

IDLE INVESTMENT ON A NEW LINE

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Forty-third Report (15th Lok Sabha)]

MINISTRY OF RAILWAYS (RAILWAY BOARD)

PUBLIC ACCOUNTS COMMITTEE

(2012-13)

EIGHTY-FIFTH REPORT

FIFTEENTH LOK SABHA



**LOKSABHASECRETARIAT
NEW DELHI**

EIGHTY-FIFTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2012-2013)

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MINISTRY OF RAILWAYS (RAILWAY BOARD)

*Presented to Lok Sabha on 30.04.2013
Laid in Rajya Sabha on 30.04.2013*



LOK SABHA SECRETARIAT
NEW DELHI

April, 2013/Vaisakha, 1935 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

(2012-13)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Dr. M. Thambidurai
6. Shri T.K.S. Elangovan
7. Shri Anant Kumar Hegde
8. Shri Bhartruhari Mahtab
9. Shri Sanjay Nirupam
10. Shri Shripad Yesso Naik
- *11. Shri Abhijit Mukherjee
12. Shri Ashok Tanwar
- †13. Shri Takam Sanjoy
14. Dr. Girija Vyas
15. Shri Dharmendra Yadav

Rajya Sabha

16. Shri Prasanta Chatterjee
17. Shri Prakash Javadekar
18. Shri Satish Chandra Misra
19. Shri Sukhendu Sekhar Roy
20. Shri J.D. Seelam
21. Shri N.K. Singh
22. Prof. Saif-ud-Din Soz

* Elected w.e.f. 6th December, 2012 *vice* Shri Sarvey Sathyanarayana appointed as Minister on 28th October, 2012.

† Elected w.e.f. 6th December, 2012 *vice* Dr. Shashi Tharoor appointed as Minister on 28th October, 2012.

(iv)

SECRETARIAT

- | | | |
|--------------------------|---|--------------------------|
| 1. Shri Devender Singh | — | <i>Joint Secretary</i> |
| 2. Shri Abhijit Kumar | — | <i>Director</i> |
| 3. Shri M.L.K. Raja | — | <i>Deputy Secretary</i> |
| 4. Ms. Miranda Ingudam | — | <i>Under Secretary</i> |
| 5. Shri Deepankar Kamble | — | <i>Committee Officer</i> |

INTRODUCTION

I, the Chairman, Public Accounts Committee (2013-13), having been authorised by the Committee, do present this Eighty-fifth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Forty-third Report (Fifteenth Lok Sabha) on '**Idle Investment on a New Line**' relating to Ministry of Railways.

2. The Forty-third Report was presented to Lok Sabha/laid in Rajya Sabha on 19th December, 2011. Replies of the Government to the Observations/Recommendations contained in the Report were received on 22nd February, 2013. The Public Accounts Committee considered and adopted the Eighty-fifth Report at their sitting held on 29th April, 2013. Minutes of the sitting are given at Appendix-I.

3. 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.

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

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Forty-third Report (Fifteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
29 April, 2013
9 Vaisakha, 1935 (Saka)

DR. MURLIMANO HAR JOSHI
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Forty-Third Report (Fifteenth Lok Sabha) on “Idle Investment on a New Line” based on the C&AG Report No. 19 of 2008-09 (Performance Audit) Union Government for the year ended March, 2007 relating to the Ministry of Railways.

2. The Forty-Third Report (Fifteenth Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 19th December, 2011. It contained 06 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Railways and categorized as under:

- (i) Observations/Recommendations of the Committee which have been accepted by the Government

Paragraph Nos. 1, 2, 3 and 5

Total: 04
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government.

—Nil—

Total: Nil
Chapter-III

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

Paragraph Nos. 4 and 6

Total: 02
Chapter-IV

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

—Nil—

Total: Nil
Chapter-V

3. The detailed examination of the subject by the Committee t had revealed certain shortcomings/deficiencies on the part of the Ministry of Railways which *inter-alia* delay in submission of Action Taken Notes and need for regular review of pendency of

ATNs for timely disposal; inordinate delay in completion of Railway Projects leading to time and cost overruns and idling of assets created; etc. The Committee had accordingly given their Observations/Recommendations in their Forty-third Report.

