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**IDLE INVESTMENT ON A NEW LINE**

**MINISTRY OF RAILWAYS**

**PUBLIC ACCOUNTS COMMITTEE  
2011-2012**

**FORTY-THIRD REPORT**

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**FIFTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**FORTY-THIRD REPORT**

**PUBLIC ACCOUNTS COMMITTEE**  
**(2011-12)**

**FIFTEENTH LOK SABHA**

**IDLE INVESTMENT ON A NEW LINE**

**MINISTRY OF RAILWAYS**

*Presented to Lok Sabha on 19 December, 2011*  
*Laid in Rajya Sabha on 19 December, 2011*



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

*December, 2011/Agrahayana, 1933 (Saka)*

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2011-12)

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*Lok Sabha*

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3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Shri Anant Kumar Hegde
6. Shri Bhartruhari Mahtab
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13. Shri K. Sudhakaran
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15. Dr. Girija Vyas

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18. Shri Naresh Gujral
19. Shri Prakash Javadekar
20. Shri Satish Chandra Mishra
- \*21. Shri J.D. Seelam
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Smt. A. Jyothirmayi — *Deputy Secretary*

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\*Elected *w.e.f.* 29th August, 2011 *vide* the vacancy occurred *vice* Smt. Jayanti Natarajan appointed Minister *w.e.f.* 12th July, 2011.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
(2010-11)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

*Lok Sabha*

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9. Shri Yashwant Sinha
10. Shri Jitendra Singh (Alwar)
11. Kunwar Rewati Raman Singh
12. Shri K. Sudhakaran
13. Dr. M. Thambidurai
14. Shri D. Venugopal
15. Shri Aruna Kumar Vundavalli

*Rajya Sabha*

- \*16. Vacant
17. Shri N. Balaganga
18. Shri Prasanta Chatterjee
19. Shri Kalraj Mishra
20. Shri N.K. Singh
21. Shri Tiruchi Siva
22. Prof. Saif-ud-Din Soz

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\*Vacancy occurred vice Shri Ashwani Kumar has been appointed as Minister of State *w.e.f.* 19th January, 2011.

COMPOSITION OF SUB-COMMITTEE-I OF THE PUBLIC ACCOUNTS  
COMMITTEE (2010-11)

Shri Bhartruhari Mahtab — *Convenor*

MEMBERS

*Lok Sabha*

2. Shri Naveen Jindal — *Alternate Convenor*
3. Dr. K. Sambasiva Rao

*Rajya Sabha*

4. Shri Kalraj Mishra

## INTRODUCTION

1. I, the Chairman, Public Accounts Committee (2011-12), having been authorised by the Committee, do present this Forty-third Report (Fifteenth Lok Sabha) on '**Idle Investment on a New Line**' based on Paragraph No. 3.1.1 of C&AG Report No. CA 19 of 2008-09 (Performance Audit), Union Government (Civil) for the year ended March 2007 relating to the Ministry of Railways.

2. The above mentioned Report of Comptroller and Auditor General of India was laid on the Table of the House on 24th July, 2009.

3. Taking cognizance of the inordinate delay on the part of various Ministries/ Departments in furnishing the Action Taken Notes on the Non-selected Audit Paragraphs/Chapters/Reports within the stipulated time frame, the Public Accounts Committee (2010-11) took up the subject for detailed examination and report. A Sub-Committee was specially constituted for the purpose. In due consultation with the Audit, it was decided to examine the position in respect of the Ministry of Railways.

4. In the process of the scrutiny of the Audit Paragraphs/Chapters/Reports pending with the Ministry of Railways, the Sub-Committee came across certain pending Paragraphs/Remedial/Corrective Action Taken Notes on very important issues and considered it prudent to examine and report the same alongwith the Non-Compliance issue. Accordingly, the Sub-Committee took up the above-mentioned Paragraph of (the respective) Audit Report for in-depth examination.

5. The Sub-Committee-I took evidence of the representatives of the Ministry of Railways on the subject at their sitting held on 22.12.2010. The Committee considered and adopted this Report at their sitting held on 23.09.2011. The Minutes of the sittings form Appendices to the Report.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

7. The Committee thank the predecessor Committee and the Sub-Committee for taking oral evidence and obtaining information on the subject.

8. The Committee would also like to express their thanks to the representatives of the Ministry of Railways for tendering evidence before Sub-Committee and furnishing information that the Committee desired in connection with the examination of the subject.

9. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

NEW DELHI;  
15 November, 2011  

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24 Kartika, 1933 (Saka)

DR. MURLI MANOHAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*



## **REPORT**

### **PART I**

#### **I. Introductory**

The Reports of the Comptroller and Auditor General of India, after being laid in Parliament in accordance with Article 151 of the Constitution of India, stand referred to the Public Accounts Committee for their scrutiny. As it becomes practically impossible for the Public Accounts Committee to examine each and every paragraph contained in the Audit Reports, the Committee adopt a selective approach and take up a few relatively more important paragraphs for indepth examination at the beginning of their term every year. The paragraphs, not selected for examination, are dealt with by means of a procedure devised by the Committee whereby the Ministries/Departments are required to furnish the Remedial/Corrective Action Taken Notes on all the non-selected Audit paragraphs to the Committee through the Ministry of Finance (Department of Expenditure).

2. Taking cognizance of inordinate delay on the part of the Ministries/Departments in furnishing the Remedial/Corrective Action Taken Notes, the Committee in their 105th Report (Tenth Lok Sabha) had recommended that with effect from 31st March, 1996 the Action Taken Notes on all the Paragraphs of the Reports of the C&AG, which are not formally taken up by the PAC for examination and Reports presented thereupon should be furnished to the Committee within four months of the laying of the Audit Reports.

3. During 2000-01, the Committee in their 9th Report, (13th Lok Sabha) decided that the Remedial/Corrective Action Taken Notes furnished by the respective Ministries/Departments should be categorized by the Audit under three broad heads namely 'Accepted', 'Partially Accepted' and 'Not Accepted'. Subsequently the Committee also decided that a brief on the Action Taken Notes categorized as 'Not Accepted' should be furnished by the Office of C&AG, clearly indicating the reasons for such categorization as well as the points of difference between Audit and the Ministry/Department concerned. The Remedial Action Taken Notes and briefs on 'Non-accepted' paras are then circulated to the Members of the PAC for their perusal. If situation warrants, any of these categorized Paras/Reports/Subjects could be taken up for in-depth examination and Report. From the year 2009-10 onwards, the Public Accounts Committee have been examining vigorously the subject 'Non-compliance by the Ministries/Departments in timely submission of Action Taken Notes on Non-selected Audit Paragraphs' and the Reports thereon are also being presented to the Parliament. These Reports too undergo the same stages of 'Action Taken Reports' and 'Action Taken Statements'. In this manner the Remedial Action Taken Notes reach the stage of finality.

4. Even after devising on elaborate system, the Committee note with concern that many Ministries/Departments have been unable to furnish the remedial/corrective

Action Taken Notes to the Committee through the Ministry of Finance (Department of Expenditure which has a special Monitoring Cell) within the prescribed time line of four months. As per the information furnished by Department of Expenditure on 25th June, 2010 Remedial/Corrective Action Taken Notes on a total number of 4191 Chapters/Paragraphs were pending with various Ministries/Departments.

5. Against this backdrop, the Committee took up the subject of "Non-compliance by the Ministries/Departments in timely submission of replies to the Audit Paragraphs of the C&AG" on Paragraph 3.1.1 of Report No. CA 19 of 2008-2009 dealing with "Idle Investment on a new line" for detailed examination during the year 2010-11. A Sub-Committee was constituted to examine the issue in detail, prepare separate Report on the defaulting Ministry/Department concerned with the subject and place the same before the Main Committee for their consideration. In the process, the Sub-Committee obtained Background Notes/Preliminary Materials and Written Replies/Post evidence replies from the Ministries/Departments concerned. The sub-Committee also took evidence of the representatives of the Ministry of Railways on 22.12.2010. This Report pertains to the Remedial/Corrective Action Taken Notes on this Audit Paragraph pending with the Ministry of Railways.

## **II. Status of Pending Audit Paras in the Ministry of Railways**

6. According to Department of Expenditure, a total of 4191 Chapters/Paragraphs were pending with various Ministries/Departments and out of which 408 paras were pending with the Ministry of Railways for furnishing Action Taken Notes. However, audit informed the Sub-Committee that as on 31st May 2010 a total of 3462 paragraphs were pending with all the Ministries on which Remedial/Corrective Action Taken Notes (ATNs) were due. Out of these, a total of 411 Audit Paragraphs were pending with the Ministry of Railways on which Action Taken Notes were not furnished.

7. ATNs with regard to Para 3.1.1 "Idle Investment on a new line" of Report No. CA 19 of 2008-09, were pending with the Ministry and related to the Audit Report which was presented to Parliament on 24th July, 2009.

8. The Committee were informed by the Audit that Action Taken Notes in respect of Para 3.1.1. "Idle Investment on a new line" were sent back to the Ministry for some clarification on 11th February, 2011 and the vetted Action Taken Notes on this Para were awaited.

9. In the above context, the Committee had desired to be apprised of the exact number of Audit paragraphs received by the Ministry of Railways in the last two years. The Ministry in its written reply stated that CAG's Report for the year ending 2007-08 and 2008-09 contained 172 and 104 paras respectively.

