14

STANDING COMMITTEE ON RAILWAYS (2016-17)

SIXTEENTH LOK SABHA

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by the Government on the recommendations / observations contained in the 10th Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on Pending Projects]

FOURTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

August, 2017/ Shraavana, 1939 (Saka)

SCR NO.: 208

FOURTEENTH REPORT

STANDING COMMITTEE ON RAILWAYS
(2016-17)

(SIXTEENTH LOK SABHA)

MINISTRY OF RAILWAYS
(RAILWAY BOARD)

[Action taken by the Government on the recommendations / observations contained in the 10th Report of the Standing Committee on Railways (Sixteenth Lok Sabha) on Pending Projects]

Presented to Lok Sabha on : 03.08.2017

Laid in Rajya Sabha on : 03.08.2017

सत्यमेव जयते

LOK SABHA SECRETARIAT

NEW DELHI

August, 2017/ Shraavana, 1939 (Saka)

CONTENTS

PART-I

APPENDIX

COMPOSITION OF STANDING COMMITTEE ON RAILWAYS (2015-16)

Shri Sudip Bandyopadhyay - Chairperson

MEMBERS

LOK SABHA

2. Vacant*
3. Kunwar Pushpendra Singh Chandel
4. Shri Ram Tahal Choudhary
5. Shri Rajeev Shankarrao Satav#
6. Shri Sudheer Gupta
7. Shri Chandra Prakash Joshi
8. Shri Ramesh Kaushik
9. Shri Gajanan Chandrakant Kirtikar
10. Shri Balabhadra Majhi
11. Shri K.H. Muniyappa
12. Shri A.T. Nana Patil
13. Shri R. Radhakrishnan
14. Shri M. Raja Mohan Reddy
15. Shri Lakhanlal Sahu
16. Prof. (Dr.) Ram Shanker
17. Shri G.M. Siddeshwara
18. Shri Ganesh Singh
19. Shri Uday Pratap Singh
20. Shri Narasimham Thota
21. Shri S.R. Vijayakumar

RAJYA SABHA

22. Shri A.K. Antony
23. Shri Ranvijay Singh Judev
24. Shri Shwait Malik
25. Shri Satish Chandra Misra
26. Shri Mukut Mithi
27. Shri Garikapati Mohan Rao
28. Shri T. Rathinavel
29. Shri Bashistha Narain Singh
30. Shri Alok Tiwari
31. Shri Motilal Vora

@ Constituted w.e.f. 01.09.2016 vide Lok Sapbha Bulletin Part II No.4105 dated 15.09.2016

* Shri E. Ahmed passed away on 01.02.2017 (Ref.: Lok Sabha Sectt. Notification No.24/4(1)/2017/T(B) dated 01.02.2017)

Shri Rajeev Shankarrao Satav was nominated in place of Shri Gaurav Gogoi vide LS Bulletin Part II No.5163 dated 28.03.2017

LOK SABHA SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri Arun K.Kaushik	-	Director
3.	Smt. Geeta Parmar	-	Deputy Secretary

INTRODUCTION

I, the Chairperson, Standing Committee on Railways (2016-17), having been authorised by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by Government on the Recommendations/Observations of the Committee contained in their Tenth Report (Sixteenth Lok Sabha) on 'Pending Projects'.

2. The Tenth Report was presented to Hon'ble Speaker, Lok Sabha on 31.08.2016 and presented to the Lok Sabha and was laid in Rajya Sabha on 25.11.2016. The Report contained 19 recommendations/observations. The Ministry of Railways furnished their Action Taken Notes on all the recommendations/observations contained in the Report on 18.11.2016.

3. The Committee considered and adopted the Draft Action Taken Report at their sitting held on 31.05.2017. The minutes of the sitting is given in Appendix-I.

4. For facility of reference and convenience, the observation and recommendations of the Committee have been printed in bold letters.

5. An analysis of the Action Taken by Government on the recommendations/observations contained in the Fourteenth Report of the Standing Committee on Railways (Sixteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
26 July, 2017
4 Shravana, 1939 (Saka)

SHRI SUDIP BANDYOPADHYAY
Chairperson,
Standing Committee on Railways

CHAPTER I

REPORT

This Report of the Standing Committee on Railways deals with the action taken by the Government on the Recommendations/Observations contained in their Tenth Report (16th Lok Sabha) on the subject "Pending Projects".

2. The Tenth Report was presented to the Lok Sabha on 25 November, 2016 and laid in Rajya Sabha, the same day. It contained, inter alia, 19 Recommendations/Observations.

3. Action Taken Notes in respect of all the Recommendations/Observations have been received and categorised as follows:

(i) Recommendations/observations which have been accepted by the Government:-

Para Nos. 1, 2, 3, 5, 6, 8, 9, 10, 11, 13, 14, 15, 16 and 18

Total : 14
Chapter II

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

Para No. 4

Total : 01
Chapter III

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

Para Nos. 7, 12, 17 and 19

Total : 04
Chapter IV

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

Para No. NIL Total : NIL
Chapter V

4. The Committee trust that utmost importance will be given to implementation of the Recommendations accepted by the Government. The Committee desire that action taken notes on the Recommendations/Observations contained in Chapter-I of this Report should be furnished to them not later than three months of the presentation of this report.