4. The Action Taken Notes furnished by the Ministry of Railways have been reproduced in the relevant Chapters of this Report. **The Committee will now deal with action taken by the Government on their Observations/Recommendations which either need reiteration or merit comments.**

I. Delay in Settlement of Pending Audit Paras

Recommendation (Para No. 1)

5. The Committee noted 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 desired 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 urged the Ministry to take all necessary measures so as to submit Action Taken Notes well within the stipulated time period of four months.

6. The Ministry in their Action Taken Notes have responded as under:

“With concerted efforts, we have been able to bring down the above pendency of 448 paras to 246 besides bringing down the number of cases where initial response to Audit is outstanding to zero. With a view to causing expeditious disposal of outstanding ATNs regular chasing/monitoring with the executives/railways concerned is being done. In fact, this item has been included as an agenda item in the Board Meeting in January 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM's/FA&CAOs conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit Committee has also been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months”.

7. The Committee are pleased to note that in pursuance of their recommendations, the Ministry has taken suitable measures for bringing down the pending number of Remedial/Corrective Action Taken Notes, the most notable being setting up of a Standing Audit Committee to review the pendency of ATNs and expeditious finalization of ATNs. While taking note of the fact that due to the concerted efforts of the Ministry pending Audit paras have been reduced from 448 to 246, and the outstanding cases where initial response to Audit paras have been made to zero, the committee feel unhappy that on more than half of the outstanding paras, the Action Taken Notes are yet to be furnished. The Committee, therefore, recommend that far greater and sustained efforts need to be made to bring down the backlog of pendencies by taking suitable corrective measures.

II. Lack of Effective Monitoring Mechanism to Ensure Timely Submission of ATNs

Recommendation (Para No. 2)

8. 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 recommended that the Ministry put in place a more effective Monitoring System and ensured that the Action Taken Notes are furnished well within the period of four months and apprise them of the tangible outcome of such efforts.

9. The Ministry in their Action Taken Notes have stated as under:

“As on 31.1.2012, a total of 246 audit paras up to the period 2008-09 are pending with this Ministry. With a view to causing expeditious disposal of outstanding ATNs regular chasing/monitoring with the executives/railways concerned is being done. In fact, this item has been included as an agenda item in the Board Meeting in January, 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM’s/FA&CAOs conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit Committee has also been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months.”

10. The Committee deplore that despite the assurance given by the Ministry that it would finalise at least 50 per cent of the outstanding ATNs, as many as 246 audit paras amounting to more than 50% of the then pending paras remain unsettled as on 31.01.2012 by the Ministry’s own submission. In view of the imperative need for expeditious finalization of ATNs, the Committee recommend that a sound and efficacious mechanism be put in place to address Audit observations.

III. Unsatisfactory Outcome of ATN Adalats and Absence of Timeline for Disposal of ATNs

Recommendation (Para No. 3)

11. The Committee noted 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 raised serious questions as to the efficacy and effectiveness of the Monitoring Cell. The Ministry had also informed that regular follow up was 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 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 months since July, 2010. The status of ATNs was again reviewed in January, 2011 by Board in its meeting. The Committee were constrained to note that status of ATNs had been reviewed in January, 2011 *i.e.* after six months since its inclusion in the monthly Board Meetings in July, 2010. The Committee, therefore, recommended that pendency

of ATNs be reviewed regularly to ensure timely disposal of ATNs. The Committee were happy to note that ATN Adalats/Workshops were also being organized to resolve any stalemate between the Audit and the Ministry and the 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. The Committee noted that the term ATN Adalat had not been used in conventional sense but it was essentially that a workshop was organized occasionally for reconciliation of differences between the Railways and the Audit over ATNs. The Committee, therefore, cautioned the Ministry to refrain from indulging in such terminological ambivalence causing confusion. The Committee also noted that the Ministry had categorized 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 were being made to clear all pending paras and a special drive was being launched to clear Category 'A' cases, the Committee would like to be apprised of the timeline for disposal of ATNs put under various categories.

12. The Ministry in their Action Taken Notes have stated as under:

“All efforts are being made to finalize the pending audit paras in the minimum possible time. It may be emphasized that with concerted efforts, we have been able to, finalize 167 and 179 cases in 2010 and 2011 respectively besides bringing down the number of cases where initial response to Audit is outstanding to zero. As already replied in para 2, regular chasing/monitoring with the executives/railways concerned is being done for expeditious disposal of outstanding ATNs. In fact, this item has been included as an agenda item in the Board Meeting in January, 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM's/FA&CAO's conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit Committee has also been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months. Disposal of pending ATNs was reviewed by the CRB in Board Meeting for the months of July, August, September and October, 2010. It was again reviewed by the Board in the month of January 2011 *i.e.* after two months. Thus the review was made continuously for four months and again reviewed after two months and not six months as noted by the Committee.

