

**COMMITTEE ON PETITIONS**

**(FIFTEENTH LOK SABHA)**

**THIRTY-SECOND REPORT**



**सत्यमेव जयते**

**LOK SABHA SECRETARIAT  
NEW DELHI**

**December, 2013 / Agrahayana, 1935 (Saka)**



**CPB NO. 1 Vol.XXXII**

**Price: Rs.....**

**(c) 2013 BY LOK SABHA SECRETARIAT**

**Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Fifteenth Edition) and printed by the General Manager, Government of India Press, Minto Road, New Delhi – 110 092**

## CONTENTS

	<b>Pages</b>
<b>COMPOSITION OF THE COMMITTEE ON PETITIONS.....</b>	<b>(iii)</b>
<b>INTRODUCTION.....</b>	<b>(v)</b>

### **REPORT**

Representations from Shri Anandrao Adsul and Smt. Bhavana Gawali Patil, MPs, Lok Sabha regarding :  
Conversion of narrow Gauge Railway Lines  
Yawatmal-Murtizapur-Achalpur-Pulgaon into Broad Gauge  
and other related issues.

### **ANNEXURES**

- i) Minutes of the 44<sup>th</sup> sitting of the Committee held on 29.05.2012
- ii) Minutes of the 54<sup>th</sup> sitting of the Committee held on 30.1.2013
- iii) Minutes of the 61<sup>st</sup> sitting of the Committee held on 1.8.2013
- iv) Minutes of the 66<sup>th</sup> sitting of the Committee held on 17.12.2013

**COMPOSITION OF THE COMMITTEE ON PETITIONS**  
**(2012-13)**

**Shri Anant Gangaram Geete                      -                      Chairman**

**Members**

- 2.     Shri Khiladi Lal Bairwa**
- 3.     Shri Arvind Kumar Chaudhary**
- 4.     Shri Syed Shahnawaz Hussain**
- 5.     Shri G. V. Harsha Kumar**
- 6.     Shri Bhartruhari Mahtab**
- 7.     Shri Vincent H. Pala**
- 8.     Shri A. Sai Prathap**
- 9.     Shri M.B. Rajesh**
- 10.    Prof.(Dr.) Ram Shankar**
- 11.    Shri Adhi Sankar**
- 12.    Shri Rakesh Singh**
- 13.    Shri Yashveer Singh**
- 14.    Shri Adagooru Vishwanath**
- 15.    Vacant**

**SECRETARIAT**

- 1.     Shri P. K. Grover                      -                      Additional Secretary**
- 2.     Smt. Sudesh Luthra                      -                      Joint Secretary**
- 3.     Shri Shiv Kumar                      -                      Director**
- 4.     Md. Aftab Alam                      -                      Deputy Secretary**
- 5.     Smt. Jagriti Tewatia                      -                      Deputy Secretary**
- 6.     Shri Jyoti Prakash Krishna                      -                      Executive Assistant**

## **THIRTY-SECOND REPORT OF THE COMMITTEE ON PETITIONS**

(FIFTEENTH LOK SABHA)

### **INTRODUCTION**

I, the Chairman, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Thirty-second Report (Fifteenth Lok Sabha) of the Committee to the House on the representation of Shri Anandrao Adsul and Ms. Bhavana Gawali Patil, MPs, Lok Sabha regarding : Conversion of narrow Gauge Railway Lines Yawatmal-Murtizapur-Achalpur-Pulgaon into Broad Gauge and other related issues.

2. The Committee considered and adopted the draft Thirty-second Report at their sitting held on 17 December, 2013.
3. The observations / recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI ;**

**17 December, 2013**  
**26 Agrahayana, 1935 (Saka)**

**ANANT GANGARAM GEETE**  
**Chairman,**  
**Committee on Petitions**

## REPORT

### **REPRESENTATIONS RECEIVED FROM SHRI ANANDRAO ADSUL AND SMT. BHAVANA GAWALI PATIL, MPs, LOK SABHA REGARDING CONVERSION OF NARROW GAUGE RAILWAY LINES YAWATMAL-MURTIZAPUR-ACHALPUR-PULGAON INTO BROAD GAUGE AND OTHER RELATED ISSUES.**

\*\*\*\*\*

Shri Anandrao Adsul and Smt Bhavana Gawali Patil, MPs, Lok Sabha submitted two representations dated 23 November 2011 and 19 May 2012 regarding conversion of Narrow Gauge railway line Yawatmal-Murtizapur-Achalpur-Pulgaon into Broad Gauge before the Committee on Petitions.

