariff as per rules. In fact, the violation was on part of the Electricity Board for which charges were accordingly raised against them.”

The Ministry of Railways have also stated that since there was no lapse on part of Railways, the need to order the probe to fix responsibility in the matter is not considered necessary.

**1.13 The reply of the Ministry of Railways is silent as to how it is proposed to recover the dues from the Punjab State Electricity Board. The Ministry have not cared to furnish the points of reasoning given in the arbitral award, to justify the Ministry's claim that there was no lapse on the part of Railways. The fact that even six months after the Committee's recommendation on the subject, the Ministry of Railways have not decided on further course of action in the matter reflects that something is amiss in the entire case. The Committee wonder whether there were any shortcomings in the Advance Payment Scheme. It is not clear whether the Ministry of Railways had a re-look at the Scheme in the light of arbitral award and the court judgement.**

**D. Evolving an accurate measure of Zonal performance  
(Recommendation Para No. 13)**

1.14 The Committee had agreed with the views of the Railways that the operating ratio which reflects the operating efficiency of the Indian Railways be viewed as a whole and not Zone-wise. The Committee in this connection noted that for calculating Zone-wise operating ratios, passenger and freight earnings are apportioned between Zonal Railways based on the traffic earned on their respective systems and that all Zonal Railways are not placed evenly with regard to traffic earnings, by virtue of their jurisdiction and geographical location and that higher operating ratio reflected in Zonal Railways were beyond their control. As such the Zonal operating ratios could not be relied upon as a measure of the operating efficiency of the zones. The Committee wondered as to what then was the need and relevance of depicting Zonal operating ratios in the

documents presented to Parliament and felt that it was high time to have a re-look at this issue.

1.15 In their action taken reply, the Ministry of Railways have stated as under:-

“The zonal system on the Railways was introduced for the administrative convenience for better management of the vast network. The operational efficiency of the Indian Railways is the outcome of aggregate performance of all the zonal Railways.

The Operating Ratio is the key indicator of operational efficiency of the Railways, which is the ratio of input cost to the traffic output. As has been submitted to the Committee all the zonal Railways are not evenly placed with regard to traffic earnings which are apportioned between the zonal Railways based on unit of traffic traversed on the system, irrespective of the fixed element of operating expenditure that are essentially incurred to run the system. In order to improve the overall efficiency of the Indian Railways, performance of each zone needs to be monitored, despite compulsions of the system. Accordingly, the operating ratio is calculated and depicted for all the zonal Railways, which facilitate major policy formulation in regard to development of the Railways and exploration of traffic potency in various parts of the country.”

**1.16 The Committee are surprised to note that major policy formulation in regard to development of the Railways is facilitated by a yardstick which is considered faulty. Zonal operating ratio is reportedly used for major policy formulation of Railways. Admittedly, the Zonal operating ratio cannot be relied upon as a measure of operating efficiency of the Zones. Policy formulation of Railways would obviously be defective to the extent it relies on an inaccurate indicator. The Committee wonder whether the Ministry of Railways ever attempted to work out a measure which can accurately indicate the performance of Zones. The Committee would like to know the details in this regard.**

**E. Critical review of Policy of outsourcing  
(Recommendation Para No. 16)**

1.17 The Committee stressed that no core activity should be brought under Public Private Partnership (PPP) scheme. The Committee also desired that it should be ensured that the interest of railway employees and railway users were not compromised. The Committee also felt that the policy of outsourcing required a critical review.

1.18 In their action taken reply, the Ministry of Railways have stated as under:-

“No core area is being brought under the Public-Private Partnership (PPP) Scheme. Further, the interest of railway users and railway employees is of paramount importance while decision on areas to be identified for PPP. In fact, one of the objectives of using PPP for identified projects is to bring about improvement in the expertise and working environment of employees and service delivery to rail-users.

Railway’s policy of outsourcing is based on the above policy parameters. It has been stated by Hon’ble Minister for Railways in different forums that there would be no privatisation in the Railways and the interest of railway users and railway employees would not be compromised. Some of the areas where public-private partnership option will be explored are development of world class stations, manufacturing of locomotives and passenger coaches, development of multimodal logistic parks and agro- retail chains, budget hotels etc.”

**1.19 It is not clear from the reply of the Ministry of Railways whether the policy of outsourcing was critically reviewed by Railways as recommended by the Committee. The Committee hope that the recommendation of the Committee in this regard has been taken note of for appropriate action.**

**F. Replacement of Safety Surcharge with Development Surcharge  
(Recommendation Para No. 17)**

1.20 The Committee noted that after expiry of the period of Special Railway Safety Fund, 'Safety Surcharge' levied for the purpose would be subsumed in the actual fare and the revenue so generated would be utilized for funding the construction of dedicated freight corridor. The Committee did not agree with such an arrangement. The Committee in this connection recalled their recommendation made in the Report on 'Demands for Grants 2006-07' where the Committee had disapproved the policy of the Railways putting indirect burden on the commuters and had strongly recommended that the Railways should refrain from adopting such deceptive practices.

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

"Safety Surcharge was levied with effect from 1.10.2001 i.e. from 2001-02 to 2006-07 to raise Rs. 5000 crore for the newly created non-lapsable Special Railway Safety Fund. This surcharge lapsed on 31<sup>st</sup> March' 2007 after expiry of five year period. Safety Surcharge has been replaced with Development Charge w.e.f. 1.4.2007, for part funding of the proposed Dedicated Freight Corridors (DFC). It may be mentioned that imposition of Development Surcharge on passenger fares will not result in any change in the existing chargeable passenger fares in any Class. Thus, Railways have not adopted any deceptive practices, as mentioned by the Committee, to increase the passenger fares."