5. The Committee will now deal with the action taken by the Government on some of their recommendations/observations.

Recommendation (Para No. 3)

A. LONG PENDING PROJECTS

6. The Committee in their Report on "Pending Projects" had expressed their displeasure for the inordinate delays in completion of long pending railway projects. One such which was sanctioned 40 years ago, 3 projects sanctioned 30 years ago, 27 projects sanctioned 20 years ago and 30 projects sanctioned 15 years ago, were still awaiting completion. Moreover, the Ministry had failed to give any assurance for completion of such projects in the near future in view of inadequate GBS and less internal generation of resources. The Committee had, therefore, strongly urged the Ministry of Railways to focus on their long pending projects in the light of their avowed objective of providing rail services in various parts of the country through alternative funding mechanisms.

7. In their Action Taken Reply to this recommendation of the Committee, the Ministry of Railways have submitted as follows:

> *"Huge throw-forward of ongoing projects and limited availability of funds at disposal of Railways has lead to thin spread of funds impacting progress of projects. This has also constrained Railways in overcoming bottlenecks and congestion in the network. To overcome the problem of low throughput and congestion, Indian Railways have made efforts to arrange Extra Budgetary Resources through Institutional Financing. Indian Railways have entered into an MoU with Life Insurance Corporation of India in 2015 for extending loan of Rs. 1.5 Lakh*

Crore to be disbursed over a period of five years. These funds is being utilised for funding of Throughput Enhancement and debottlenecking projects such as Doubling, Railway Electrification and other projects which are giving Rate of Return over the hurdle rate of 12%. Consequent to this, the fund availability for other unremunerative projects taken up on socio-economic considerations have marginally improved. Moreover, to optimally utilise the fund, prioritisation exercise has been carried out and projects such as last mile, those providing alternate route, last mile connectivity, state sharing, National Projects etc. have been accorded higher priority and efforts are made to give maximum allotment of funds to these projects to the extent possible. In addition, Ministry of Railways have launched a scheme of project development, financing and monitoring through Joint Venture/SPV with State Governments. MoU in this regard have been signed with 7 States and Joint Venture Agreements have been signed with 5 States. In addition, seeking investment from private partners as per PPP initiatives, joint funding of important projects with State Governments, development of important railway stations with funding from private participants etc. are some of the steps being taken by Ministry of Railways towards project implementation and resource generation."

8. The Committee are not satisfied with the reply of the Ministry as it does not mention about concrete plans, if any, being taken by the Ministry, to give focussed attention to long pending railway projects, with respect to projects pending beyond 15 years, as desired by the Committee in their recommendation. Therefore, the Committee reiterate their earlier recommendation and desire to be apprised of the steps being taken by the Ministry of Railways relating to funding for speedy execution of their long pending projects viz projects pending for more than 15 years along with completion timelines and schedules.

B. SOCIALLY DESIRABLE PROJECTS

Recommendation (Para No. 7)

9. The Committee in their Report had noted that out of the 432 New Line, Doubling and Gauge Conversion ongoing/pending projects, 292 projects (67.6%) were socially desirable projects and were having ROR of

less than 12%. Out of those 292 projects, 222 had negative ROR and the rest 70 projects had ROR less than 12%. Further, socially desirable projects were funded from GBS and not by taking loan from outside where the Railways had to pay market rate because the return from those lines would not be substantial enough to reimburse the cost of borrowing. Taking cognisance of the difficulties, the Committee had desired the Ministry to come up with viable plans to fund the socially desirable projects in order to work as a proactive facilitator.

10. In their Action Taken Reply, the Ministry of Railways have submitted as under:

> *"In order to meet the growing demands for new projects and also to expedite ongoing projects including those taken up on socio-economic considerations, Ministry of Railways initiated the scheme of project development, financing and monitoring through formation of Joint Ventures/SPVs with State Governments. This, inter-alia, involves surveys, preparation of Detailed Project Report (DPR) and getting requisite approvals, processing for sanctioning and monitoring of identified projects including last mile connectivity, capacity enhancement and station redevelopment projects. Many State Governments were requested for signing of MoUs in this regard.*
>
> *The role of Joint Venture Company, inter alia, is to choose projects, identify and collaborate with its stakeholders, mobilize resources, form project specific Special Purpose Vehicle (if required). The Joint Venture can mobilize resources in the form of debt from banks/multi-lateral agencies/ Financial Institutions as debt funding by leveraging the equity or in the form of financial support from various stakeholders of the projects through the formation of project specific Special Purpose Vehicle. The project specific Special Purpose Vehicle will have equity participation of Ministry of Railways and the State Government through the Joint Venture. The Special Purpose Vehicle shall be at the liberty to arrange investment from other Stakeholders, Public Sector Undertakings, raise debt from Banks or Financial Institutions for undertaking a project.*
>
> *As per the Shareholding Pattern approved by Cabinet, Ministry of Railways can have the equity participation upto 50% in the Joint Venture & State Government to have the balance equity participation.*

Formation of JV Company will help in mobilization of additional resources for execution of railway projects resulting in expansion of Railway Network in the country.