2. The Hon'ble Members inter-alia stated that there is a long pending demand for Gauge Conversion of Achalpur – Murtizapur (77 Kms.), Murtizapur – Yawatmal (113 kms.) and Pulgaon – Arvi (35 kms.) Narrow Gauge lines into Broad Gauge line. Presently, these sections of rail lines are owned by a private company known as the Central Provinces Railway Company Limited (Killick & Nickson Ltd. Company Britain) and operated by the Central Railway. The Central Provinces Railway Company Limited is unable to bear the expenditure to be incurred on the repair and maintenance of these lines. Due to poor maintenance of these rail lines, train is being run on these lines at an average speed of 16-17 km per hour. The Railway lines pass through Anjangaon, Achalpur, Murtizapur, Paratwada areas, which are agriculturally rich and best irrigated area of the Maharashtra State. This area is also famous for cotton, chilly and orange cultivation. Finlay Mill Project has also been set up there. In the absence of Broad Gauge rail line facility, the farmers and business community are facing hardship which has impeded the overall growth of the area.

3. The Hon'ble Member had also referred to the Third Action Taken Report of the Committee on Petitions (13th Lok Sabha) on the matter, wherein, the Committee had recommended the Ministry of Railways to finish the Survey Work of the Project under reference at the earliest. However, nothing has been done so far in this direction.

4. The Hon'ble Members have therefore, requested the Committee to look into the matter so as to address the long awaiting grievances of the people of the areas under reference.

5. The Committee on Petitions took up the representation for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation from Shri Anandrao Adsul, MP was forwarded to the Ministry of Railways on 12.12.2011 for their comments.

6. In reply thereto, the Ministry vide their OM dated 25 May, 2012 have made their submission in the matter as follows:-

“The narrow gauge lines of Murtizapur-Yawatmal, Murtizapur-Achalpur and Pulgaon-Arvi sections were originally owned by the Central Provinces Railway Company Limited and currently managed by M/s Killick & Nickson Ltd. These lines are operated by Central Railway in terms of an agreement between the then CP Railway and Great Indian Peninsula (GIP) Railway (now Central Railway).

1. Achalpur-Murtizapur (77 kms.)
2. Murtizapur-Yawatmal (113 kms.)
3. Pulgaon-Arvi (35 kms.)

Preliminary engineering cum traffic survey (PETS) for gauge conversion of these narrow gauge line into broad gauge was carried out in July' 2005 and again updated in Oct' 2008. As per updated survey report, the cost of this project was assessed as Rs. 464.78 crore with an ROR of (-) 5%. This report was based on 'One Train Only System' in all three sections. The project being highly unremunerative was shelved by the Ministry of Railways.”

7. While giving a brief background of Project under reference, the representatives of the Ministry of Railways vide their written reply submitted:-

“The operations in these sections are handled by Central Railway in terms of an agreement between the then CP Railway and Central Railway. Presently, only one pair of passenger train is being operated in Murtizapur-Yawatmal and Murtizapur-Achalpur sections by the Central Railway. No trains are being operated in Pulgaon-Arvi section.

Track and other structures in the section are very old and need rehabilitation. An investment of approximately Rs. 5 crore in Murtizapur-Achalpur



and Rs. 18 crore in Pulgaon-Arvi would be required for making them safe to run trains at a maximum permissible speed of 25 kmph.”

8. When the Committee enquired about the revenue sharing agreement entered into between the private company and the Central Railways and the status of maintenance of connecting rail line on either sides of Achalpur-Murtizapur (77 kms.), Murtizapur-Yawatmal (113 kms.), and Pulgaon-Arvi (35 kms.), the representatives of the Ministry in written reply submitted as follows :-

“In terms of financial agreement entered into in the year 1916 with the CP Railway (M/s Killick & Nickson Ltd.):

- (i) Central Railway retains 45% of the gross earnings of the branch lines towards working expenses and expenditure on maintenance.
- (ii) The balance 55% is treated as net earnings of the company.

However, track, bridges and other assets of the CP Railway lines had been much to be cared for. The company also categorically refused to deploy funds for rehabilitation/replacement of over-aged assets.

To ensure safe running of trains, works of urgent nature were carried out by Central Railway in the year 2002-03 at a cost of Rs. 3.84 crore. This amount is being offset from the company's share of earnings w.e.f. Oct' 2002.”