**1.22 The Committee are dismayed to note that Safety Surcharge has been replaced with Development Charge w.e.f. 01.04.2007 for part funding of the proposed Dedicated Freight Corridors, inspite of the Committee's repeated recommendation against such a move. The Committee do not agree with the view of the Ministry of Railways that the imposition of Development Surcharge on passenger fares will not result in any change in the existing chargeable passenger fares. Withdrawal of Safety**

**Surcharge from the passenger fares would have certainly given some relief to the passengers. Replacing Safety Surcharge with Development Charge has obviously denied this relief to the passengers. It is in this context the Committee had observed that Railways should refrain from adopting such deceptive practices. The Committee urge the Ministry to review replacement of Safety Surcharge with Development Charge.**

**G. Implementation of revised Catering Policy – 2005  
(Recommendation Para No.18)**

1.23 The Committee had noted that despite their recommendation in their 14<sup>th</sup> Report on 'Indian Railway Catering and Tourism Corporation' (IRCTC) and reiteration of the same in their 22<sup>nd</sup> Action Taken Report that the Catering Policy - 2005 should be reviewed on priority basis, nothing had been heard from the Railways in this regard. The Committee had stressed that outcome of the review of Railway Catering Policy – 2005 undertaken by the Ministry of Railways be placed before them without any further delay.

1.24 In their action taken reply, the Ministry of Railways have stated as under:

"The recommendation of the Committee made in their 14<sup>th</sup> Report to review the Catering Policy – 2005 was given due consideration and after review, the Revised Catering Policy - 2005 was issued on 21.12.2005. The Revised Catering Policy – 2005 dated 21.12.2005 is still at the stage of implementation. Since catering services in Railways are considered as a passenger amenity, it has been ensured in successive catering policies that the tariff of tea/coffee, breakfast and standard meals remains reasonable and is kept outside the purview of market forces. Ministry of Railways accordingly, fixes tariff of these items. Revision of these items was last made in 2003. Market forces have been allowed to operate in the segment where the customers have the capacity to afford the market determined prices, and the licensees can get reasonable profits."

**1.25 The Committee regret to note that though the Catering Policy-2005 was reportedly revised after the review recommended by the Committee, nothing has been mentioned in the reply of the Ministry of Railways about the salient features of the revised Catering Policy-2005. It is also not clear from the Ministry's reply whether the revised Catering Policy has since been implemented. The Committee would await the response of the Ministry of Railways in this regard.**



## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Para No. 1)

The Committee had noted that the performance of Railways with an estimated net revenue of over Rs.14,000 crore and an operating ratio of 78.7% during 2006-07. The Committee were concerned to note that there would be deceleration in the growth rate of Railways in the year 2007-08 as compared to the year 2006-07. The surplus after dividend which was expected to record a 72% growth in 2006-07 over the previous year is projected to fall to 8% in 2007-08 and Gross traffic receipts from 16% to 13%. On the other hand, the total working expenditure was expected to sharply rise by 14% in 2007-08 as compared to 9% in 2006-07. As a result, the operating ratio of Railways would go up from 78.7 in 2006-07 to 79.6 in 2007-08. The Committee felt that concerted efforts were needed to sustain the growth momentum achieved by Railways in the year 2006-07 by measures such as productivity improvement, better asset utilization, capacity augmentation, increasing the market share, etc.

In their Action Taken Reply, the Ministry of Railways have stated:-

"The deceleration in the growth of traffic earnings in 2007-08 is mainly on account of various discount and reduction in passenger fares and modification in freight structure announced in Budget, 2007-08, details of which have already been submitted for the kind information of the Hon'ble Committee. As regards working expenses, it may be reiterated that an increase to 14% projected in the Budget Estimates, 2007-08 includes provision of Rs.1250 cr. for likely sanction of Interim Relief to the staff and pensioners. Excluding this factor the growth rate in working expenditure would work out to 11.7% over the Revised Estimates, 2006-07. The operating ratio for 2007-08 would accordingly work out to 77.9% as against 78.7% projected for 2006-07 in the Revised Estimates.

The Hon'ble Committee's emphasis on the need for sustaining the growth momentum is noted. It may be submitted that concessions and modifications announced in the Budget, 2007-08 for fare and freight are aimed at attracting more traffic. Besides these, Budget 2007-08 also envisages various initiatives for augmenting traffic capacity viz. running of more freight trains with higher axle-load of 22.9 tonne and 25 tonne, manufacture of higher axle-load and payload wagons with latest technology, implementation of Unit Exchange Maintenance for improving productivity of wagons, adding 800 more coaches in popular passenger trains etc. In order to increase the market share, zonal railways have been advised to engage independent marketing agencies to explore new traffic streams. Further, Railways are strictly observing economy and austerity in expenditure and the zonal units have been given a spending limit effecting a saving of 4% over the budgetary allocation. The performance of the railways is being monitored on monthly basis and necessary steps will be taken not only to achieve the budgetary targets but also to improve the performance."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 2)**

Incidentally, Railway Board Chairman indicated during oral evidence that there had been an incorrect representation of information provided by the Railways to the Committee regarding budget surplus/net revenue. The Committee would like to be informed of the correct figures in this regard. The Committee found that there had also been discrepancies in the documents presented to Parliament by Railways. The Committee urged that extreme care should be exercised to ensure that the documents/information presented to the Parliament and the Parliamentary Committees are free of errors.

In their Action Taken Reply, the Ministry of Railways have stated:-

"The Budgetary Surplus and Net Revenue for 2005-06, 2006-07 (BE & RE) and 2007-08 (BE) which has been incorporated in the Explanatory Memorandum on Railway Budget, 2007-08 is indicated below. It may be mentioned here that in order to make

meaningful comparison, figures for 2005-06 have been modified incorporating the accounting changes made from Revised Estimates, 2006-07 onwards.

(Rs. in cr.)