10. While furnishing details regarding the status of pending Audit Paragraphs, the Financial Commissioner, Railway Board deposing before the Committee during oral evidence stated as under:—

"The total pendency of ATNs as on date upto the year 2008-2009 is 448 and not 411. Out of this, 357 pertain to the year upto 2007-2008, of which 236 ATNs have been replied to Audit and they are under consideration of Audit;

92 ATNs have been returned by Audit after consideration with further queries or clearance and we are processing those; and 29 of them are finalised and are under submission to the Finance Ministry. Now, as far as the first time replies are concerned, only 26 ATNs are pending for first time reply. We have the commitment to give first time replies to all 26 before 31 December. We also have given ourselves a target of finalising at least 50 per cent of the ATNs outstanding as on date by 31 March."

11. Subsequently, the Committee were informed by the Ministry in a written submission as under:—

The position as on 14.1.2011, in respect of Audit paras pertaining to last two years, is explained below year-wise:

	Report for the year ending 2007-08	Report for the year ending 2008-09
Total paras received	172	104
Finalised and Replies sent to Ministry of Finance	62	14
Pending with Audit for vetting	75	64
Net Pendency with Ministry	35	26
No. of Audit paras awaiting replies for the first time	03	04

12. The Ministry also submitted as under:—

".....In June 2010, 411 Audit Paras (including 153 ATNs where even initial replies had not been sent) were pending. During the year, 104 paras have been added from C&AG's Report for the year ended 2008-09. Out of this total pendency of 515 paras, 87 ATNs have been finalized and sent to Ministry of Finance. As on 14.1.2011, 307 audit paras are pending with Audit for vetting. 34 Paras are under Hindi translation and will be sent to Ministry of Finance shortly. At present, only 11 paras are pending for submission of initial response/ reply to the Audit and sincere efforts are being made of finalize ATNs in these cases as well."

13. When the Committee desired to know about the mechanism the Ministry had devised or proposed to devise, to ensure that the Action Taken Notes were submitted within the stipulated time of four months, the Ministry in its written submission stated as under:—

On receipt of CAG's Report in the Ministry, Audit Paras are immediately circulated to the Executive Officers concerned within the Ministry for

preparation of ATNs. Following schedule is proposed for expeditious disposal of Audit Paras:

Stage	Expected time
Railway's comments	2 months
Examination of Railway's comments in Board's office	1 month
Audit vetting	1 month

14. In this regard, the Financial Commissioner, Railway Board while deposing before the Committee had submitted that they were trying to get their systems improved and have a better monitoring system in place.

In a post evidence questionnaire, the Railway Board was asked to explain the monitoring system in place. The Ministry in its written submission has stated as under:

"Action Taken Notes on Audit Paras are required to be submitted to the Ministry of Finance within four months of presentation of the C&AG's Report to the Parliament. On receipt of CAG's Report in the Ministry, Audit Paras are immediately circulated to the Executive Officers concerned for preparation of ATNs.

- II. Constraints/difficulties are, however, experienced in finalizing ATNs as per above schedule in cases of Performance Review Paras or Thematic/Special Audit Paras where all Railways are involved requiring extensive collection of information.
- III. The time consumed gets multiplied when Audit makes observations on the ATNs proposed by the Ministry of Railways requiring back references to the Zonal Railways/Divisions and sometimes further to field units. In some cases, in the event of a disagreement between the Audit and the Executive, ATNs get held up and a lot of avoidable time is consumed in the finalization process.
- IV. For ensuring timely submission of Action Taken Notes (ATNs) on the Audit Paragraphs of C&AG, a Cell in the Ministry of Railways, under the supervision of a very senior officer of the rank of Adviser, is in place. This Cell works in close co-ordination with Executive Officers of various Directorates within the ministry, the Zonal Railways and the Audit. Similarly, at the Zonal Railway level, Accounts Department, headed by a senior officer of Sr. Administrative Grade rank, functions as the nodal Department for processing matters related to C&AG for co-ordinating with Heads of the Departments(HoDs) of different functional areas. While the Cell in the Ministry of Railways works with a view to meeting the target dates stipulated in each case, and regular follow up is done at appropriate levels, delays take place in a number of cases for various reasons as brought out above.