9. On a pertinent query by the Committee about the non-implementation of the recommendations made by the Committee on Petitions in their Third Report (Thirteenth Lok Sabha) with regard to undertaking a feasibility survey of the rail lines under reference, the Ministry submitted in their written reply :-

“Preliminary engineering cum traffic survey (PETS) for gauge conversion of these narrow gauge line into broad gauge was carried out in July' 2005 and again updated in Oct' 2008. As per updated survey report, the cost of this project was assessed as Rs. 464.78 crore with an ROR of (-) 5%. This report was based on 'One Train Only System' in all three sections. The project being highly unremunerative was shelved by the Ministry of Railways.”

The Ministry further submitted in their written reply:-

“The proposal of taking over of the narrow gauge line of Achalpur-Murtizapur (77 Km), Murtizapur-Yawatmal (113 Km) and Pulgaon-Arvi (35 Km) is under consideration in the Ministry. It has now been decided to update the Preliminary Engineering cum Traffic Survey report for gauge conversion of these narrow gauge line. Further decision with regard to taking over of the narrow gauge line and its subsequent conversion to Broad Gauge will be taken after the survey report is updated.”

10. On being asked by the Committee about the specific Guidelines/Rule under which the Ministry takes up project pertaining to Gauge Conversion/laying down new railway line etc., the Ministry submitted in their written reply as under :-

“The policy for taking up new line projects was conceived by the National Transport Policy Committee, 1980 which prescribed the following criteria:

- (i) Project oriented lines to serve new industries for tapping mineral and other resources.
- (ii) Missing links for alternative routes to relieve congestion on saturated routes.
- (iii) Lines required for strategic reasons.
- (iv) Lines for new growth centers or connecting remote areas; besides socially desirable projects for development of backward areas.

For gauge conversion, a policy on project Unigauge was initiated in the year 1992 to convert selected routes into broad gauge.

- (i) To create connectivity to ports, industrial and growth centers.
- (ii) Conversion of lines required for strategic reasons.
- (iii) To minimize transshipment and improve wagon turn around.
- (iv) To carry out conversion as per above policy at the least cost yet providing a standard of service not lower than already provided to rail users.”

11. When enquired about the reasons causing delay in conversion of rail lines under reference despite Ministry’s clear guidelines with regard to Project Unigauge of Indian Railways initiated in the year 1992, which envisages to create connectivity to ports, industrial and growth centres, the Ministry in their written reply submitted as follows:-

“There has been no delay in conversion of Yawatmal-Murtizapur-Achalpur-Pulgaon to broad gauge as the project is yet to be sanctioned. As on date, total throw forward of all ongoing new line, gauge conversion and doubling projects in Indian Railways is around Rs. 1,50,000 Crore out of which the throw forward of ongoing gauge conversion projects alone is Rs. 18,658 crore. On Indian Railways about 8000 Km of gauge conversion of Meter Gauge / Narrow Gauge lines are remaining and about 2500 Km length of gauge conversion is yet to be sanctioned.

Due to meagre resources and inadequate Gross Budgetary Support, Railway is unable to sanction gauge conversion of all remaining NG/MG lines. Depending upon availability of resources, Railways will go ahead with gauge conversion of remaining NG/MG lines.”

12. The Committee also brought out the fact that the rail lines under reference also pass through the Vidharbha region of Maharashtra, which is one of the most backward areas of Maharashtra and sought to know if the Ministry of Railways have drawn up any policy for the area under reference to boost the overall development of the area.

The Ministry in their written reply submitted:-

“Railway is already strengthening infrastructure in the referred portion of Vidarbha region of Maharashtra. This is based on operational requirement, commercial viability, technical feasibility and resource availability. A new line of 270 Km from Wardha to Nanded via Yavatmal and Pusood was sanctioned in 2008-09 at a cost of Rs. 1605 Cr and is under progress. Similarly, at Amravati, under coaching facility, provision of Platform No. 4, development of station with terminal facilities, Amravati-New Amravati chord line as a bye-pass and yard remodeling works of Amravati and Akola are some of the important traffic facilities works ongoing in this area.”

13. The Committee enquired about the initiative taken by the Ministry to take over the rail line from the Private Companies. The Ministry in their written reply submitted :-

“A meeting was held with Company in October, 2007, wherein company's claim of payment of compensation and further compensation on notice of special purchase & Railway's issues of investment to make the track safe to run the train at 25 kmph were discussed, but remained inconclusive. It was followed up with a letter which has not been responded to by Company. Thereafter no meeting was held in this regard. However, the proposal of taking over of the Central Provinces Railway Company Limited is under active consideration of the Ministry.”