	Actuals, 2005-06	Budget Estimates, 2006-07	Revised Estimates, 2006-07	Budget Estimates, 2007-08
Net Revenue	10,143.15	10,885.54	14,869.74	16,021.99
Excess/Shortfall	6,193.32	6742.31	10627.48	11,449.45

Discrepancies in the documents noticed by the Hon'ble Committed are regretted. It is submitted that in future due care will be taken to reflect correct information in all the documents presented to Parliament and the Parliamentary Committees."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No.3)**

Though freight traffic gives almost 63% of Railway earnings, freight gets last priority in movement. The Railway Board Chairman was candid enough to admit that Railways should have gone for dedicated freight track about three to five years earlier. The Committee were not clear as to why timely initiatives were not taken in this regard. In order to improve freight business, the budget for 2007-08 has outlined market responsive schemes which include empty flow freight discount, two leg freight discount, incremental freight discount for non-peak season, rationalization of parcel policy and upgradation of routes to carry higher axle load trains upto 23 tonnes and 25 tonnes. Notwithstanding these measures, the Committee felt that utmost priority needs to be accorded to execute the dedicated freight Corridor project which was admittedly lagging behind by five years. The Committee noted that allocation of Rs.1,300 crore had been made for the project during the current year (2007-08). The Committee had desired to await details of this project with target for completion.

In their Action Taken Reply, the Ministry of Railways have stated:-

"Railways had proposed a 2700 kilometer long railway line project (Eastern Corridor -1279 Kms. and Western Corridor -1483 Kms.) as an augmentation of the capacity of Indian Railways network to handle the large increase in volume of traffic over the coming year. These Dedicated Freight Corridors in Phase – I along with the feeder routes of Indian Railways will ensure availability of sufficient capacity in the face of rising demand for transport.

Both Eastern & Western Corridors will be made suitable for running of heavier trains of 25 tonne axle load. Maximum moving dimensions on the routes will be more liberal and comparable to world standards in order to permit heavier and longer trains. While Eastern Corridor will be electrified, the Western Corridor will operate on diesel traction in order to permit Double Stack Container operation. Bridges and fixed structure, which have long life, would be laid on this route for 30 tonne axle load. The loops provided on the route (DFC) should have length to accommodate double trains (1500 meter). Logistics Parks are proposed to be developed on Dedicated Freight Corridor.

The Eastern Corridor as approved by the Cabinet Committee on Economic Affairs in its meeting on 22.02.2007 will start from Ludhiana in Punjab and terminate at Sonnagar, via Ambala, Saharanpur, Khurja and Allahabad. However, 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. The 1279 kilometers long dedicated freight corridor fit for electric traction and high axle load operation is estimated to cost Rs.11,589 crores. RITES PETS Report had projected traffic of 144 Million Tonnes by 2021-22. The feeder routes on the existing Indian Railways network will also be developed to carry heavier traffic of coal and steel. The total length of feeder routes for Eastern Corridor will be about 3000 kilometers.

The Western Corridor will start from Jawaharlal Nehru Port, New Mumbai and will be routed via Vadodara, Ahmedabad, Palanpur and Rewari to Tuglakabad and Dadri. The feeder routes of the Western Corridor connecting Ports of Gujarat will be upgraded. A feeder route from Rewari to Ludhiana via Hissar will also be developed to serve the States of Punjab and Haryana. This corridor will carry mostly container traffic. Both Eastern and Western Corridors will be connected between Dadri and Khurja. This 1483 kilometers long Corridor, fit for double stack container operation is estimated to cost Rs. 16,592 crores. RITES PETS report had projected non-container traffic of 39 Million Tonnes and 61 lakh TEUs of container traffic by 2021-22. Feeder routes on the existing Indian Railways network will also be developed for moving double stack container

trains. Total length of feeder routes for Western Corridor will be about 1500 kilometers. The project will also include 32 kms single line between Pirthala and Tughlakabad to feed ICD at Tughlakabad.

The Dedicated Freight Corridors are proposed to be completed in a time frame of 5 years through a Special Purpose Vehicle (SPV). Cabinet, in its meeting on 24<sup>th</sup> August, 2006, approved setting up of a Special Purpose Vehicle under the Ministry of Railways for execution of Dedicated Freight Corridor projects. An Implementing Agency called Dedicated Freight Corridor Corporation of India Limited (DFCCIL) has been incorporated on 30<sup>th</sup> October, 2006.

The project would be funded by a mix of debt and equity in the ratio of 2:1. Government of India through Ministry of Railways will invest in the equity of the implementing agency (DFCCIL). Financial assistance is being sought through Department of Economic Affairs under the STEP Loan Scheme of the Government of Japan.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

#### **Recommendation (Para No: 4)**

The Committee had noted that track constitutes the basic infrastructure of a railway system and bears the brunt of coping with ever increasing traffic. High speed and heavy axle load operation necessitates upgradation of the track structure as part of track renewals. The Committee were glad to note that the track renewal target of 4,000 kms for 2006-07 was surpassed and the actual achievement in this respect was 4686 kms. The Committee had desired that there should be no arrears of track renewal at any given point of time and action should be taken to ensure this.

In their Action Taken Reply, the Ministry of Railways have stated:-

“Track renewals are charged to DRF. Sufficient funds are being made available under this plan-head. It is therefore not likely that arrears of track renewals be there at any given point of time. Track renewal work once sanctioned takes nearly 3-4 years to complete. Therefore, at any time nearly 2 years accruals will remain sanctioned and yet to be executed.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No: 5)**

The Committee had noted that the signaling had mainly used for Railways safety, whereas modern signaling systems have possibilities to effect improvement in line capacity. This signifies the importance of modern signaling systems. Regrettably, there had been huge shortfall in achievement during 2006-07 in replacement and rehabilitation works, track circuiting and Blocks proving by Axle Counters. Reasons advanced in this regard such as constraints of manufacturing and contractual capabilities, non-finalisation of tenders, severe shortage of signal engineers and staff and delay in provision of service buildings- reflect poorly on the Railways. These factors were controllable with advance planning and proper coordination. The Committee urged that at least now prompt efforts should be made to identify the shortcomings and deficiencies with a view to achieving satisfactory performance in this regard in the current year. The Committee in this connection noted that Khanna Committee had recommended that complete track circuiting at stations should be done according to priorities and time frame of 2-6 years. The Committee trusted that action would be taken to adhere to the time limit laid down by Khanna Committee.