- V. Since 17.06.2010 when the first meeting of COS was held for reviewing progress in the submission of ATNs, the following steps have been taken to ensure timely finalization of ATNs.
- (i) Disposal of pending ATNs was included as one of the Agenda items in the monthly Board Meetings for four months since July 2010. The status of ATNs has again been reviewed in January 2011 by Board in its meeting.
  - (ii) Pending status of Audit references on Action Taken Notes shall be one of the parameters to be seen in the Annual Performance Report of the Executive Director concerned.
  - (iii) A Standing Audit Committee has been constituted under the Chairmanship of Financial Commissioner/Railways for monitoring and reviewing the submission of ATNs on CAG's Audit Paras and ATRs on PAC's recommendations as per the guidelines of Ministry of Finance.
  - (iv) ATN Adalats are also organized to resolve any stalemate between Audit and the Ministry and first such ATN Adalat/workshop was held on 31.12.2010.
  - (v) Recently, audit paras have been categorized into three different categories viz Category 'A' under which comes very old paras up to the year 2000, Category 'B' which includes paras from year 2001 to 2008 and Category 'C' having cases for the year 2008-09. While efforts are made to clear all pending paras, a Special drive is being launched to clear Category 'A' cases.
- VI. On 17.06.2010, the total pendency with the Ministry was 411 ATNs out of which replies to 153 ATNs were not sent to Audit even for the first time. During the year, 104 paras were added from C&AG's Report for the year ended 2008-09. Concerted efforts made have resulted in finalization of 200 cases during a period of one year, details given below:

	Total Pendency	Paras where even first reply was not sent	Pendency with Audit	Replies submitted to M/o Finance since 17.6.2010
Position as on 17.6.2010	515	153	111	---
Position as on 31.7.2010	315	Nil	161	200

With 161 cases presently pending with audit for their vetting, it is expected that a substantial number of ATNs will get finalized in the coming months."

15. Putting forth the problems faced in timely submission of Action Taken Notes, the Ministry in its written reply, further added as under:—

"In cases of Performance Review Paras or Thematic/Special Audit Paras where all Railways are involved requiring extensive collection of information, the above time limit is difficult to be adhered to.

The time consumed gets multiplied when Audit makes observations on the ATNs proposed by the Ministry of Railways, requiring back references to the Zonal Railways/Divisions, and sometimes further to field units. In some cases, in the event of a disagreement between Audit and the Executive, ATNs get held up and a lot of avoidable time is consumed in the finalization process.

Finalized ATNs are also required to be submitted to Ministry of Finance alongwith Hindi version, which at times delays submission of the same."

16. When the Committee specifically asked if any responsibility was ever fixed for not furnishing remedial Action Taken Notes on the pending audit paragraphs, the Ministry in a written submission has replied as under:—

"Officer responsible for not furnishing replies expeditiously on pending Audit Paras are being counselled and sensitized from time to time to be more cautious and prompt. Further, as directed by Ministry of Finance, non submission of ATNs within the stipulated time will henceforth be a criterion for reviewing of Annual Performance Appraisal of Executives concerned."

17. On being queried as to when the Action Taken Notes on these pending paragraphs were likely to be submitted for further compliance, the Ministry replied as under:—

"All efforts are being made to submit the ATNs, where initial replies have not been submitted to Audit, by the end of January 2011. Further, 50 per cent of the total outstanding are targetted to be cleared by the end of March 2011 and the remaining ones soon thereafter."

18. When asked about the efficacy of computerization system in complying with the requirement of furnishing replies within the prescribed time period of four months, the Financial Commissioner, Railway Board in his deposition before the Committee stated:—

"Actually, this particular subject does not give itself to very much of computerization. These are textual reports with lot of text. We can only take the numbers outstanding and the dates from which they have been issued. This kind of statistics is being maintained on computers in the Railway Board as well as in the Zonal Railways and the production units. We can reconcile the numbers, but actually each ATN is an audit paragraph, which has to be replied to the full satisfaction of audit and the Hon'ble PAC so that we are able to explain why we have gone wrong; where we have gone wrong; and what we have done to improve the system so that we do not repeat that kind of error or what system changes are required and have been put in place? So, for each ATN we have to go through this process."

The representative further added that the computerization had not helped very much in this case.

### **III. Idle Investment on a New Line**

#### **(a) Construction of a New Line**

The construction of a new broad gauge rail line between Hassan and Bangalore *via* Shravanabelgola (166 kms) at an estimated cost of ₹ 412.91 crore was sanctioned by the Railway Board in the year 2001. Construction of rail line between Hassan and Shravanabelgola (41.17 km) was completed (January 2006) at a cost of ₹ 140 crore.

19. Apprising the Committee regarding the observations made by Audit, the Ministry in its written submission stated that Hassan-Shravanabelgola new line section was opened and operated for a noble cause under direction of the Government. Further, its closure became unavoidable as continuing the operation did not render it viable.