Consequently, Memorandum of Understanding (MoU) for setting up JV (Joint Venture) Companies have been signed with Maharashtra, Odisha, Andhra Pradesh, Kerala, Chhattisgarh and Telangana. A similar JV Company is already in place for Karnataka State & Joint Venture Agreement has been signed with five States viz. Odisha, Chhattisgarh, Haryana, Gujarat, Kerala. "

11. The Committee note that the Ministry of Railways, in order to meet the growing demands for new projects and also to expedite ongoing projects including those taken up on socio-economic considerations have initiated the scheme of project development, financing and monitoring through formation of Joint Ventures(JVs)/SPVs with State Governments. Memorandum of Understanding (MoU) for setting up JV Companies have been signed with Maharashtra, Odisha, Andhra Pradesh, Kerala, Chhattisgarh and Telangana. A JV Company is already in place for Karnataka State & JV Agreement has been signed with five States viz. Odisha, Chhattisgarh, Haryana, Gujarat, Kerala. Undoubtedly, the steps taken by the Ministry, are in the right direction, however, the Committee desire the Ministry of Railways to be more specific in their reply about their plans to expedite completion of their 292 socially desirable ongoing projects(as on 01.04.2016) having ROR less than 12 percent and therefore reiterate their earlier recommendation to the Ministry to devise some viable plans to fund their socially desirable projects so as to work as a proactive facilitator. The Committee would like to be kept informed of the progress in this regard. They would further like to be apprised of the progress in respect of setting up of a Rail Coach factory in Kolar, Karnataka as a JV Company is already in place in the state of Karnataka.

C. SOCIAL SERVICE OBLIGATION

(Recommendation at Para No. 11)

12. The Committee had noted that during 2012-13, 2013-14 and 2014-15, the quantum of social obligation borne by the Indian Railways, a commercial public undertaking was to the tune of Rs. 20083 crore, Rs. 24886 crore and Rs. 25347 crore, respectively. Ministry of Railways had approached the Ministry of Finance in January, 2016, May, 2016 and then in July, 2016, for constitution of an Inter-Ministerial Body for evaluation of Public Service Obligations borne by them. However, the response from the Ministry of Finance was awaited. The Committee had desired to kept them updated in this regard. They had further desired a need to relook at the very definition attached to Railways of it being a commercial undertaking like in the case of Defence and Roadways

13. In their Action Taken Reply, the Ministry of Railways have submitted as under:

> *"The reply from Ministry of Finance is still awaited. The tariff policy on Indian Railways has been to keep passenger fares low especially in the lower classes so that even the poorest segment of the people can travel by rail. Indian Railways has traditionally been one of restraint with regard to increase in passenger fares and moderation in case of periodic increases in freight rates. Conventionally, the losses incurred in passenger and other coaching services have been compensated through a process of 'cross-subsidization' from revenues generated in the freight segment. This cross-subsidization out priced railways especially in freight segment in comparison to alternative mode of transportation.*
>
> *In 2015-16(RE), total net Social Service obligation on Coaching and freight services stands at Rs. 341 07 crore. The Committee's suggestion for treating railways at par with Defence and Roadways instead of treating railways as pure commercial entity seems to be justified. Steps have already been initiated in this regards by way of merging Railway Budget with General Budget."*

14. The Committee note that the reply of the Ministry of Finance in response to the communications of the Ministry of Railways, in January, 2016, May, 2016 and then in July, 2016, with regard to

constitution of inter-Ministerial body for evaluation of Public Service Obligation borne by the Ministry of Railways, is still awaited. The Committee desire the Ministry of Railways to keep them apprised of the progress in this regard.

D. FUNDS FOR LEAST PRIORITY PROJECTS

(Recommendation at Para No. 12)

15. In their Report on "Pending Projects', the Committee had noted that in order to avoid thin spread of funds in view of meagre GBS, Railways had prioritised the projects to give them focused attention. However, they found to their dismay that out of 87 Least Priority Projects(C), 83 were socially desirable projects. Further, 29 socially desirable projects were not even categorised. According to the Ministry, the projects which did not fall in any of the proposed categories and had not made any significant progress were accorded the lowest priority. The Committee, were not convinced with the reasoning of the Ministry and therefore desired that they should review and reassess the usefulness of such projects in consultation with the State Governments concerned as pendency of these projects without any progress would add to the frustration of the citizens settled in those under-developed, and unconnected far-flung corners of the country.