In their Action Taken Reply, the Ministry of Railways have stated:-

“Hon’ble MR in his Budget Speech 2007-08 has emphasized on using modern signaling systems to effect improvement in line capacity. The concerns expressed by the Committee for shortfall in achievement has been noted. Railways have been endeavouring to bring about changes in the system and execute projects on fast track. However, there are certain extraneous factors on which Railways have no control and these affect the implementation of projects. Recently, some decisions like floating & finalization of composite tenders have been taken for S&T projects to expedite the progress. Track circuiting works at stations are being given highest priority and action is being taken to adhere to the time limit laid down.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 6)**

The Committee were informed that Railways were reported to have 1,27,768 bridges. To improve the safety of rail and road users, the existing busy level crossings having heavy traffic density are being replaced by road over/under bridges in a phased manner. Though in 2005-06, 1,431 bridges were rehabilitated/rebuilt, the initial target fixed for 2006-07 was considerably lower at 1,334. The Committee regretted to note that even this lower target was further revised downwards to 1,272 during the year on the plea of complexities involved in execution of bridge works. The Committee noted that work on only 945 bridges could be completed till the end of Feb., 2007. The Committee hoped that the revised target would be achieved as assured by the Ministry in a written reply. The Committee would like to know the total outstanding work of bridges rehabilitation at present and the target fixed for the year 2007-08.

In their Action Taken Reply, the Ministry of Railways have stated:-

“There has been reduction in initial targets of Bridge Works for 2006-07 as compared to that of 2005-06 because backlog of rehabilitation/repair/rebuilding of Bridges is getting completed since sanction of 2370 Bridges under SRSF (Special Railway Safety Fund) in 2001-02. As a matter of fact upto 31.03.06, 1920 no. of Bridges had already been completed under SRSF out of the initially sanctioned 2370 Bridges. Evidently, in the beginning when SRSF works were sanctioned, higher targets were fixed to clear the backlog within the stipulated time period.

During the year 2006-07, a total of 1114 no. of Bridges have been repaired/rehabilitated/rebuilt on various Zonal Railways. There has been some shortfall in achievement of physical targets during the year, due to various complexities involved in execution of Bridge Works.

As on 01.04.2007, about 3655 no. of Railway Bridges are sanctioned chargeable to SRSF & DRF for repair/rehabilitation/rebuilding on Indian Railway system. Out of this, 1444 no. of Bridges have been targeted for

repair/rehabilitation/rebuilding during 2007-08, for which an outlay of Rs. 597.50 Crore (Net) has been provided in Budget 2007-08.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 7)**

The Committee were informed there were 64 unmanned level crossing accidents up to January during 2006-07 as against 59 accidents during the corresponding period in the previous year. Sadly, the target achievement of manning the unmanned level crossings during 2006-07 has been very poor. As against the target of manning of 369 unmanned level crossings, Railways had manned only 168 unmanned level crossings till Feb., 2007 during the year 2006-07. Manpower shortage and delay in recruitment process are cited as the main reasons for shortfall in this respect. The Committee felt that this was a matter which should had been handled with foresight and by having honest and efficient Recruitment Board. Efforts should be made to ensure that sufficient manpower was in place to man the targeted unmanned level crossings. The Committee in this connection appreciated the policy decision of the Railways to convert unmanned level crossings into limited height subways wherever feasible with powers delegated to Zonal Railways to sanction such works up to Rs. 50 lakhs. Hopefully, this would go a long way in bringing down the number of accidents.

In their Action Taken Reply, the Ministry of Railways have stated:-

“The Zonal Railways have been directed to take immediate steps to recruit manpower where ever required to fill up the vacancies including that of Gateman who are in category 'D' and belong to the Safety category. Since recruitment of Gatemen is not conducted by Railways Recruitment Boards, the recommendation of the Hon'ble Committee relating to manning of Railway Recruitment Boards by efficient and honest officers are not applicable. However, it is to be mentioned that the officers are posted in Railway Recruitment Boards as per the procedure and policy of Railway Board with proper vigilance clearance etc. Further, till the



end of June'07, Railways have identified 433 level crossings for replacement by Limited Height Sub-ways. The sanction of these works of Limited Height Subways is under process at Zonal Railways, and some of them have been taken up for execution."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No.: 8)**

The Committee were disappointed to note that during the 10<sup>th</sup> Plan period ending in 2006-07, there was a considerable shortfall in four important areas of activity as discussed in this and in the succeeding paragraph. Shortfall was expected in construction of new lines to the extent of 365 kms and in doubling as much as 212 kms. The Committee were not convinced of the reasons advanced in this regard such as delay in land acquisition, forestry clearance, geo-technical problems and slow progress/failure of contractors. These reasons were routinely put forth by the Railways year after year. The Committee felt that some of these were within the control of the management and others could be anticipated and provided for at the formulation stage. The claim of the Railway Board Chairman that the Railways set high and difficult targets to get the best out of the system does not carry conviction as the Railways had surpassed the targets in other areas of activity such as gauge conversion, doubling, track renewals, electrification etc. during the 10<sup>th</sup> Plan. The Committee felt that what was lacking is proper coordination and effective project management. The Committee desired that at least now inter-departmental and inter-enterprise linkages should be identified and coordination committee at a fairly high level organized to see that various items of work were properly synchronized.