ATN Adalat/workshop—The term ATN Adalat was used as per Cabinet Secretariat's O.M. No. 213/2/5/2010-CA.IV dt. 28.06.2010 forwarding the minutes of COS Meeting held on 17.06.2010. The ATN workshop held on 31.12.2010 by this Ministry was to discuss certain areas/sphere of work which causes frequent disagreement between Audit and Ministry. Audit Paras related to these issues are being dealt accordingly.

Categorization— The Audit paras have been categorized in three categories *viz.* A, B and C. The purpose of categorization was to prioritise the pending audit paras as per their age. The pendency of all paras is being reviewed simultaneously but the emphasis is more on finalization of older ones. The effect can be gauged from the fact that since the categorization in August 2011, 70 paras have been

finalized in all categories. This also includes 4 very old paras which have been settled with aggressive chasing not only with Railways but also with Audit.”

13. The Committee deplore the vague and evasive response given by the Ministry to their recommendations calling for specific tangible outcome of ATN Adalats purportedly being held for reconciliation of differences between the Railways and the Audit over ATNs and also the timeline for disposal of ATNs put under various categories. Apparently, while no further ATN Adalat/workshop was held after the first one statedly held on 31.12.2010, the fact of which was already apprised to the Committee earlier and suitably commented upon, the Ministry’s reply is silent on any specific timeline drawn up for ATNs put under various categories. The Committee, therefore, reiterate their earlier recommendation that clear timelines be specified for clearance of backlog categorized as per the age of the pendency and that effective and proactive measures be taken for expeditious resolutions of Audit observations.

IV. Cost Overrun in the Construction of New Broad Gauge Line Due to Improper Planning and Delay in Execution of the Project

Recommendation (Para No. 4)

14. The Committee had observed that the construction of new broad gauge line between Hassan and Bangalore *via* Shravanabelgola (166 km) at an estimated cost of ₹ 412.91 crore was sanctioned by 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 noted that the revised cost as on 31st March, 2010 was ₹ 913 crore and ₹ 455 crore had already been spent by then. The cost overrun was more than hundred percent the sanctioned cost which reflected the improper planning and unconscionable delay in the execution of the project. The Committee had urged 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 had recommended that the reasons for the cost escalation for this faulty planning and implementation be enquired and action be taken to fix responsibility so that it would prevent such recurrences.

15. The Ministry in their Action Taken Notes have submitted 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 availability of land in patches, constraint in funds availability, Permanent Way materials availability etc. Taking over all land in advance and arranging all materials in advance is not advisable as Railway cannot protect all the acquired land and materials all the time and there is possibility of encroachment & losses. Hence, execution in new line projects is planned in patches for completion in predecided phases. Hassan-Shravanabelagoal new line section was opened and operated for a noble cause under direction of the Government and closure became necessary as continuing the operation was not viable due to conditional clearance of the Commissioner of the Railway Safety. This cannot be treated as idling of assets, as in any project execution, some assets will always be idling till the project is fully completed.

Due to delay in handing over of the required land by the Government of Karnataka and strong objection from land owners of archeologically important Kunigal Stud Farm to pass the alignment through the farm area, works on only Sharavanabelgola-Neelamangala section of the project could be taken up. Delay in handing over of the required land to the Railway resulted in escalation of the project cost which is beyond the control of the Railway and was unavoidable.

Further, due to a large number of on-going projects, the average availability of funds for this project is about Rs. 30 crore each year. With this pattern of allotment of funds, it may take another 12 years to complete the balance 110 km. stretch of the project.

The realistic project assessment can be made provided the flow of funds for the particular project in the successive years is known in advance. The execution of work is planned in commensurate with the funds made available every year and in this case the fund made available has not been utilized fully.

The cost sharing with Government of Karnataka came into effect from 01.04.2010 only thereafter the land acquisition got expedited due to the keen interest shown by Government of Karnataka. Position of land acquisition is as below.

Total land required	577.3 Hec. (1426 Acres)
Acquired up to 01.04.10	122 Hec. (301 Acres)
Acquired till date	537.6 Hec. (1328 Acres)
Balance yet to be acquired	39.7 Hec. (98 Acres)

Funds availability has started improving and is expected to be better in coming years as cost sharing arrangement with Government of Karnataka came into effect from 01.04.2010."