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

> *"Indian Railway is executing number of projects and providing services which have direct impact on socio-economic development of the country. A number of these projects are national projects, border area projects and backward areas connectivity projects; however, there is need to supplement resources of Indian railways in form of GBS, cost sharing by State Governments. As regard GBS, Ministry of Railways is constantly pursuing with Ministry of Finance for enhancement of Gross Budgetary Support to expedite all projects including socially desirable projects. Simultaneously, Ministry of Railways have taken a number of steps to ensure increased availability of funds for ongoing projects specially socially desirable projects. Funding of*

remunerative projects which are primarily doubling & electrification projects is being done through loan taken from LIC as a result, the balance GBS available for socially desirable projects have increased marginally. In addition, Ministry of Railways have launched a scheme of project development, financing and monitoring through Joint Venture/SPV with State Governments. MoU in this regard have been signed with 7 number of States and Joint Venture Agreements have been signed with 5 number of States."

17. The Committee are not satisfied with the reply of the Ministry as it has not mentioned about any review proposed review of 29 socially desirable projects which have been accorded the lowest priority, for reassessing their usefulness, so as to avoid frustration among the people of those under-developed and uncorrected far flung areas. Though, several measures are being taken by the Ministry to ensure increased availability of funds for socially desirable projects, the Committee are still apprehensive of the availability of required funds and will for 29 least prioritised socially desirable projects. While reiterating their earlier recommendation, the Committee desire the Railways to prepare a road map for execution of these socially desirable projects.

E. LEVEL CROSSINGS

(RECOMMENDATION AT PARA NO. 17)

18. The Committee learnt that as per the Memorandum of Understanding signed on 10.11.2014 between the Ministry of Railways and the Ministry of Road Transport & Highways (MoRTH) to eliminate Level Crossings on National Highways, the MoRTH/NHAI would be replacing all Level Crossings(LCs) on the National Highway Corridors by ROBs/RUBs in the next five years, subject to availability of funds. As more than one and a half

years had elapsed, the Committee had desired that they should be apprised of the exact number of LCs on National Highways, yearly targets and LCs eliminated so far by MoRTH/NHAI.

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

> *"After the signing of MoU between Ministry of Railways and Ministry of Road Transport and Highways, 13 LCs have been eliminated by MoRTH/NHAI by constructing ROBs/RUBs. Numbers of Level Crossings on National Highways keep on changing as new National Highways are being declared by MoRTH. MoRTH is carrying out detailed survey to access the exact number of level crossings existing on National Highways."*

20. The Committee note that after signing of MoU between Ministry of Railways(MoR) and Ministry of Road Transport and Highways(MoRTH) on 10.11.2014, 13 Level Crossings (LCs) have been eliminated by constructing ROBs/RUBs. However, this is only a part reply to the information desired by the Committee. The submission that the numbers of LCs on NHs keep on changing as new NHs are being declared by MoRTH cannot be disputed. However, the information which the Committee had desired was with regard to the exact number of LCs on NHs and yearly targets for elimination of LCs in the next five years since 10.11.2014, the date for signing of MoU between MoR and MoRTH. They, therefore, desire to be informed accordingly. The Committee would further like to be apprised of the outcome of the detailed survey being carried out by MoRTH to know the exact number of LCs existing on NHs.

F. NATIONAL PROJECTS

(RECOMMENDATION PARA NO. 19)

21. The Committee had noted that the Railways intended to propose all the projects in the hilly regions of J&K, Uttarakhand and North Eastern States as National Projects. However, the proposal of the Railways was dropped and not processed further. The Ministry of Finance had not separated the funding of National Projects through GBS but it started to ring fence a substantially chunk out of GRS proportionately and as a result the availability of funds for other Railway projects got further reduced. The Committee had desired that the National Projects should be fully funded by Union Government separately, instead of ring fencing of funds out of GBS. The Committee had asked that the Ministry of Railways should urgently take up this matter again with the Ministry of Finance in this regard.

22. In their action taken reply, the Ministry of Railways has stated that 'suggestion of the Committee has been noted'.

23. The Committee are unhappy with the reply of the Government. Instead of spelling out the action taken by the Railways to the suggestion of the Committee, they have simply stated that the suggestion of the Committee has been noted. The Committee would like the Railways to be more serious while replying to the recommendations of the Committee. They reiterate their earlier recommendation and desire the Ministry of Railways to take up the matter with the Ministry of Finance regarding fully funding of National Projects, without any further delay under intimation to the Committee.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1)

Railways are the most economic and environment friendly mode of transport and, therefore, there is a huge demand for expansion of its network in remote and other under-developed areas which are hitherto unconnected by rail. That being so, the demand outstrips the supply side of the Railways, i.e. the capacity of the Railways to take up such projects. Besides demands for new rail connectivity, there are competing demands for removing bottlenecks, enhancing throughput, technological upgradation, requirement of rail stock, etc. The Ministry of Railways is unable to generate adequate internal resources while the Gross Budgetary Support (GBS) extended by the Ministry of Finance is not enough in comparison to the throw-forward of the ongoing projects. It is the endeavour of the Railways to fill up such huge demand and in the process, they have sanctioned a large number of projects, carrying the burden of the huge throw-forward on the ongoing projects. The Committee, therefore, feel that the Railways have to face the challenge of striking a balance between the competing demands of new rail connectivity and enhancing capacity and efficiency while ensuring that no region is deprived of its genuine demands. The Committee are also of the view that the Ministry of Railways have to activate all their resources for optimum utilization and put in place a well-planned strategy to meet this daunting task.