In their Action Taken Reply, the Ministry of Railways have stated:-

"It is a fact that over the years railways have been increasing their targets for completion of New Line, Gauge Conversions and Doublings in view of increased availability of resources and need for expediting completion of ongoing projects. It is evident from the fact that during the IX Plan, 3755 kms of BG lines were added

whereas in the X Plan, total achievement was 6508 kms i.e. an increase of 73% as compared to IX Plan. The average progress of new line, GC and doublings during first four years of X Plan was about 1,200 kms per annum which increased to 1718 kms during 2006-07. All this was possible because of proper monitoring and effective project management. Railways have a system of inter-departmental planning and coordination at all levels. The issues are also taken up at the ministerial level whenever the need arise. However, the targets set for 2007-08 are on the very high side and railways have been advised to suitably monitor the projects. An effort has also been made for further empowerment of field units so as to expedite decision making and project implementation. It is mentioned that projects are effectively being monitored at various levels but there are various reasons which cause delay on which little control is available with the Railways. These include; delay in land acquisition, forest clearances, geotechnical problems, adverse law and order conditions and slow progress/failure of the contractors. In the past, steep hike in prices of steel and cement had adversely affected the implementation of projects.

The concern expressed by the Committee has been noted and it is assured that all efforts are being made to ensure timely completion of the projects.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No.9)**

The Committee had noted that the huge shortfall in manufacture of Electric Multiple Units (shortfall of 1096 coaches which is about 56% of the target) and Mainline Electric Multiple Units/Diesel Electric Multiple Units (shortfall of 140 coaches which is about 19% of the target) during the 10<sup>th</sup> Plan was attributed to problem in design, limitation of capacity in the production units and higher demand of General Service Coaches. Design problem was stated to had been set right in association with Siemens. Works had also reportedly been sanctioned to enhance production capacity at ICF/Chennai and RCF/Kapurthala to 1,500 and 1,400 coaches annually from the present capacity of 1,000 coaches. The Committee were at a loss to understand why timely action could not be taken to overcome these problems. The Committee desired that it should be ensured that enhanced capacity becomes available in the production units within two to three years as was expected.

In their Action Taken Reply, the Ministry of Railways have stated:-

“The requirement of EMUs (for the plan period) included 909 coaches for MRVC (AC/DC EMUs for Mumbai area). Since there was a constraint in the total capacity of the manufacturing units, the annual Production Programme from year to year, evaluating the requirement for coach types for services in Indian Railways increased the manufacture of general service coaches at the cost of EMU/DEMU/MEMUs. As a result, General Service coaches manufactured during the plan period are 12202 against the 9160 originally projected as plan requirements.

To make good the shortfall, a work to enhance the EMU manufacturing capacity at ICF has been approved in 2001-02 and is now under execution. On completion of this work the EMU manufacturing capacity will increase from the present 250 – 300 coaches per year to more than 500/ year. Works have also been sanctioned to enhance production capacity at ICF/Chennai and RCF/Kapurthala from the present installed capacity of 1000 coaches each per year at these factories, to 1500 and 1400 coaches per year for ICF & RCF respectively. These enhanced capacities are expected to become available in two to three years time.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 10)**

The Committee noted that there appears to be discrepancy in the figures of passenger traffic shown in the Outcome budget as that of 10<sup>th</sup> Plan document. According to the 10<sup>th</sup> Plan document, the target of number of originating passengers in 2006-07 was 5,885 million whereas the Outcome Budget portrays it as 5,686 million. Similarly, the target of passenger kilometre as given in the 10<sup>th</sup> Plan document was 625 billion whereas what was shown in the Outcome Budget was 593 billion. The misrepresentation of figures had probably led the Railways to make an erroneous claim in the Outcome Budget that the actual passenger traffic surpassed the 10<sup>th</sup> Plan target for terminal year (2006-07) in the fourth year of the Plan itself. The Committee had desired to be informed of the factual position in this regard.

In their Action Taken Reply, the Ministry of Railways have stated:-

“In this regard, it is brought out that the targets for number of originating passengers and passenger kilometers in the year 2006-07 as mentioned in 10<sup>th</sup> Plan Document were 5885 million and 625 billion kilometers respectively.

Based on the performance of 3 years of 10<sup>th</sup> Plan, these targets were revised to 5686 million passengers and 593 billion passenger kilometers respectively in the Mid-Term Review of 10<sup>th</sup> Plan. But the revised targets were not included in the Mid-Term Review published by the Planning Commission resulting in the discrepancies in the figures. The actual passenger traffic in the fourth year of the Plan i.e. in 2005-2006 was 5725 million passengers and 615.6 billion passenger kilometers.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 15)**

The Committee were distressed to note that of late Railways had become a soft target for terrorists, naxalites and other disruptive forces causing loss of innocent lives and loss of properties of Railways and passengers. Such incidents also created a sense of insecurity and fear psychosis among the Railway passengers. They also noted that in the wake of recent bomb blasts in Delhi-Attari link Express and Mumbai suburban trains and Lumding-Silchar incident, Railways had taken steps to strengthen and modernize security arrangements such as installation of explosive detection devices, door-frames and hand held metal detectors, CCTV and smart Video cameras at sensitive stations. The Committee desired that the Railways should in collaboration with State Police, Intelligence agencies and para military forces evolve a comprehensive and coordinated strategy to strengthen and improve the security on Railways. The Committee in this connection noted that there were large number of vacancies in various ranks in Railway Protection Special Force/Railway Protection Force. The Minister for Railways announced in his Budget

Speech filling up of 8000 vacancies in Railway Protection Special Force. Necessary instructions had reportedly been issued to fill up these vacancies within six months. The Committee believed that prompt action would be taken in this regard. In this connection, the Committee also stressed that the existing vacancies in other departments particularly in safety category should also be filled up simultaneously.