The Committee were further informed on the issue :-

“The Narrow Gauge lines of Murtizapur-Yavatmal, Murtizapur-Achalpur and Pulgaon-Arvi sections originally owned by C.P. Railway, now managed by M/s. Killick Nixon Ltd., are operated by Central Railway in terms of agreement between C.P. Railway and Great Indian Peninsula Railway (now Central Railway). This line can be taken over only as per terms of agreement. Under the Agreement, Indian Railways have the option under Clause 51(2), recurring at interval of every 10 year period commencing from 01.04.1947, to purchase the lines at a price specified in the agreement. The previous option was available in 2007. Railways initiated the process of taking over the line under clause 51(2) and in this regard talks were held with the company to workout the exact payment due to and from the company. The talks remained inconclusive as company was non committal and have not responded to any subsequent correspondences in this regard. Railway cannot take over the line under clause 51(2) as the option is available every 10yrs and next window will be available in 2017.

The lines can also be taken over by Railway at any time under Clause 51(3) at a price specified in the agreement. This Special purchase clause 51 (3) provided that the contract can be determined by giving 12 months previous notice of 'Special Purchase' in any of the following situations:-

- i) The gauge of the said railway to be altered
- ii) The line is to be converted into a line of through communication and
- iii) The company is unable or unwilling to supply the necessary capital for extension of the said railway without altering the gauge or making the line part of a through route.

Only option Railways have is to take over the line invoking the provision in the agreement for 'special purchase'. Accordingly, under the provision of "Special Purchase", the proposal was considered in Railway Board. Based on the recommendations of the Board, case was put up to Hon'ble Ministry of Railway for approval for taking over the lines. The file was returned with certain queries relating to invoking of the specific clause of the agreement for the proposed takeover of the lines. This was also examined. The said lines could be taken over on the grounds of converting their gauge into Broad Gauge. With this in view Ministry of Railway entrusted the work of updating the survey to Central Railway. The updated survey report for this project (225 Km) has been received. Cost has now been assessed as Rs 1553.74 crore with the Rate of Return (ROR) as (-) 2.45%. The survey report is under examination in Railway Board. As was deposed before the Committee of Petitions on 30<sup>th</sup> January 2013, once the survey report is examined, with the approval of Hon'ble Minister of Railway, it will be sent to Planning Commission for seeking In principle approval, thereafter it will be considered by Expanded Board of Railways comprising of Representatives of Ministry of Railways, Ministry of Finance, Ministry of Statistics and Programme Implementation and Planning Commission. Once it is recommended by Expanded Board of Railways then only the proposal for sanction of the project will be put up to Cabinet Committee on Economic Affairs. During this stage Ministry of Railway would also seek State's support in terms of cost sharing for execution of the project.

Only after the project is approved by CCEA, Railway can invoke clause 51(3) and Ministry of Railways will place the proposal for taking over the line for approval of Hon'ble Minister of Railway."

14. On a specific question of the Committee with regard to involving the State Government for financial support in the Project, the Ministry in their written reply submitted as follows :-

"Railway will definitely approach the State Government for seeking their approval for financial support in the gauge conversion of the said project after necessary approval for taking over of the line is taken."

The Ministry further submitted:-

“The new policy on participative model for rail connectivity provides the framework to involve strategic investors/customers. For undertaking the project under PPP, it needs to be ascertained whether there are any major industries or stakeholders who are willing to invest in the project and whether lenders/banks are willing to lend for this project. This assessment is normally done through a feasibility and bankability studies. Since the line is not currently with Indian Railways, no such studies have been carried out by Indian Railways.”

15. When the Committee desired the Ministry to elaborate about the Public Private Partnership (PPP) Model adopted by the Railways for certain Projects, the Ministry in their written reply submitted :-

“Ministry of Railways has got the approval from Cabinet Committee on Infrastructure on the policy to encourage private participation in building rail connectivity and capacity augmentation. The policy had proposed the following five models:

- (i) **Non-Government private line model** – Under this model, connectivity to ports and mines can be developed by facility owner/concessionaire as a Non-Governmental private railway line. While the full investments will be made by such facility owner/concessionaire, Indian Railways will pay user charges equivalent to private line’s apportioned share of 95% freight computed on the basis of inter railway financial adjustment rules net of operation’s cost and other charges.
- (ii) **Joint Venture-** The connectivity to ports, mines and logistics parks can be developed by formation of a joint venture in which IR or its PSUs will also participate. Funding will be done by these strategic stakeholders.
- (iii) **Capacity augmentation through funding by customer-** The rail connectivity can also be augmented by taking full or part funding from major users of the line. Indian Railways will payback such advance through freight rebate till the funds provided is recovered by the project beneficiary with interest at the rate equal to the prevailing rate of dividend payable by railways to general exchequer.
- (iv) **BOT-** The connectivity can also be strengthened by constructing long railway corridors by concessionaire through competitive bidding. The concessionaire will be paid user charges equivalent to 50% of the apportioned freight as per inter railway financial adjustment.
- (v) **Capacity augmentation to annuity model-** Connectivities can also be augmented through competitive bidding where Indian Railways take a fixed annuity every year.