20. In this context, the Committee desired to know if the direction of the Government was the sole criterion for opening of a new line and if not what was the initial justification and intended objective for the construction of this new line. To this, the Ministry of Railways in its written note submitted as under:

"The section from Hassan to Shravanabelgola was opened to passenger traffic primarily to enable the pilgrims to attend the "Mahamastakabisheka" of Lord Bahubali which was held during February, 2006 which comes once in 12 years. The proposed railway line would provide direct shorter rail link between Bangalore and Hassan *via* Shravanabelgola and its will serve Bangalore, Tumkur, Mandya and Hassan Districts of Karnataka."

#### **(b) Implication of the Project**

21. The Audit scrutiny revealed that though the rail line was opened for the passenger traffic on 07 February, 2006, the conditions put forth by the Commissioner, Railway Safety (CRS) were not complied with. The CRS while inspecting the new line had authorized its opening of the line to passenger traffic with the condition that regular open line staff may be posted to operate and maintain the line within one month from the date of opening otherwise the authorization would be deemed to have been cancelled and the line closed for traffic. The CRS had also pointed out that side drains were not provided and that there was deficiency of ballast cushion at several locations. He had directed to carry out one round of machine tamping after recouping the ballast deficiency. Further, the CRS had directed the Railways to stop running the passenger trains and consequently, the line was closed for traffic with effect from 12 July, 2006. Thereafter, no action had been taken by the Railways till November, 2007 when joint inspection of the line was conducted by Construction and Open line authorities to reassess the works.

22. The Audit had also observed that a Memorandum of Understanding was signed for executing six works as per CRS observations. However, the contracts for ballast procurement and the other works were awarded only in February, 2008 and one work for construction of side drains was in progress (March 2008).

23. When the Committee enquired about the conditions that were actually stipulated by CRS for running the train, the Member Engineering, Railway Board deposing before the Committee stated:—

".....the slope should be further flattened: there should be more side drains constructed; the ballast cushion should be improved. The fourth was that adequate men should be posted for its maintenance. The other three conditions were fulfilled. But the fourth of posting people could not be."

**(c) Filling up of Vacancies**

24. The Ministry in a written submission made to the Committee had informed that CRS had withdrawn the authorization due to Railway's failure to post regular maintenance staff, as stipulated in the authorization letter and the section remained closed for traffic w.e.f. 12.7.2006.

25. With regard to the steps taken to fill up the vacancies, the Ministry informed the Committee as under:—

"The staff required for maintenance as per reduced yard stick was sanctioned. Recruitment to fill up 4701 group "D" posts was initiated as per sanction issued *vide* letter No. W/SWR/438/HAS-SBGL dated 13.3.2006 and notification issued on 21.7.2007. Physical efficiency test was also commenced on 03.01.2008 at 3 places. However, the process had to be postponed from 10.01.2008 on the advice of the Chief Secretary, Home Department, Government of Karnataka due to widespread local objections, demonstrations and agitations by certain organisations all over the State. During these agitations, trains were stopped, railway officers/premises ransacked and physical efficiency test proceedings were disrupted. General Manager of the Railway had also requested the State Government on numerous occasions for providing all necessary assistance for maintaining law and order during the recruitment proceedings."

26. Member Engineering, Railway Board, however, while deposing before the Committee on the issue of filling up of vacancies, submitted as:—

"Construction in other areas is in progress but recruitment of men has still not been done. In Railways for the last about four years hardly any recruitment has taken place. Now, in the December end recruitment notices have been issued and we expect that in another four or five months we will be able to recruit persons and we will then post them immediately on this line."

**(d) Target for Completion of Project**

27. Fixing of time line for the completion of project is indeed very important to ensure timely completion of the project. On being asked whether there was any initial target fixed for completion of the entire Bengaluru-Hassan new line project, the Ministry in its note stated that there was no initial target fixed for completion of the project.



28. When asked to explain as to why the project was being treated as a non-targeted work, the Ministry in its written submission stated as:—

"This is a new line construction project connecting the stations on existing rail network *i.e.* Bengaluru and Hassan. Unless these stations are connected by new line, project cannot be said to be completed. Hence, there will be one target for the entire project. If small stretches/sections are completed and trains start playing, this may not yield desired results and will not be financially viable also. In new line project, unless full line is commissioned, part opening does not yield much returns."

29. To a pointed query about the time line by which the project was likely to be completed, the Member Engineering, Railway Board desposed:—

"by 2011, may be in six to eight months, definitely we will commission this section."

30. However, the Ministry in its written note informed the Committee that it was not feasible to fix target date for completion of the balance section of the project owing to land acquisition problems and acute constraint of resources. It was further added that Government of Karnataka was yet to hand over the required land despite several requests made of them.