Reply of the Government

Huge throwforward of ongoing projects and limited availability of funds at disposal of Railways has lead to thin spread of funds impacting progress of projects. This has also constrained Railways in overcoming bottlenecks and congestion in the network. To overcome the problem of low throughput and congestion, Indian Railways have made efforts to arrange Extra Budgetary Resources through Institutional Financing. Indian Railways have entered into an MoU with Life Insurance Corporation of India in 2015 for extending loan of Rs. 1.5 Lakh Crore to be disbursed over a period of five years. These funds is being utilised for funding of Throughput Enhancement and debottlenecking projects such as Doubling, Railway Electrification and other projects which are giving Rate of Return over the hurdle rate of 12%. Consequent to this, the fund availability for other unremunerative projects taken up on socio-economic considerations have marginally improved. Moreover, to optimally utilise the fund, prioritisation exercise has been carried out and projects such as last mile, those providing alternate route, last mile connectivity, state sharing, National Projects etc. have been accorded higher priority and efforts are made to give maximum allotment of funds to these projects to the extent possible. In addition, Ministry of Railways have launched a scheme of project development, financing and monitoring through Joint Venture/SPV with State Governments. MoU in this regard have been signed with 7 States and Joint Venture Agreements have been signed with 5 States. In addition, seeking investment from private partners as per PPP initiatives, joint funding of important projects with State Governments, development of important railway stations with funding from private participants etc. are some of the steps being taken by Ministry of Railways towards project implementation and resource generation.

Recommendation (Para No. 2)

As per the existing procedure in the Indian Railways for sanctioning a project, proposals for various projects received from the Zonal Railways are first examined by the Railway Board. The firmed up proposals are then sent for 'in principle' approval of the National Institution for Transforming India (NITI) Aayog. After obtaining the requisite approvals, projects are included in the Budget and, thereafter, the Railways carry out final location survey and prepare detailed estimates. Generally, the tenders are floated after the sanction of the Detailed Estimates. The Committee are informed that the entire process between the initiation of proposal for a project and the final award of tender which earlier used to take 2-2½ years now takes 9-12 months. The Committee appreciate that the process of examination of the proposal for finally awarding a contract has now been fast tracked. They, however, emphasise that the procedures involved at each stage of execution of projects should also be expedited through proper management and timely action to complete projects, as scheduled.

Reply of the Government

Ministry of Railways is grateful to the Committee for having appreciated the efforts made by the Ministry towards system improvement with regard to expeditious examination of proposals, its final approval and eventual award of contract in a period of 9 to 12 months as against the earlier period of 2 to 2 ½ years. The suggestion of the Committee to expedite execution of projects through proper management and timely action has been noted.

Ministry of Railways is making all out effort to strengthen and make the existing monitoring system very rigorous. The review meetings at the level of General Managers are being held more frequently and follow up action are taken expeditiously.

Recommendation (Para No. 3)

The Committee would like the Ministry of Railways to recall the recommendation of their predecessor Committees in regard to long pending projects in the Indian Railways. In this context, what worries the Committee is that the inordinate delays in timely completion of projects continue to be a bane of the Indian Railways. The Committee have noted with dismay that one project which was sanctioned 40 years ago, 3 projects sanctioned 30 years ago, 27 projects pending for 20 years and 30 projects sanctioned 15 years ago have still not reached completion. Further, the Committee feel that the inadequate GBS and internal generation of resources resulting in meagre allocation for the pending projects fail to give any assurance of completion of these Projects in the near future. The Committee, therefore, strongly urge the Ministry to focus on these long pending projects in the light of their avowed objective of providing rail services in various parts of the country through alternative funding mechanisms.

Reply of the Government

Detailed reply to the suggestion of the Committee has been given in reply to recommendation No. 1.