In their Action Taken Reply, the Ministry of Railways have stated:-

“‘Policing’ being a State subject, registration of cases, their investigation, maintenance of law and order in Railway premises as well as on running trains and collection, collation and sharing of actionable intelligence are the statutory responsibility of the State Police. The State Police have a separate wing called the Government Railway Police (GRP) for dealing with all matters relating to law and order on the Railways.

The primary functions of the Railway Protection Force is to provide protection and security to Railway Property ( which includes Railways own assets, and the property entrusted to it for transportation), to remove any obstructions in the movement of Railway Property and to do other acts conducive to the better protection and security of Railway Property.

To provide better security to the traveling passengers in trains and passenger areas, the RPF Act, 1957 and the Railways Act, 1989 have been amended to enable the Railways, through the Railway Protection Force, to effectively supplement the efforts of the State Governments in controlling crime on the Railways. The Railway Protection Force staff are being deployed to escort many trains and deployed in the passenger area to augment the efforts of the State Governments. RPF has also been empowered to deal with the minor offences affecting the train operations such as alarm chain pulling, roof travel, touting, ticket less travel, unauthorized entry into coaches earmarked for ladies etc. (except Sabotage related offences under Sections 150 to 152) amending the Railways Act w.e.f. July 2004. The objective was to ensure that the State Police (Government Railway Police) get more man power and time to handle heinous offences such as Murder, Dacoity, Robbery, Rape etc. including Sabotage and Train Wrecking, under the provisions of Indian Penal Code, the Railways Act and other laws of the land.

The Board has constituted a Committee for formulation of a Composite Security Plan comprising of officers from Intelligence Bureau, Central Industrial Security Force, National Security Guard, Delhi Police and the Chief Security Commissioners of Railway

Protection Force of Eastern, Northern, Western and Central Railways under the Chairmanship of Addl. Director General / RPF, Railway Board.

The following measures are also being taken to improve security arrangements at important and vulnerable Railway stations: -

1. Installation of Close Circuit Televisions at vulnerable Railway Stations.
2. Modern security gadgets like Hand Held Metal Detectors, Door Frame Metal Detectors, Entry Scans / X-Rays Machines etc. to strengthen access control at entry / exit points.
3. Dog Squads, Bomb Detection and Disposal Squads at various divisions and railway stations to conduct anti-sabotage checks.
4. To upgrade training centers to improve quality of training to Railway Protection Force personnel.
5. Intensive publicity and public awareness campaigns alerting and educating all passengers / public to remain vigilant against any unidentified / unclaimed suspicious objects lying on platforms, other premises or coaches and to report to RPF / GRP / Railway officials available nearby.
6. Frequent announcements at all stations alerting passengers to be vigilant about suspicious movement of co-passengers and not to touch any suspicious luggage / bag especially in general compartments.
7. Steps to prevent entry of unauthorized persons in trains and in empty coaching rakes at originating / destination stations, before and after placement in maintenance sidings.
8. Close co-ordination with GRP / State Police / Central Intelligence agencies to prevent any untoward incident.

In order to fill up the existing vacancies in the non-gazetted cadre in RPF/RPSF, steps have been taken on a war footing. As a part of this, notifications for filling up the existing and anticipated (upto December 2008), vacancies have been issued by all Indian Railways (except Central, South Central and North East Frontier Railways where the recruitment process has already been completed). The recruitment will begin w.e.f. 18th June, 2007 from East Central Railway. Besides, notification for filling up about 1000 vacancies of Sub-Inspectors in RPF/RPSF will also be issued shortly."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

**Recommendation (Para No: 18)**

The Committee had noted that in 14<sup>th</sup> report on 'Indian Railway Catering & Tourism Corporation (IRCTC)' they had recommended that the whole system of catering including the Catering Policy – 2005 should be reviewed so as to align the catering policy as a part of passenger amenities and not as a commercial and profit making venture alone. This was also commented upon by the Committee in their 22<sup>nd</sup> Action Taken Report and desired that the Catering Policy – 2005 should be reviewed on priority basis. Nothing had been heard from the Railways so far in this regard. The Committee stressed that outcome of the review undertaken by the Ministry of Railways be placed before them without any further delay.

In their Action Taken Reply, the Ministry of Railways have stated:-

"The recommendation of the Committee made in their 14<sup>th</sup> Report to review the Catering Policy - 2005 was given due consideration and after review, the Revised Catering Policy 2005 was issued on 21.12.2005. The Revised Catering Policy - 2005 dated 21.12.2005 is still at the stage of implementation. Since catering services in Railways are considered as a passenger amenity, it has been ensured in successive catering policies that the tariff of tea/coffee, breakfast and standard meals remains reasonable and is kept outside the purview of market forces. Ministry of Railways accordingly, fixes tariff of these items. Revision of these items was last made in 2003. Market forces have been allowed to operate in the segment where the customers have the capacity to afford the market-determined prices, and the licensees can get reasonable profits."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

**CHAPTER III**

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

**- NIL-**



## CHAPTER IV

### Recommendation (Para No: 12)

The Committee noted that the freight outstanding from State Electricity Boards and Power Houses as on 31<sup>st</sup> January 2007 was stated to be over Rs.1411 crore. The Committee were informed that the main defaulters in this regard were Badarpur Thermal Power Station (Rs. 554.81 crore), Punjab Electricity Board (Rs. 442 crore), and Delhi Vidyut Board (Rs. 176 crore) and that Badarpur Thermal Power Station had since paid Rs.300 crore. Punjab Electricity Board and Delhi Vidyut Board with whom there was a serious dispute over the dues had reportedly gone to Court and the verdict of the court appointed arbitrator has gone against Railways. The Committee had desired to be informed as to how it is proposed to recover these dues and whether there was violation of any provisions of the contract by Railways with regard to these cases. The Committee desired the Ministry to order a probe into the matter with a view to fixing responsibility for lapses, if any.