**(e) Cost Overrun**

31. When Committee enquired about the anticipated cost overrun owing to delay in completion of the entire project, the Member Engineering, Railway Board in his deposition before the Committee submitted as under:—

"Regarding Hassan-Bengaluru line, this project was sanctioned in the year 1996-97. The length is 166 km; the sanctioned cost of the project was ₹ 413 crore. The present cost—almost 14 years have passed—is ₹ 913 crore; we have spent about ₹ 395 crore on this line till 31st March, 2010. This year we spent ₹ 60 crore more. Totally we spent about ₹ 455 crore."

**(f) Idling of Assets**

32. Audit had observed that inordinate delay on the part of the Railway to comply with the conditions putforth by the CRS had resulted in closure of the line within six months of its opening rendering the entire investment of ₹ 140 crore as unproductive for the last two years. Besides, Railway had to bear dividend liability amounting to ₹ 18.20 crore on this investment. Expenditure of ₹ 0.73 crore was also incurred on track maintenance and staff posted for the watch and ward duty.

33. When the Committee asked the Ministry to justify the investment of ₹ 140 crore coupled with dividend liability of ₹ 18.20 crore and maintenance expenditure of ₹ 0.73 crore, the Ministry in its response has informed the Committee as under:—

"In any new line project like this one, section can be completed only in patches as works cannot proceed in all sections simultaneously for various reasons such as non-availability of land in continuous stretches, availability

of funds and permanent way materials, etc. Hence, execution in new line projects is planned in stages for completion. But it is not necessary that each completed section could be put to use in operations as in the case of gauge Conversion or Doubling as the New Line works are always done in virgin area and traffic will not materialize immediately. The particular section between Hassan and Shravanabelgola was opened and operated for a noble cause under the direction of the Government and closure became unavoidable as the efforts made to get maintenance staff posted got stuck and as continuing the operation was not viable. This cannot be treated as idling of assets/ infructuous expenditure."

## PART II

### OBSERVATIONS/RECOMMENDATIONS

1. The Committee note that according to Department of Expenditure as on 25th June, 2010, 4191 Remedial/Corrective Action Taken Notes were pending with various Ministries/Departments of Government of India whereas according to Audit, the pendency was 3462 paragraphs as on 31st May, 2010. The Committee desire that the discrepancy in the data be reconciled and they be apprised of the same. Further, the Committee noted that 448 paras were pending with the Ministry of Railways alone. The Committee urge the Ministry to take all necessary measures so as to submit Action Taken Notes well within the stipulated time period of four months.

2. During the course of examination of the reasons for delay in submission of Action Taken Notes, the Committee were assured by the Ministry that it would finalise by 31st March, 2011 at least 50 per cent of the outstanding Action Taken Notes. The Committee recommend that the Ministry put in place a more effective Monitoring System and ensure that the Action Taken Notes are furnished well within the period of four months and apprise them of the tangible outcome of such efforts.

3. The Committee note that for timely submission of Action Taken Notes on the Audit Paragraphs, a Cell in the Railways is in place. Such a huge pendency of ATNs with the Railways raises serious questions as to the efficacy and effectiveness of the Monitoring Cell. The Ministry has also informed that regular follow up is done to meet the target date fixed in each case. The Committee would like to be apprised of the procedure, the time line prescribed and the follow up action being taken for timely submission of ATNs. Further, the Committee were informed by the Ministry that disposal of pending ATNs was included in the agenda items in the monthly Board Meetings for four month since July 2010. The status of ATNs was again reviewed in January, 2011 by Board in its meetings. The Committee are constrained to note that status of ATNs has been reviewed in January, 2011 *i.e.* after six months since its inclusion in the monthly Board Meetings in July, 2010. The Committee therefore recommend that pendency of ATNs be reviewed regularly to ensure timely disposal of ATNs. The Committee are happy to note that ATN Adalats/Workshop are also being organized to resolve any stalemate between the Audit and the Ministry and first such ATN Adalat/Workshop was held on 31.12.2010. The Committee would, however, like to be informed about the tangible outcome of these ATN Adalats. Here the Committee note that the term ATN Adalat has not been used in conventional sense but it is essentially a workshop organized occasionally for reconciliation of differences between the Railways and the Audit over ATNs. The Committee would therefore like to caution the Ministry to refrain from indulging in such terminological ambivalence causing confusion. The Committee also note the Ministry's categorization of Audit paras namely Category 'A'-very old paras upto the year 2000, Category 'B'-paras from year 2001 to 2008 and Category 'C' comprising cases for the year 2008-09. Though efforts are being made to clear all pending paras and a Special drive is being

launched to clear Category 'A' cases, the Committee would like to be apprised of the time line for disposal of ATNs put under various categories.