The above policy framework will encourage ports, mines and logistics parks to strengthen rail connectivities.”

16. On a query as to whether the Ministry have floated or are contemplating to float any new proposal to take over the said line, the Ministry in their written reply submitted:-

“Ministry of Railways has got the survey updated as deposed in oral evidence in January, 2013. After examination of the survey report, Ministry of Railways will place the proposal before the Hon’ble Minister of Railway and thereafter proceed for further procedural compliance as already mentioned i.e., seeking the approval of the Planning Commission, Expanded Board of Railways and Cabinet before seeking the approval of the parliament.”

17. The Committee specifically pointed towards the rickety and dilapidated condition of the rail lines under reference for want of proper management thereby affecting the routine running of the only train on the track, i.e. “Shankutala” and sought to know as to whether the routine running of the Shakuntala can be restored, the Ministry in their written reply submitted as under :-

“Despite critical condition of track, bridges and other assets of the C.P. Railway lines, the Company categorically refused to supply the funds for rehabilitation/replacement of over-aged assets. The works of urgent nature required for safe running of trains were carried out by Bhusawal and Nagpur divisions of Central Railway in the year 2002-03 at a cost of Rs 3.84 crore. Since the company refused to provide funds, Central Railway stopped payment of the company’s share of earnings from October 2002 to set off the above expenditure for which company has not agreed to.

Sectional gangs are available and necessary inputs using second hand materials is being done by Central railway to ensure safety of trains. During heavy monsoon and land-slides, traffic is suspended, sometimes, for short periods.

Track and other structures in the section are very old and need rehabilitation. An investment of approximately Rs 5 crore in Murtijapur – Achalpur and Rs 18 crore in Pulgaon – Arvi is necessary for making them safe to run trains at a maximum permissible speed of 25 kmph. The line is being managed with second hand released material. The company categorically refused to supply the funds for rehabilitation/replacement of over aged assets.”

18. Explaining about the role of Railways in terms of maintenance of the lines under reference, the Ministry in their written reply submitted:-

“Railways have been incurring expenditure on regular maintenance required for safe running of train. As per the terms of the agreement, any rehabilitation work above Rs. 1000/- can be undertaken with the approval of owner company, hence Railways is unable to carryout renewal and major rehabilitation work as the company has refused to supply the funds for rehabilitation/replacement of over aged assets.”

19. On being asked by the Committee about updation of survey report of this Project, the Ministry in their written reply submitted:-

“The updated survey report for this project (225 Km) has been received on March, 2013. Cost has now been assessed as Rs. 1553.74 crores with the rate of return as (-)2.45%. The survey report is under examination in Railway Board....”.

20. After perusal of the comments furnished by the Ministry, the Committee took oral evidence of the representatives of the Ministry of Railways on 29 May, 2012 and 01 August, 2013 and along with the concerned officials of the State Government of Maharashtra on 30 January, 2013.

21. The Chairman, Railway Board during the course of oral evidence before the Committee on 29 May 2012 submitted as under :-

“The line under reference is under Private ownership. The three lines are 225 Kms long, which are separately 113, 77 and 35 kms long. The Railways have been running train on these lines since 1916 as per the Agreement between Railways and the Companies. 45% of the revenue earned is transferred to the Private company and the rest is retained by the Railways. The issue of conversion of the lines into Broad Gauge could only be done after the take over of the lines is completed.”

22. The Committee, thereafter, referred to the Third Action Taken Report of the Committee on Petitions (13<sup>th</sup> Lok Sabha) on the subject, wherein the Committee had observed that the Ministry have the option of purchasing the 225 kms length of Narrow Gauge line in Maharashtra under the Agreement and desired to know about the position of the Ministry in regard thereto. In response, the Chairman, Railway Board submitted:-

“That position has now changed. The position now is that the decision has been taken by the Ministry of Railways after the last meeting that was held, that we would be taking over these lines. This has been deliberated in the full Board. A Board memorandum has already been passed, approved by the former Chairman, Railway Board. We are awaiting Minister's approval. In 2010-11 this decision was deliberated upon. We are now putting up the final case to the Minister for his approval because it has to be done with his approval. The Board per se have decided. The file had also been put up to the then Hon. Minister for his approval. But the Hon. Minister had raised certain queries on the file. Those queries are now being deliberated upon.”