Comments of the Committee

(Please see recommendation para no. 8 of Chapter I)

Recommendation (Para No. 5)

The Committee are constrained not to accept the justifications given by the Ministry of Railways for the piling up of as many as 495 projects. As per their submission, huge demands are being received for expansion of network in under developed, remote areas and in other far flung areas hitherto unconnected by Rail and in the pursuit of fulfilling such demands, the Railways have had to sanction a large number of projects. The Ministry were well aware of the fact that they would be unable to generate internal resources and the GBS that they get from the Ministry of Finance was hugely inadequate for executing the already sanctioned projects. The Railway's submission that within the limited availability of funds, they have to strike a balance between competing demands of new Rail connectivity and enhancing capacity and efficiency is again unconvincing, more so because of the increasing number of pending projects year after year. The number of New Lines, Doubling and Gauge Conversion projects which was 368 as on 01.04.2013 has increased to 432 as on 01.4.2016. On the one hand, they have not been able to get the demand of the under-developed areas to provide rail connectivity fulfilled; on the other, this has led to thin spread of funds among various projects, resulting in the inability of the Railways to complete the sanctioned projects at the desired pace. As on date,the throw-forward of 495 ongoing/pending projects is Rs. 4,36,586 crore which can never be completed, if the Railways were to proceed with the present mode of funding. The Committee are rather sure that this method of funding the ongoing/pending projects will never see the light of the day. The Committee are deeply distressed that many of the sanctioned projects which had raised hope of rail connectivity to the remote and under-developed areas have not been completed, in the process further disillusioning the intended beneficiaries in most areas. The Committee stress that the Ministry should sanction only those projects in future for which financial arrangements have been tied up in advance.

Reply of the Government

The suggestion of the Committee that Ministry should sanction only those projects in future for which financial arrangements have been tied up in advance has been noted.

Recommendation (Para No. 6)

The Committee are very disturbed to note that the GBS provided to the Ministry of Railways for its infrastructure development is substantially less than the actual requirement. The 12th Five Year Plan size of Rs.5,48,802 crore involving GBS of Rs.3,16,842 crore proposed by the Railways was downsized by the Planning Commission to Rs.5,19,221 crore with GBS of only Rs.1,94,221 crore. Further, GBS of Rs.1,94,221 crore includes a loan of Rs.52,000 crore from JICA/WB and Railways equity of Rs.28,000 crore for Dedicated Freight Corridor, with the other Railway projects being left with GBS of only Rs.1,14,221 crore. During 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17, against the proposed allocation of Rs.48,855 crore, Rs.39,500 crore, Rs.37,500 crore, Rs.48,044 crore and Rs.55,000 crore, respectively, funds were allocated to the tune of Rs.25,234 crore, Rs.28,174 crore, Rs.31,596 crore, Rs.41,646 crore and Rs.45000 crore, respectively. It is distressing to note that the actual GBS for Railway projects for annual plans in the 12th Plan is only 20% of the proposed plan by Railways and 36% of the approved GBS for the plan. The Committee take a serious note of the fact that the GBS allocated to Railways each year is much less than that proposed by them. Considering the huge number of projects pending with the Railways, such drastic reduction in the annual plan outlays is totally uncalled for. In fact, the Committee are of the opinion that Plan Outlay 2016-17 require to be stepped up substantially in consonance with the needs of the Ministry. Accordingly, the Ministry of Railways should take up the matter with the Ministry of Finance.

Reply of the Government

Ministry of Railways has been repeatedly requesting for higher budgetary support to the Railways for timely completion of projects in progress and other critical and important capacity augmentation and safety related works necessary for provision of improved Railway services. Ministry of Railways have been highlighting the need to augment Budgetary Support at various fora, including several letters written at the highest level.

Request for allocation of the higher GBS to implement the development projects of the Railways was made to the Ministry of Finance/NITI Aayog during the preparation of the Railway Budget for 2016-17. There has been a constant dialogue with the Ministry of Finance to increase budgetary support to Indian Railways within the overall financial position of the Government of India. Budgetary support was enhanced from Rs. 35000 crore in 2015-16 to Rs. 45000 crore in 2016-17. This includes funds from Central Road Fund have also been provided by Ministry of Finance towards expenditure on New Lines and Gauge Conversion projects under Railway Safety fund, apart from other safety related works.

Recommendation (Para No. 8)

RESOURCE CRUNCH IN RAILWAYS

The Committee understand that resource crunch is the primary reason for delay in completion of projects. Railway's internal generation is almost negligible and they have been dependent upon GBS which is a loan from General Exchequer for their projects. However, to their dismay, the Committee find that against a total financial throw-forward of Rs. 4,36,586 crore for all the sanctioned railway projects, the GBS (including Diesel Cess) extended to Ministry of Railways during the 12th Five Year Plan is Rs. 1,71,650 crore only. The Committee are aware that the Railways had to pay 4 percent dividend to the General revenues i.e about Rs.10,000 crore from their internal generation in 2015-16, severely restricting expenditure on creation/renewal of assets. Thus, insufficient funds have adversely affected the targets of the projects of the Railways, physical as well as financial, resulting in their time overrun as well as cost overrun. Moreover, the Committee are aware that the implementation of the 7th Pay Commission Report will impact the Railway finances to a great extent. The Committee observe that the Railways is an organisation which is a national transporter and have to, not only cater to far-flung and remote areas and Strategic Lines, but also fulfil related social obligations. It directly and indirectly contributes significantly to the GDP through development of economy and in creating infrastructure and helps in national integration. The Committee feel that the Railways are capable of achieving their intended goal, however, due to resource crunch, their hands are tight and they are unable to move ahead at a desirable pace. In view of the above, the Committee recommend that the Ministry of Railways and Ministry of Finance should revisit the issue of the practice of payment of dividend by the Ministry of Railways to the general revenues keeping in mind that no other department like Defence/Roadways, etc., pay any dividend on their budgetary grants. Further, the money thus saved could be utilised on their infrastructural development projects which are already starved of funds.