In their Action Taken Reply, the Ministry of Railways have stated:-

“Normally all traffic, especially Coal, is required to be booked ‘paid’. Since SEBs were not regular in arranging pre-payment, Advance Payment Scheme at destinations was designed to help them to avail ‘paid rates’ without actual pre-payment by maintaining an Advance Deposit with Railways. As per the said scheme, in case of advance deposit falling short of requisite amount, the traffic was treated as ‘To pay’ and accordingly charged at higher tariff than the ‘paid’ tariff. The amounts mentioned in the above recommendation have been raised against these Power Houses where ‘To- pay’ tariff was levied as per terms and conditions of the above scheme since these Power Houses failed to maintain the minimum level of Advance Deposit required under the said scheme.

As regards recovery of dues from the Power Houses, continuous efforts are being made by both Zonal Railway and Ministry of Railways as indicated below:-

(1) Badarpur Thermal Power Station.

A series of meetings were held with BTPS and Ministry of Power to persuade them to pay the outstanding freight dues. Accordingly,

Ministry of Power had given a time bound schedule for clearance of old outstanding dues amounting to Rs. 966.63 crores relating to BTPS due to be paid to Railways as on 31.3.03. Out of Rs. 966.63 crores, BTPS has paid Rs.717.63 crores to Railways till date, including the advance due of November 2007 and May 2008 as per the payment schedule. Total outstanding dues against BTPS as on 31.3.07 is Rs. 249 crore. The position is being monitored closely so that the balance outstanding is liquidated.

(2) Punjab State Electricity Board

The Award given by the Arbitrator against the Railways is not in accordance with the provision of the Advance Payment scheme at Destination. Hence Northern Railway has challenged the award. Accordingly, the case has been heard before the Civil Court of Patiala, which upheld the award given by the Arbitrator. The judgement is under legal scrutiny. As far as Railways are concerned, there has been no violation of any provision of contract. The Advance Payment Scheme has been implemented with the agreement of the concerned State Electricity Board. As stated earlier, normally all traffic especially Coal is required to be booked as 'paid'. Since SEB's are not regular in arranging pre-payment, this scheme was designed to help them avoid pre-payment by maintaining an Advance Deposit with Railways. In case the deposit fell short of the requisite amount, the traffic was automatically charged at a higher tariff than the paid tariff as per rules. In fact, the violation was on part of the Electricity Board for which charges were accordingly raised against them.

(3) Delhi Vidyut Board

In spite of repeated requests made by Railway, DVB was not making payment to clear the outstanding. However after constitution of GENCO, Delhi Vidyut Board have started booking of coal rakes on pre-payment at booking points w.e.f. 22.1.2004. This has checked the rising trend. However, the old outstanding dues are still persisting. In order to recover the old outstanding dues, several meetings were held by Northern Railway to reconcile the outstanding dues with Delhi Vidyut Board and the same is in progress. Ministry of Power has recently proposed to move a Cabinet Note for the settlement of dues pertaining to DESU period. Ministry of Railways has already furnished their comments and the Cabinet Note is expected to be taken up shortly.

Since there was no lapse on part of Railways, the need to order the probe to fix responsibility in the matter is not considered necessary."

### **Recommendation (Para No. 13)**

The Committee had agreed with the Railways that the operating ratio which reflects the operating efficiency of the Indian Railways be viewed as a whole and not Zone-wise. The Committee in this connection noted that for calculating Zone-wise operating ratios, passenger and freight earnings are apportioned between Zonal Railways based on the traffic earned on their respective systems and that all Zonal Railways were not placed evenly with regard to traffic earnings, by virtue of their jurisdiction and geographical location and that higher operating ratio reflected in Zonal Railways are beyond their control. As such the Zonal operating ratios could not be relied upon as a measure of the operating efficiency of the zones. The Committee wondered as to what then was the need and relevance of depicting Zonal operating ratios in the documents presented to Parliament. It was high time to have a re-look at this issue.

In their Action Taken Reply, the Ministry of Railways have stated:-

“The zonal system on the Railways was introduced for the administrative convenience for better management of the vast network. The operational efficiency of the Indian Railways is the outcome of aggregate performance of all the zonal Railways.

The Operating Ratio is the key indicator of operational efficiency of the Railways, which is the ratio of input cost to the traffic output. As has been submitted to the Committee all the zonal Railways are not evenly placed with regard to traffic earnings which are apportioned between the zonal Railways based on unit of traffic traversed on the system, irrespective of the fixed element of operating expenditure that are essentially incurred to run the system. In order to improve the overall efficiency of the Indian Railways, performance of each zone needs to be monitored, despite compulsions of the system. Accordingly, the operating ratio is calculated and depicted for all the zonal Railways, which facilitate major policy formulation in regard to development of the Railways and exploration of traffic potency in various parts of the country.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **Recommendation (Para No. 16)**

The Committee had noted that Public Private Partnership options would be explored with the aim of modernisation of metro and mini metro stations with world class passenger amenities, development of agro-retail outlets and supply chains, construction of multi-modal logistic parks, warehouses, budget hotels, expansion of network and increase in production capacity. The Committee had stressed that no core activity should be brought under PPP scheme. It should be ensured that the interest of railway employees and railway users were not compromised. In this connection, the Committee felt that the policy of outsourcing also require critical review.

In their Action Taken Reply, the Ministry of Railways have stated:-

“No core area is being brought under the Public-Private Partnership (PPP) Scheme. Further, the interest of railway users and railway employees is of paramount importance while decision on areas to be identified for PPP. In fact, one of the objectives of using PPP for identified projects is to bring about improvement in the expertise and working environment of employees and service delivery to rail-users.