16. The Committee observe that there is nothing new about the nature of constraints and limitations addressed by the Railways. Apparently, the Railways seem to have drawn little from their experience while conceiving and executing such projects as the reply furnished to the Committee is silent on any definite action plan such as laying of firm procedures for project execution as recommended by them earlier. The Committee, therefore, recommend that the Railways should do necessary spadework as also proper consultation with the concerned State Governments/ Stakeholders before finalization of projects so as to minimize delays and avoid cost and time overruns.

**V. Inordinate Delay in Completion of New Line Project Resulting in Cost Overrun
Recommendation (Para No. 5)**

17. The Committee were constrained to note that there was no initial target fixed for completion of the entire Bangalore-Hassan New line project. The Committee were 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, recommended that the Ministry henceforth fix target date(s) for completion of projects within the stipulated time frame. The Committee would like to be apprised of the completion of Bangalore-Hassan rail line within the year 2011.

18. The Ministry in their Action Taken Notes have submitted as under:

“On this project, work on Chikbanawar-Nelamangala (14 km.) & Hassan-Shravanabelagola (42 km.) has already been completed and the balance portion is planned for completion as per following details:

Sl. No.	Section	Length (km.)	Year (Target)
1.	Shravanabelagola-Hirisave	16 Km.	2012-13
2.	Hirisave-B.G Nagar	17 Km.	2013-14
	B.G Nagar-Yediyur	15 Km.	
	Nelamangala-Solur	18 Km.	
3.	Solur-Tippasandra	14 Km..	2014-15
	Tippasandra-Kunigal	14 Km.	
	Kunigal-Yediyur	16 Km.	
	Total	110 Km.	

The above mile stones are subject to availability of Land and adequate funds of Rs. 150 Cr. per year from Government of Karnataka & Railways.”

19. While appreciating the fact that the Ministry has now provided target dates to complete the long drawn pending project, the Committee are concerned that the issue of availability of land and funds should not be a cause of further delay. The Committee, therefore, desire that vigorous efforts should be made to adhere to time-lines. The Ministry should pursue the matter with the State Government on war footing so that there should not be any financial crunch. Side by side acquisition of land should have top priority. The Committee desire to be furnished with the current status of the project including whether the targeted achievement of the ‘Sharavanabelagola-Hirisave Section’ has been completed or not.

VI. Idling of Assets on a Rail Line due to Lack of Maintenance Staff

Recommendation (Para No. 6)

20. The Committee found that the Hassan-Sharavanabelagola 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 of Railway Safety (CRS) was not complied with, The Committee found that the CRS had authorized opening of the line to passenger traffic with conditions 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.

The Committee was assured by Ministry that vacancies would be filled up and adequate staff posted on this line. The Committee, therefore, desired 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.

21. The Ministry in their Action Taken Notes have submitted as under:

“Commissioner of Railway Safety/Southern Circle/Bangalore again inspected the section during August, 2011 for reopening of Hassan-Sharavanabelagola section (42 km.). Commissioner of Railway Safety authorized Railway for running of train services in September, 2011. Accordingly, it has been decided fore-opening of the section on one train only system and necessary arrangements are being made to introduce train services in the section after posting of maintenance staff.”

22. The Committee note that in pursuance of their recommendation, a decision has been taken for authorizing re-opening of a station of the Railway line in September, 2011 after posting of maintenance staff. The Committee deplore the Ministry’s callous attitude of closure of a railway line due to non-compliance of safety condition and ill staffed maintenance work force wasting precious resources, and reiterate that proper assessment must be made to avoid time and cost over-run in project executions.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observations/Recommendations (Para No. 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.

[Sl. No. 1; Appendix-II; Para No. 1 of 43rd Report of Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

With concerted efforts, we have been able to bring down the above pendency of 448 paras to 246 besides bringing down the number of cases where initial response to Audit is outstanding to zero. With a view to causing expeditious disposal of outstanding ATNs regular chasing/monitoring with the executives/railways concerned is being done. In fact, this item has been included as an agenda item in the Board Meeting in January 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM's/FA&CAOs conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit Committee has also been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months.

Audit *vide* their U.O. No. 329-Rly/Co.-ord/17-78/2010 dated 22.03.2012 have vetted the ATN.