23. Again on a specific point raised by the Committee with regard to following Public Private Partnership (PPP) Model for Gauge Conversion of the lines, the Chairman, Railway Board submitted as under :-

“We can look at that avenue also but then these projects of private companies are still in the process. We have floated a Cabinet Note on how we are going to work on PPP basis, the modalities which will be followed for private investment in infrastructure. That Cabinet Note is under consideration of the Finance Ministry almost for last three to four months. I have been personally chasing up the Finance Ministry. In fact, my Minister also met the Hon. Finance Minister very recently in this regard and requested him to expedite the approval of the Cabinet Note.”

24. The Chairman, Railway Board further submitted:-

“The Planning Commission is not approving any project within 50 per cent cost being shared by the State Government. Whenever we send the proposal, if we send it with the cost sharing component then there is a possibility that the proposal may get approved. So we would request the State Government. It is so important. As many as four Members of Parliament are pressing for this proposal for so long. My request is that if we can get the State Government’s cost sharing approval, it will make the job much easier.”

He further added that the proposal will be sent to the State Government of Maharashtra.

25. In this context, when the Committee desired to know the position of the State Government of Maharashtra, the representative from the State Government of Maharashtra submitted as follows :-

“Sir, I would like to submit that Vidarbha is one of the most backward areas of Maharashtra and the line under reference is very important for the area. The State Government recognises the importance of the line and have written numerous letters to the Ministry of Railways in this regard in the last two years. However, the State Government of Maharashtra has not received anything from the Ministry. As the Chairman, Railway Board has said that survey of the line would be updated and accordingly, the State Government would take up the matter at the Cabinet level.”

26. When the Committee categorically desired to know the intent of the Ministry with regard to taking over the rail lines, the representative from the Ministry, i.e., the Chairman, Railway Board submitted before the Committee as follows:-

“Our intent to take up this project is positive and is reflected by the fact that we have updated the survey of the lines. Survey of 225 kms of the rail lines has



been updated. The cost of the Project is Rs. 1554 crore and the Rate of Return (ROR) of the Project is -2.45%. There is a process to take up these kind of Projects. The project is first put up to the Hon'ble Minister of Railways then to the Planning Commission and finally to the extended Board. The outcome of the whole process would be communicated to the committee."

27. When enquired about the constraints being faced by the Ministry and time required to take over the line from the Private Company, the Chairman, Railway Board submitted before the Committee that takeover is possible only if they are permitted to exercise one of the three options under clause 51 (3) of the Agreement. The Chairman, Railway Board further submitted that the financial condition of Railways is known to everyone. They have already finalised projects for the next 25 years. The Railways have received only half of the money assured by means of budgetary support from the Government and Chairman. It would be difficult for to give any dead line for this project."

28. The representative of the Ministry further submitted on the issues as follows :-

"... because of what had been taken up in the Committee, Railways made an effort in 2010 to move the process forward. I have got the papers; I have studied the papers myself, in which the proposal had been put up. But it was, at that time, not approved. Now, again we are going through the same process because I cannot short-circuit the process. The process has to be approved and gone through the necessary approvals at whatever levels they are required, whether they are of the Minister of Railways or they are of the Planning Commission or of the Cabinet. I cannot include the proposal, unless these approvals are with me."

29. The Committee then referred to the poor state of the rail line under reference due to non maintenance thereby affecting, the running of only passenger train "Shakuntala" and desired to know categorically about the action proposed to be taken by the Ministry to fix the problem, the Chairman, Railway Board submitted :-

"I will have words with the General Manager, Central Railway and I will convey it to him. We are aware that the condition of the track is not good. I appreciate that. I will talk to the General Manager, Central Railway."

30. On being specifically asked as to whether the Ministry intend to take up the Project to a logical end i.e. take over the line and then to convert its gauge in the wake of the current pending Projects of Indian Railways in the country and lack of fund, the representative of the Ministry submitted as follows:-

“It is not that. Five years back when this case was being examined, I was there in the Central Railway. At that time, the issue was as per Unigauge Policy, if we take over the line, we will have to do the gauge conversion immediately. So, we need to have the sanction of the gauge conversion.

During the last five years, a lot of changes have taken place. Now, we are permitting metro rails to come under standard gauge. At that time, we did not consider this option of taking over and at least, rehabilitating it, in narrow gauge itself, by the modern signalling system or the rolling stock. But that was not considered.