4. The Committee note that the construction of new broad gauge line between Hassan and Bengaluru *via* Shravanabelgola (166 kms) at an estimated cost of ₹412.91 crore was sanctioned by the Railway Board in the year 1996-97. The construction of a rail line between Hassan and Shravanabelgola (41.17 km) was completed in January, 2006 at a cost of ₹140 crore. However, the Committee note that the revised cost as on 31st March, 2010 was ₹913 crore and ₹455 crore had already been spent by then. The cost overrun is more than cent percent the sanctioned cost which reflects improper planning and unconscionable delay in the execution of the project. The Committee urge the Ministry to make proper and realistic project assessment and lay down firm procedures for project execution to avoid time and cost overruns. The Committee would strongly recommend that the reasons for this cost escalation for this faulty planning and implementation be enquired and action be taken to fix responsibility so that it would prevent such recurrences.

5. The Committee are constrained to note that there was no initial target fixed for completion of the entire Bengaluru-Hassan new line project. The Committee are unable to accept the plea of the Ministry that it was not feasible to fix target date for completion of all sections simultaneously for various reasons. Obviously, in the absence of any stipulated target, the project completion was delayed inordinately which resulted in cost overrun. The Committee, therefore, recommend that the Ministry henceforth fix target date(s) for completion of project within the stipulated time frame. The Committee would like to be apprised of the completion of Bengaluru-Hassan rail line within the year 2011.

6. The Committee find that the Hassan-Shravanabelgola rail line was opened for passenger traffic on 7 February, 2006 and subsequently closed from 12 July, 2006 as one of the conditions stipulated by the Commissioner, Railway Safety (CRS) was not complied with. The Committee find that the CRS had authorized opening of the line to passenger traffic with the condition that regular open line staff may be posted to operate and maintain the line within one month from the date of opening. However, the Ministry did not post regular maintenance staff and this resulted in closure of the line. Whereas the Committee were assured by the Ministry that vacancies would be filled up and adequate staff posted on this line. The Committee therefore desire to be apprised of the action taken to implement the assurance given to them. Further, the Committee may be apprised of the necessary measures taken to ensure that the assets created do not remain idle.

NEW DELHI;  
15 November, 2011  

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24 Kartika, 1933 (Saka)

DR. MURLIMANO HAR JOSHI  
*Chairman,*  
*Public Accounts Committee.*

## APPENDIX I

MINUTES OF THE FIFTH SITTING OF SUB-COMMITTEE-I OF PUBLIC  
ACCOUNTS COMMITTEE (2010-11) ON "NON-COMPLIANCE BY THE  
MINISTRIES/DEPARTMENTS IN TIMELY SUBMISSION OF  
ACTION TAKEN NOTES ON THE NON-SELECTED  
PARAGRAPHS OF THE C&AG OF INDIA"  
HELD ON 22ND DECEMBER, 2010

The Sub-Committee-I of the Public Accounts Committee sat on Wednesday, the 22nd December, 2010 from 1600 hrs. to 1710 hrs. in **Committee Room 'B', Parliament House Annexe, New Delhi.**

### PRESENT

Shri Ashwani Kumar — *Convenor*  
*Lok Sabha*

2. Shri Bhartruhari Mahtab
3. Shri Naveen Jindal

### SECRETARIAT

1. Shri Rajshekhar Sharma — *Director*
2. Shri Sanjeev Sharma — *Deputy Secretary*

### Representative of the Office of the Comptroller and Auditor General of India

Ms. R. Rajalakshmi — Director General (Railways)

### Representatives of the Ministry of Railways

1. Shri Vivek Sahai — Chairman, Railway Board  
and *ex-officio* Principal Secretary to the GOI
2. Shri Samar Jha — Financial Commissioner,  
Railways & *ex-officio* Secretary to the GOI
3. Shri A.P. Mishra — Member Engineering, Railway Board &  
*ex-officio* Secretary to the GOI
4. Shri Sudesh Kumar — Member Electrical, Railway Board &  
*ex-officio* Secretary to the GOI
5. Shri Sanjiv Handa — Member Mechanical, Railway Board &  
*ex-officio* Secretary to the GOI
6. Shri V.N. Tripathi — Member Staff, Railway Board &  
*ex-officio* Secretary to the GOI

2. At the outset, Hon'ble Convenor, Sub-Committee-I of the Public Accounts Committee, welcomed the Members and representatives of the Office of the C&AG of India to the sitting of the Sub-Committee. Thereafter, the Audit Officers and the Secretariat briefed the Sub-Committee on the various issues concerning the subject on "Non-compliance by the Ministries/Departments in timely submission of Action Taken Notes on the Non-selected Paragraphs of the C&AG of India".