Ministry of Railways' case No. 2011-BC-PAC/XV/43 dated 30.03.2012.

Comments of the Committee

Please *see* Para No. 7 of Chapter I

Observations/Recommendations (Para No. 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 will within the period of four months and apprise them of the tangible outcome of such efforts.

[Sl. No. 2; Appendix-II; Para No. 2 of 43rd Report of Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

As on 31.1.2012, a total of 246 audit paras up to the period 2008-09 are pending with this Ministry. With a view to causing expeditious disposal of outstanding ATNs regular chasing/monitoring with the executives/railways concerned is being done. In fact, this item has been included as an agenda item in the Board Meeting in January 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM's/FA&CAO's conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit committee has been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months.

Audit *vide* their U.O. No. 329-Rly/Co.-ord/17-78/2010 dated 22.03.2012 have vetted the ATN.

Ministry of Railways' case No. 2011-BC-PAC/XV/43 dated 30.03.2012.

Comments of the Committee

Please *see* Para No. 10 of Chapter I

Observations/Recommendations (Para No. 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 months since July 2010. The status of ATNs was again reviewed in January 2011 by Board in its meeting, 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/Workshops are also being organized to resolve any settlement 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.

[Sl. No. 2; Appendix-II; Para No. 2 of 43rd Report of Public Accounts Committee
(15th Lok Sabha)]

Action Taken by the Government

All efforts are being made to finalize the pending audit paras in the minimum possible time. It may be emphasized that with concerted efforts, we have been able to, finalize 167 and 179 cases in 2010 and 2011 respectively besides bringing down the number of cases where initial response to Audit is outstanding to zero. As already replied in para 2, regular chasing/monitoring with the executives/railways concerned is being done for expeditious disposal of outstanding ATNs. In fact, this item has been included as an agenda item in the Board Meeting in January, 2012 where Board Members concerned have been apprised of the pendency in their respective domain. Further, during GM's/FA and CAO's conferences also, importance of expeditious finalization of ATNs is regularly impressed upon. In addition, a Standing Audit Committee has also been set up to review the pendency of ATNs in line with the directions of Ministry of Finance. It is expected that with close monitoring more paras will be finalized in the coming months.

Disposal of pending ATNs was reviewed by the CRB in Board Meeting for the months of July, August, September and October, 2010. It was again reviewed by the Board in the month of January, 2011 *i.e.* after two months. Thus the review was made continuously for four months and again reviewed after two months and not six months as noted by the Committee.

ATNs Adalat/workshop—The term ATN Adalat was used as per Cabinet Secretariat's O.M. No. 213/2/5/2010-CA/IV dt. 28.06.2010 forwarding the minutes of COS Meeting held on 17.06.2010. The ATN workshop held on 31.12.2010 by this Ministry was to discuss certain areas/Sphere of work which causes frequent disagreement between Audit and Ministry. Audit Paras related to these issues are being dealt accordingly.

Categorization—The audit paras have been categorized in three categories *viz.* A, B and C. The purpose of categorization was to priorities the pending audit paras as per their age. The pendency of all paras is being reviewed simultaneously but the emphasis is more on finalization of older ones. The effect can be gauged from the fact that since the categorization in August 2011, 70 paras have been finalized in all categories. This also includes 4 very all paras which have been settled with aggressive chasing not only with Railways but also with Audit.

Audit *vide* their U.O. No. 329-Rly/Co.-ord/17-78/2010 dated 22.03.2012 have vetted the ATN.

Ministry of Railways' case No. 2011-BC-PAC/XV/43 dated 30.03.2012.

Comments of the Committee

Please *see* Para No.13 of Chapter I

Observations/Recommendations (Para No. 5)

The Committee are constrained to note that there was no initial target fixed for completion of the entire Bangalore-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 projects within the stipulated time frame. The committee would like to be apprised of the completion of Bangalore-Hassan rail line within the year 2011.

[Part-II, Part No. 5 of 43rd Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken by the Government

On this project, work on Chikbanawar-Nelamangala (14 km.) & Hassan-Shravanbelagola (42 km.) has already been completed and the balance portion is planned for completion as per following details:

Sl. No.	Section	Length (km.)	Year (Target)
1.	Shravanbelagola-Hirisave	16 Km.—	2012-13
2.	Hirisave-B.G Nagar	17 Km.—	} 2013-14
	B.G Nagar-Yediyur	15 Km.—	
	Nelamangala-Solur	18 Km.	
3.	Solur-Tippasandra	14 Km.	} 2014-15
	Tippasandra-Kunigal	14 Km.	
	Kunigal-Yediyur	16 Km.	
	Total	110 Km.	