Railway’s policy of outsourcing is based on the above policy parameters. It has been stated by Hon’ble Minister for Railways in different forums that there would be no privatisation in the Railways and the interest of railway users and railway employees would not be compromised. Some of the areas where public-private partnership option will be explored are development of world class stations, manufacturing of locomotives and passenger coaches, development of multimodal logistic parks and agro- retail chains, budget hotels etc.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

**Recommendation (Para No. 17)**

The Committee noted that out of Rs. 17,000 crore allocated for Special Railway Safety Fund (SRSF), Rs. 5,000 crore were to be mobilized by the Railways through levy of a 'Safety Surcharge'. The Committee noted that after expiry of the period of SRSF 'Safety Surcharge' would be subsumed in the actual fare and the revenue so generated would be utilized for funding the construction of dedicated freight corridor. The Committee did not agree with such an arrangement. The Committee in this connection recalled their Report on 'Demands for Grants 2006-07' where the Committee had disapproved the policy of the Railways putting indirect burden on the commuters and had strongly recommended that the Railways should refrain from adopting such deceptive practices.

In their Action Taken Reply, the Ministry of Railways have stated:-

"Safety Surcharge was levied with effect from 1.10.2001 i.e. from 2001-02 to 2006-07 to raise Rs. 5000 crore for the newly created non-lapsable Special Railway Safety Fund. This surcharge lapsed on 31<sup>st</sup> March' 2007 after expiry of five year period. Safety Surcharge has been replaced with Development Charge w.e.f. 1.4.2007, for part funding of the proposed Dedicated Freight Corridors (DFC). It may be mentioned that imposition of Development Surcharge on passenger fares will not result in any change in the existing chargeable passenger fares in any Class. Thus Railways have not adopted any deceptive practices, as mentioned by the Committee, to increase the passenger fares."

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

## **CHAPTER V**

### **Recommendation (Para No. 11)**

The Committee were surprised to learn that no market study had ever been undertaken by Railways with a view to improving their market share of passenger traffic as well as freight traffic. The Committee hardly needed to emphasise the significance and usefulness of such a study to align the Railways to the growing market competition and to adopt strategy of lower unit cost and higher volumes. The Committee hoped that as agreed to by a representative of the Railway Board during oral evidence, a scientific market analysis would be undertaken in a time bound manner and the Committee be informed of the outcome.

In their Action Taken Reply, the Ministry of Railways have stated:-

“Draft policy guidelines for selection of market survey has been formulated and likely to be finalized within three months.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

### **(Recommendation Para No. 14)**

The Committee had noted that despite the fact that the 11<sup>th</sup> Plan period had commenced from 1<sup>st</sup> April 2007, the physical targets for capacity augmentation in fixed infrastructure, rolling stock and the required financial outlays for implementation were stated to be still under preparation. Admittedly, the Railways were late in submitting the draft Plan to the Planning Commission. The Committee hold that the Ministry of Railways should not be found wanting in this respect. They expected from the Ministry to finalised the plan in consultation with Planning Commission without any further delay and the Committee be apprised of the Plan details.

In their Action Taken Reply, the Ministry of Railways have stated:-

“The Working Group on Railways headed by Chairman, Railway Board for preparation of 11<sup>th</sup> Five Year Plan for Railways has submitted its Report to Planning Commission. The 11<sup>th</sup> Five Year Plan for the Railways is now under finalization by the Planning Commission. The recommendations of the Standing Committee are noted.”

[Ministry of Railways O.M. No. 2007/BC-II/XIV/300/2  
dated 25.10.2007]

**MINUTES OF THE ELEVENTH SITTING OF THE STANDING  
COMMITTEE ON RAILWAYS (2007-08)**

The Committee sat on Monday, the 3<sup>rd</sup> December 2007 from 1500 hrs. to 1530 hrs. in Room No. '139', Parliament House Annexe, New Delhi.

**PRESENT**

**SHRI BASUDEB ACHARIA - CHAIRMAN**

**MEMBERS**

**LOK SABHA**

2. Shri Prasanna Acharya
3. Shri Kishan Lal Diler
4. Shri Mahesh Kumar Kanodia
5. Smt. Suman Mahato
6. Shri Ananta Nayak
7. Shri A. Sai Prathap
8. Shri Laxmanrao Patil

**RAJYA SABHA**

9. Shri Karnendu Bhattacharjee
10. Shri Lalit Kishore Chaturvedi
11. Shri Abani Roy

**SECRETARIAT**

- |    |                   |   |                     |
|----|-------------------|---|---------------------|
| 1. | Shri P.K. Mishra  | - | Joint Secretary     |
| 2. | Shri V.S. Negi    | - | Director            |
| 2. | Shri Y.M. Kandpal | - | Deputy Secretary-II |



2. The Committee considered and adopted the draft Report on action taken by the Government on the recommendations/observations contained in 27<sup>th</sup> Report on 'Demands for Grants 2007-08 of the Ministry of Railways' without any amendment.

**The Committee then adjourned.**

**APPENDIX-II****ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/ OBSERVATIONS CONTAINED IN THE 27<sup>TH</sup> REPORT (14<sup>TH</sup> LOK SABHA) ON 'DEMANDS FOR GRANTS (2007-08) OF THE MINISTRY OF RAILWAYS'.**

<b>Total number of Recommendations/Observations</b>	<b>18</b>
(i) Recommendations/observations which have been accepted by Government ( <i>Vide</i> recommendations/observations)	12
Para Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 15 and 18	
Percentage of total	60%
(ii) Recommendations/observations which the Committee do not desire to pursue in view of Government replies ( <i>Vide</i> recommendations/observations)	
Para No. NIL	
Percentage of total	NIL
(iii) Recommendations/observations in respect of which replies of which replies of Government have not been accepted by the Committee which require reiteration. ( <i>Vide</i> recommendations/observations)	04
Para Nos. 12, 13, 16 and 17	
Percentage of total	22%
(iv) Recommendations/observations in respect of which final replies of Government are still awaited. ( <i>Vide</i> Recommendations/observations)	02
Para Nos. 11 and 14.	
Percentage of total	11%