3. The Convenor then informed the Members that the sitting has been convened for taking oral evidence of the representatives of the Ministry of Railways on the subject relating to "Non-compliance by the Ministries/Departments in timely submission of Action Taken Notes on the Non-selected Paragraphs of the C&AG of India". The Convenor also informed the Members that the meeting will proceed with a discussion on two paras viz. para 2.5.1 "Uneconomic Branch Lines in Indian Railways" and para 3.1.1 "Idle Investment on a New Line" of CAG Report No. CA 19 of 2008-09.

4. Thereafter, the representatives of the Ministry of Railways were called in and the Convenor welcomed them to the sitting of the Sub-Committee. The representatives first, briefed the Sub-Committee on the initiatives taken by their Ministry in timely submission of replies to the Audit paragraphs of C&AG. They also, *inter alia*, threw light on the current status of pending paras in their Ministry and difficulties faced by the Ministry in replying to the pending Audit Paragraphs within the stipulated time frame. The deliberations were also held on the two paras on "Uneconomic Branch Lines in Indian Railways" and "Idle Investment on a New Line". The representatives replied to various queries of the members of the Sub-Committee during the sitting.

5. The Convenor then thanked the representatives of the Ministry of Railways for appearing before the Sub-Committee and for furnishing information in connection with the examination of the subject. The Convenor also thanked the officers of the office of the C&AG of India for providing assistance to the Sub-Committee in the examination of the subject.

A copy of the verbatim proceedings has been kept on record.

*The Sub-Committee then adjourned.*

## APPENDIX II

### MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2011-12) HELD ON 23RD SEPTEMBER, 2011

The Public Accounts Committee sat on Friday, the 23rd September, 2011 from 1130 hrs. to 1330 hrs. in Room No. '53', Parliament House, New Delhi.

#### PRESENT

Dr. Murli Manohar Joshi — *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Anandrao Vithoba Adsul
3. Shri Anant Kumar Hegde
4. Shri Bhartruhari Mahtab
5. Shri Shripad Yesso Naik
6. Shri Sanjay Nirupam
7. Shri Jagdambika Pal
8. Shri Adhi Sankar
9. Kunwar Rewati Raman Singh
10. Shri K. Sudhakaran
11. Dr. Girija Vyas

#### *Rajya Sabha*

12. Shri Tariq Anwar
13. Shri Prasanta Chatterjee
14. Shri Naresh Gujral
15. Shri Prakash Javadekar
16. Prof. Saif-ud-Din Soz

#### SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri M.K. Madhusudhan — *Additional Director*
4. Shri Sanjeev Sharma — *Deputy Secretary*
5. Shri D.R. Mohanty — *Deputy Secretary*
6. Smt. A. Jyothirmayi — *Deputy Secretary*

**Representatives of the Office of the Comptroller and Auditor General of India**

- |    |                      |      |                                           |
|----|----------------------|------|-------------------------------------------|
| 1. | Shri K.P. Sasidharan | —    | Director General (AB)                     |
| 2. | Ms. Subha Kumar      | —    | Director General (Report Central)         |
| 3. | Shri A.M. Bajaj      | —    | Principal Director (ESM)                  |
| 4. | Shri C.M. Sane       | —    | Principal Director (AFN)                  |
| 5. | Ms. Divya Malhotra   | —    | Principal Director (Rail way Audit Board) |
| 2. | ****                 | **** | ****                                      |
| 3. | ****                 | **** | ****                                      |

4. The Committee, thereafter, took up the following Draft Reports, one by one, for consideration and adoption:

- |        |                                                           |      |      |
|--------|-----------------------------------------------------------|------|------|
| (i)    | ****                                                      | **** | **** |
| (ii)   | ****                                                      | **** | **** |
| (iii)  | ****                                                      | **** | **** |
| (iv)   | ****                                                      | **** | **** |
| (v)    | ****                                                      | **** | **** |
| (vi)   | ****                                                      | **** | **** |
| (vii)  | ****                                                      | **** | **** |
| (viii) | Draft Report on ' <b>Idle Investment on a New Line</b> '. |      |      |

5. After some discussion, the Committee adopted all but one Draft Report mentioned at Sl. No. (vii) above, with some modifications/suggestions.

- |      |      |      |
|------|------|------|
| **** | **** | **** |
| 6.   | **** | **** |

7. The Committee authorized the Chairman to finalise the adopted Draft Reports in light of the factual verifications, if any, made by the Audit and present them to the House on a date convenient to him.

*The Committee then adjourned.*



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		23.	M/s. Law Publishers, Sardar Patel Marg, P.B. No. 1077, Allahabad (U.P.)
		24.	M/s. Ram Advani Bookseller, Mayfair Building Hazrat Ganj, GPO Box No. 154, Lucknow-226001.