The above mile stones are subjected to availability of Land and adequate funds of Rs. 150 cr. per year from Government of Karnataka & Railways.

Audit *vide* their U.O. I. No. 25-Rly/SWR/12-195/2008 dated 20.02.2013 have vetted the ATN with following observations:

“Ministry has not indicated any definite action plan as recommended by PAC for making proper assessment for avoidance of time and cost over-run in project execution and only tentative targets have been fixed for the completion of work in phases that are subject to availability of land and adequate funds.”

Ministry of Railway’s case No. 2011-BC-PAC-XV/43 dated 22.22.2013.

Comments of the Committee

Please *see* Para No. 16 of Chapter I

CHAPTER III

**OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE
GOVERNMENT**

—Nil—

CHAPTER IV

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

Observations/Recommendations (Para No. 4)

The Committee note that the construction of new broad gauge line between Hassan and Bangalore via Shravanabelgola (166 Km.) at an estimated cost of Rs. 412.91 crore was sanctioned by 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 Rs. 140 crore. However, the Committee note that the revised cost as on 31st March, 2010 was Rs. 913 crore and Rs. 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.

[Part-II, Para No. 4 of 43rd Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken by the Government

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 availability of land in patches, constraint in funds availability, Permanent Way materials availability etc. Taking over all land in advance and arranging all materials in advance is not advisable as Railway cannot protect all the acquired land and materials all the time and there is possibility of encroachment & losses. Hence, execution in new line projects is planned in patches for completion in predecided phases. Hassan-Shravanbelagola new line section was opened and operated for a noble cause under direction of the Government and closure became necessary as continuing the operation was not viable due to conditional clearance of the Commissioner of the Railway Safety. This cannot be treated as idling of assets, as in any project execution, some assets will always be idling till the project is fully completed.

Due to delay handing over of the required land by the Government of Karnataka and strong objection from land owners of archeologically important Kunigal Stud Farm to pass the alignment through the farm area, works on only Shravanbelagola-Neelamangala section of the project could be taken up. Delay in handing over of the required land to the Railway resulted in escalation of the project cost which is beyond the control of the Railway and was unavoidable.

Further, due to a large number of on-going projects, the average availability of funds for this project is about Rs. 30 crore each year. With this pattern of allotment of funds, it may take another 12 years to complete the balance 110 km. stretch of the project.

The realistic project assessment can be made provided the flow of funds for the particular project in the successive years is known in advance. The execution of work is planned in commensurate with the funds made available every year and in this case the fund made available has not been utilized fully.

The cost sharing with Government of Karnataka came into effect from 01.04.2010 only thereafter the land acquisition got expedited due to the keen interest shown by Government of Karnataka. Position of land acquisition is as below:

Total land required	577.3 Hec. (1426 Acres)
Acquired up to 01.04.10	122 Hec. (301 Acres)
Acquired till date	537.6 Hec. (1328 Acres)
Balance yet to be acquired	39.7 Hec. (98 Acres)

Funds availability has started improving and is expected to be better in coming years as cost sharing arrangement with Government of Karnataka came into effect from 01.04.2010.

Audit vide their U.O. I. No. 25-Rly/SWR/12-195/2008 dated 20.02.2013 have vetted the ATN with following observations:

“Ministry has not indicated any definite action plan as recommended by PAC for making proper assessment for avoidance of time and cost over-run in project execution and only tentative targets have been fixed for the completion of work in phases that are subject to availability of land and adequate funds.”

Ministry of Railway's case No. 2011-BC-PAC-XV/43 dated 22.02.2013.

Comments of the Committee

Please *see* Para No.16 of Chapter I

Observations/Recommendations (Para No. 6)

The Committee find that the Hassan-Sharavanbelagola 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 of Railway Safety (CRS) was not complied with. The Committee find that the CRS had authorized opening of the line to passenger traffic with conditions 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 was assured by 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.