The Committee recommend that the Railways should not only scrupulously adhere to financial discipline in various segments of their activity but also look for alternative ways to boost their resource generation which they could utilise for timely completion of projects so that these projects, in return, start remunerating. To illustrate, the Ministry of Railways should take steps to control the leakages/pilferages in different activities, including sale of Railway scrap, optimum utilisation and commercialisation of Railway resources, continuous monitoring at every stage, recovery of outstanding dues from other Ministries/Departments/ Organization/ Agencies, etc.

Reply of the Government

Ministry of Railways are extremely grateful to the Committee for bringing out in the above point, the responsibility of the Railways as the National Transporter, its role in development and the financial difficulties that are being faced by them.

The Railways receive Capital as Budgetary Support from Ministry of Finance for financing of various projects. The Budgetary Support extended by MoF is in the nature of a loan in perpetuity, carrying a specific rate of dividend, which is decided by the Parliamentary Railway Convention Committee. In addition to funds received through Budget, Railways have taken up mobilization of funds from alternate sources like Market Borrowings, Public Private Partnership and Institutional Financing by tapping low cost long term funds from insurance and pension funds, multi-lateral and bilateral agencies which can be serviced through incremental revenues. Apart from the above, there is a major thrust on areas for enhancement of Non-fare revenue like Earnings from Railway Land Development Authority/Indian Railway Catering & Tourist Corporation, Rent toll on Building, Land lease for Building Purpose and other purposes, Property development of land/air space, Right of way for Optical Fiber Cable laid by/for RailTel, Right of way/way leave for others, Advertisement & Publicity, Sale of damaged goods, unserviceable revenue scrap etc. Continuous monitoring of recovery of outstanding dues from other Ministries/Departments/ Organisations/Agencies, etc., are being done.

The issue regarding doing away with the practice of dividend payment and subsidy thereon has been taken up at length with the Ministry of Finance in the context of the major issue of merger of Railway Budget with the General Budget. Government while deciding the said merger w.e.f. the fiscal 2017-18 has also decided to do away with the practice of dividend payment by the Ministry of Railways. As per the Budget Estimates for 2016-17, this will save Railways about Rs.5400 crore net of subsidy which is paid back by the Ministry of Finance on payment of dividend.

The recommendation of the Committee regarding scrupulously adhering to financial discipline and for looking for alternative ways to boost resource generation has also been noted for compliance please.

Well organised procedure and systems exist on the Railways for the disposal of scrap, so as to maximise the earnings of the railways using high degree of transparency and competition with adequate controls at different stages of disposal of scrap. The following measures are in place to ensure proper accountable of scrap generated and obviate the possibility of leakage of revenue are as under:-

(i) All scrap are received in the depot on prescribed proforma.

(ii) The items proposed to be sold as scrap are examined by a survey committee consisting of officers from User, Stores and Accounts departments and approved competent authority, before being put up for sale in Auction.

(iii) The disposal of scrap is proposed in suitable lots with appropriate disposable quantities. With complete information auction catalogue is prepared and uploaded on railway public website i.e. IREPS and wide publicity of auction is given through newspapers also.

(iv) E-Auction has been introduced in all Railways/Production Units from 01.06.2013 to bring total transparency in scrap disposal.

(v) The delivery of scrap is given to the purchasers jointly by representatives of three different departments, viz. Stockholder, Accounts and Security departments which eliminates errors in weighment.

(vi) Electronic weigh bridges have been installed in all the scrap depots thereby eliminating errors in weighment.

(vii) Periodical/surprise checks are conducted by the Departmental organization and the Vigilance organization during the entire process of scrap disposal.

(viii) CCTV cameras have been installed in many depots in vital areas to keep surveillance of scrap depots.

(ix) Regular stock verification is done to ensure ground balance tally with book balance.

(x) The periodical transfer of officials associated with scrap disposal activity is followed.

There has been constant endeavour on the part of Railways to augment internal resources for Plan financing. Some of the steps being taken to increase earnings and raise funds include:-

• Continuous efforts to capture more and more traffic.

• Expenditure control involving increased productivity & efficiency and optimum utilization of existing capacity.

• Simplification & rationalization of tariff. Market responsive and dynamic tariff policies. Tariff policy to exploit empty flow direction and lean season traffic.

• Introduction of new trains, increase in frequency and extension to existing trains to capture more passenger traffic.

• Rail-side warehousing terminals and private freight terminals through Public Private Partnership.

• Alternative resources like higher sundry earnings through advertisements, catering and commercial exploitation of land etc.