Now, the next opportunity will be in 2017. At that time, as a routine thing, we will have to consider and take a view. In between now, the Planning Commission has taken a view that whatever are the lines, which are going to give negative rate of returns always as the freight traffic is not likely to come on those lines in future, the participation of the State Government will be necessary. Without the participation, it is not possible.”

31. When the Committee desired to know, in particular, about the difference of cost accruing to Railways to take over the line in 2013 instead of 2017, the representative from the Ministry submitted:-

“If we take every 10 years, then it does not make a difference as to what is the market rate or the dollar rate because I would get it on the book value; and the book value remains fixed. And, that is Rs. 4 crore. If I buy in 2017, then also, it would be Rs. 4 crore only. But if I buy in between, then it varies, on the market value, ticket rate and all this. As per our calculation, today the difference is only Rs 1 crore. But certainly, if we buy out of turn, there may be some litigation and we may have to pay some Rs. 2 crore to Rs. 3 crore more. So, the difference is of the value. So, it is from Rs 4 crore to a maximum of Rs. 10 crore. Somebody will have to take a call that ‘okay, we do not wait for three years; we are instead prepared to pay Rs. 3 crore, Rs. 4 crore more. On paper, it will be less than Rs. 1 crore but cost of litigation and may be some award is granted by the court, then it would be Rs. 2 crore to Rs. 3 crore extra.”

32. Justifying the move of the Railways to take over the rail line in 2017, the Chairman, Railway Board submitted:-

“As per the condition of contract, Railways will have to wait till 2017 to take over the rail lines from the Private owners. To acquire it before 2017, there are three clauses available to Railways as per Clause 51 (3) of the Agreement. None of the three conditions is fulfilled as per the Clause and therefore, it would be appropriate for Railways to wait till 2017.”

### **Observations/Recommendations**

**33. In their representations, Shri Anandrao Adsul and Smt. Bhavana Gawali (Patil), MPs, Lok Sabha have submitted that Gauge Conversion of Yawatmal – Murtizapur (113 Kms.), Achalpur - Murtizapur (77 kms.) and Pulgaon – Arvi (35 kms.) lines is lying pending and unattended to for decades. Presently, these sections of rail lines are owned by a private company known as the Central Provinces Railway Company Limited (Killick & Nickson Ltd.) and operated by the Central Railways. Due to poor maintenance by the Private owner, the train in these sections run at average speed of 16-17 km per hour. The areas adjoining the Railway lines have immense potential to grow but for want of transportation it is not happening. The Hon'ble Members have therefore, requested the Committee to look into the matter and do the needful.**

**34. The Committee note from the submission made by the Ministry that these lines are operated by the Central Railway in terms of an Agreement between the then CP Railway and Great Indian Peninsula (GIP) Railway now known as the Central Railway. Further in terms of financial agreement entered into in the year 1916 with the CP Railway (M/s Killick & Nickson Ltd.), Central Railway retains 45% of the gross earnings of the branch lines towards working expenses and expenditure on the maintenance. The balance 55% is treated as net earnings of the Company. The Committee have been apprised that track, bridges and other assets of the Central Provinces Railway lines are very old and need rehabilitation. The Company also categorically refused to deploy funds for rehabilitation/ replacement of over aged assets. To enable safe running of trains, works of urgent nature were carried out by the Central Railway in the year 2002-03 at the cost of Rs 3.84 Crore. This amount is being offset from the Company's share of earnings w.e.f. October 2002. The Committee further note with concern that the Private owner of the lines is neither bearing the maintenance cost of the aged lines nor interested to take on the work of rehabilitation of the rail lines, thereby making it extremely dangerous for the only train i.e. 'Shankutala' to run thereon.**

**35. The Committee also note that the lines can be taken over from the Private Company as per terms of agreement under Clause 51(2), recurring at interval of**

every 10 years commencing from 01.04.1947, to purchase the lines at a price specified in the agreement. The next window for the purpose will be only available in 2017. Further the lines can also be taken over by Railway under the Special purchase clause 51 (3) of the said agreement which provides that the contract can be determined by giving 12 months previous notice of 'Special Purchase' in any of the following situations:-

- (i) The gauge of the said railway to be altered
- (ii) The line is to be converted into a line of through communication and
- (iii) The company is unable or unwilling to supply the necessary capital for extension of the said railway without altering the gauge or making the line part of a through route.