[Part-II, Para No. 6 of 43rd Report of the Public Accounts Committee
(15th Lok Sabha)]

Action Taken by the Government

Commissioner of Railway Safety/Southern Circle/Bangalore again inspected the section during August, 2011 for reopening of Hassan-Sharavanbelagola section (42 km). Commissioner of Railway Safety authorized Railway for running of train services in September, 2011. Accordingly, it has been decided for re-opening of the section on one train only system and necessary arrangements are being made to introduce train services in the section after posting of maintenance staff.

Audit vide their U.O.I. No. 25-Rly/SWR/12-195/2008 dated 20.02.2013 have vetted the ATN with following observations :

“Ministry has not indicated any definite action plan as recommended by PAC for making proper assessment for avoidance of time and cost over-run in project execution and only tentative targets have been fixed for the completion of work in phases that are subject to availability of land and adequate funds.”

Ministry of Railway's case No. 2011-BC-PAC-XV/43 dated 22.02.2013.

Comments of the Committee

Please *see* Para No. 22 of Chapter I.

CHAPTER V
OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE
GOVERNMENT HAVE FURNISHED INTERIM REPLIES

—Nil—

NEW DELHI;
29 April, 2013
9 Vaisakha, 1935 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

APPENDIX I

MINUTES OF THE TWENTY-NINTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2012-13) HELD ON 29TH APRIL, 2013

The Committee sat on Monday, the 29th April, 2013 from 1500 hrs. to 1600 hrs. in Room No. '51', (Chairman's Chamber) Parliament House, New Delhi.

PRESENT

Dr. Murlī Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. M. Thambidurai
4. Shri Bhartruhari Mahtab
5. Shri Abhijit Mukherjee

Rajya Sabha

6. Shri Prasanta Chatterjee
7. Shri Prakash Javadekar
8. Shri Sukhendu Sekhar Roy
9. Shri J.D. Seelam
10. Shri N. K. Singh

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri D.R. Mohanty — *Deputy Secretary*
4. Smt. A. Jyothirmayi — *Deputy Secretary*
5. Ms. Miranda Ingudam — *Under Secretary*
6. Shri A. K. Yadav — *Under Secretary*
7. Smt. Anju Kukreja — *Under Secretary*

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

1. Ms. Divya Malhotra — Director General
2. Shri Jayant Sinha — Principal Director
3. Ms. Athoorva Sinha — Director
4. Shri Likhariya — Director

2. At the outset, the Chairman welcomed the Members and the representatives of the Office of the C&AG of India to the last sitting of the Committee (2012-13). Giving an overview of the performance of the Committee in the year 2012-13 as well as in the 15th Lok Sabha, the Chairman observed that the years have been very productive due to the hard work of the C&AG and his team, the PAC Secretariat led by the Joint Secretary and above all the cooperation and active participation of the Members in the deliberations. The Committee unanimously endorsed the view of the Chairman.

3. The Chairman, then apprised that the meeting had been convened to consider the following Draft Reports of the Committee:

- | | | | |
|-------|-----|-----|-----|
| (i) | *** | *** | *** |
| (ii) | *** | *** | *** |
| (iii) | *** | *** | *** |
| (iv) | *** | *** | *** |
| (v) | *** | *** | *** |

(vi) Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Forty-third Report (15th Lok Sabha) on 'Idle Investment on a New Line'; and

- | | | | |
|-------|-----|-----|-----|
| (vii) | *** | *** | *** |
|-------|-----|-----|-----|

4. Giving an overview of the issues contained in the Draft Reports and the comments of the Committee thereupon, the Chairman solicited the views/ suggestions of the Members.

5. After some discussions, the Committee adopted the above mentioned Draft Reports. The Committee, then, authorized the Chairman to finalize the Reports in the light of the factual verifications, if any, made by the Audit and present them to Parliament on a convenient date.

6. The Chairman thanked the Members for their active participation in the consideration and adoption of the Draft Reports. The Members also conveyed their thanks to the Chair for his able leadership in conducting the meetings of the Committee in a probing and educative manner.

The Committee then adjourned.

APPENDIX II

(Vide Paragraph 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR FORTY-THIRD REPORT (FIFTEENTH LOK SABHA)

(i) Total number of Observations/Recommendations	06
(ii) Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1, 2, 3 and 5	Total: 04 Percentage: 80%
(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government -Nil-	Total : 0 Percentage: 0
(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration: Para Nos. 4 and 6	Total: 02 Percentage: 20%
(v) Observations/Recommendations in respect of which the Government have furnished interim replies: -Nil-	Total: 0 Percentage: 0