36. So far as modalities for taking over the lines are concerned, the Committee have been apprised that once the Survey Report of the Project is examined, it will be sent to Planning Commission for seeking its in-principle approval. Thereafter, it will be considered by an Expanded Board of Railways comprising of representatives of Ministry of Railways, Ministry of Finance, Ministry of Statistics and Programme Implementation and Planning Commission. Once it is recommended by Expanded Board of Railways then only the proposal for sanction of the project will be put up to Cabinet Committee on Economic Affairs. But, however, in this connection Ministry of Railway would also seek State's support in terms of cost sharing for execution of the Project. Only after the Project is approved by the CCEA, Railway can invoke clause 51(3) and Ministry of Railways will place the proposal for taking over the line for approval of the Hon'ble Minister of Railway.

37. The Committee further note from the submission made by Ministry that Preliminary Engineering cum Traffic Survey (PETS) for Gauge Conversion of these Narrow Gauge lines into Broad Gauge was carried out way back in July 2005 and again updated in October, 2008. As per updated Survey Report, the cost of the project was assessed at Rs. 454.78 crore with an ROR of -5%. This Report was based on 'One Train Only System' in all these sections. The Project being highly unremunerative was shelved by the Ministry of Railways. The

Railway have recently further updated the survey of 225 kms long rail lines. The new cost of the Project has been now assessed at approximately Rs 1554 crore with an ROR of -2.45%. This survey report came in April and its ROR and other issues are under examination of the Ministry.

38. The Committee also note that as per the Project Unigauge of the Indian Railways initiated in 1992, to take over the work of Gauge Conversion, the Indian Railways endeavoured to carry out Gauge Conversion to create connectivity to Ports, industrial and growth centres besides other factors at the least cost yet providing a standard of service not lower than already provided to rail users. As the Railways do not have enough fund to take up Gauge Conversion of the rail lines, Budgetary Support from the Government is sought. Further, the Planning Commission has been approving Projects, wherein the concerned State Government is ready to share the cost of the Project.

39. The Committee were informed that the State Government of Maharashtra have been writing continuously for the last two years to the Ministry of Railways for furnishing the Updated Survey Report of the said lines. Further, during the course of oral evidence held on 30.01.2013, the representative of the State Government of Maharashtra assured the Committee that as and when the Updated Survey Report of the rail lines containing the estimated Project Cost and other terms of reference is received, the same would be placed before the Cabinet of the State Government of Maharashtra for their consideration. The Committee are constrained to note the casual approach of the Ministry of Railways towards the project under reference as the Ministry did not even bother to respond to the communication made by the State Government of Maharashtra with regard to furnishing the Updated Survey Report of the rail lines and the survey report is still being examined by the Ministry.

40. While analysing the inputs provided by the Ministry, the details of which have been given above, the Committee find that different surveys have been undertaken by the Ministry since the matter was taken up by the Committee in 2002 without making any headway towards taking over the rail lines and their Gauge Conversion work despite acknowledging the fact that the lines are in poor

state of maintenance and as such the condition of track is not good. The Committee deplore the casual approach of Railways which caused inordinate delay and has further resulted into escalation of cost of the Project as cost of the Project has already escalated 300% in a decade time. The Committee, therefore, recommend the Ministry to forward the Updated Survey Report of the rail lines without any further delay to the State Government of Maharashtra for their consideration and also place the Project for the approval of the Planning Commission so that the work of Gauge Conversion of these lines can be undertaken on top priority.

41. The Committee further note from the deliberations made during the sitting of the Committee held on 30 January, 2013 that the only train service viz. 'Shakuntala' on these lines is frequently affected by the poor condition and non-maintenance of the tracks. As a result thereof, the people living in these areas viz. Anjangaon, Achalpur, Murtizapur and Paratwada are facing immense hardship and frequent stoppage of this train also impedes the overall growth of the region. Pending decision on the issue of Gauge Conversion, the Committee strongly emphasise to take all the initiative by the Railways for repair/maintenance of the lines/track so as to ensure safe and uninterrupted running of the train. The Committee are of the firm view that smooth running of this train would give much needed impetus to the economy of these places and region as such.

42. After carefully going through clause 51 (3) of the Agreement threadbare, the Committee are inclined to conclude that the first condition of clause 51 (3) i.e. "... when it is desirable that the gauge of the said Railway should be altered" is the most appropriate option to take over the rail line before 1 March 2017. The Chairman, Railway Board was also in agreement with the observation made by the Committee during the sittings of Committee. The Committee, therefore, strongly recommend the Ministry to urgently take over the Project on the aforesaid lines in a time bound manner.

**The Committee would like to be apprised of the action taken in this regard within 3 months of the presentation of this Report to the House.**

**NEW DELHI**

**17 December, 2013  
26 Agrahayana, 1935 (Saka)**

**Anant Gangaram Geete  
Chairman  
Committee on Petitions**