Recommendation (Para No. 9)

The Committee were informed that the service tax on specified classes of passenger travel and freight was introduced w.e.f. 01.10.2012, resulting in increase of cost of transportation affecting the business of the Ministry of Railways. The tax were to the tune of Rs.1478.10 crore and Rs. 3449.34 crore during 2012-13 and 2013-14, respectively. The Ministry of Railways had made several requests to the Ministry of Finance for exemption from payment of service tax on freight and fare anything, inter alia, that this would increase the overall cost of transportation. This, however, was not agreed to by the Ministry of Finance. However, the Committee understand that reimbursement of the service tax has not ever been sought by the Indian Railways for themselves. The Committee strongly feel that the service tax thus collected by the Ministry of Finance through Railways' freight and fare and other services should be shared with the Ministry of Railways. As such, they recommend that the Railways should pursue the matter vigorously with the Ministry of Finance. Further, the matter of reimbursement relating to various concessions given by the Railways to various categories should also be taken up with the Ministry(ies) concerned. The Committee are of the considered view that the Railways should be reimbursed such amounts.

Reply of the Government

Service Tax on Passenger fare and Freight rate was introduced from 01.10.2012. Presently, service tax (alongwith Education Cess, Swachh Bharat Cess and Krishi Kalyan Cess @ 4.5 is levied on freight and passenger services (First Class and all AC Classes). Apparently, this makes transportation by rail costlier. Since service tax is not shared by Ministry of Finance with Railways, Railways is facing limitations in giving relief to its customers in Fare and Freight rates. If the same is shared with railways, as suggested by Standing Committee, Railway can certainly pass on some benefit to its customers.

Several matters as regards to Service Tax have been flagged to be taken up with Ministry of Finance. The above items will also be incorporated in the consolidated queries raised by Ministry of Finance.

Recommendation (Para No. 10)

The Committee note that the Railways have been able to arrange a loan of Rs.1,50,000 crore from the LIC and that the funding would be given for identified projects having requisite ROR. As per the decision of the Ministry of Railways, Doubling and Railway Electrification projects sanctioned prior to 2015-16 will be completed in the next 4-5 years and those sanctioned in 2015-16 have been targeted for completion in the next 5-6 years. The Committee find that a loan from LIC is an out of the box idea for funding a project. However, they are apprehensive that this would lead to higher burden on Railways in terms of servicing of loans. Furthermore, this mode will be of utility to the extent of bankable projects only. They are, however, of the firm view that Railways cannot be expected to take funds on loan basis and pay interest especially on their social obligations. The Ministry of Railways should, therefore, depend on this mode of funding only in exceptional cases as it may affect the repayment capability of Railways. The Committee trust that the targets set by the Railways would be adhered to through all means especially regular and strict monitoring, at the same time, the Committee would like the Ministry to make serious efforts for activating and strengthening their executive and monitoring wings for timely completion of the projects so that these projects start getting returns at the earliest.

Reply of the Government

Ministry of Railways (MoR) has constituted a Committee of Additional Members of the Railway Board to monitor the physical and financial progress of works which are being financed from funds drawn from the Life Insurance Corporation of India (LIC).

It has been decided that Memorandum of Understanding (MoU) will be entered into by Railway Board with General Managers of each of the Zonal Railways for implementation of the projects in a time bound manner.

In view of the fact that Doubling and Electrification projects as a group constitute the more remunerative of the sanctioned projects of IR and are also justified from operational point of view, it has been decided that all works under these Plan Heads, with a few exceptions, may be financed out of LIC funds. These projects would be provided with funds on an assured basis so that they are completed quickly and can start generating revenue, rather than allowing time and cost overruns due to paucity of funds and deteriorating viability.

It has also been decided that as far as projects other than Doubling and Electrification are concerned, only such projects which are remunerative will be considered for financing out of LIC funds.

Recommendation (Para No. 11)

The Committee note that in the Indian Railways which is termed as a commercial public undertaking, the social service obligations over the years have shown an increasing trend. During 2012-13, 2013-14 and 2014-15,quantum of social obligation was to the tune of Rs. 20083 crore, Rs. 24886 crore and Rs. 25347 crore, respectively. The Committee feel that the real quantum of the social obligation borne by the Railways should be assessed accurately. They find that in this regard, the Ministry of Railways has approached the Ministry of Finance in January, 2016, May, 2016 and July, 2016, for constitution of an Inter-Ministerial Body for evaluation of Public Service Obligations borne by them. The Ministry have apprised the Committee that the response from the Ministry of Finance on the same is still awaited. The Committee would like to be kept updated in this regard. The Committee find that at present the Railways is a departmental commercial undertaking of the Government of India. They, however, feel this concept was all right as long as it was under the British regime. Whatever penny the Britishers invested, they wanted return out of it. The Committee desire the Ministry to have a relook now at the very definition attached to Railways as a commercial undertaking like in the case of

Defence and Roadways as it gives a spurt to the overall GDP indirectly, besides direct earnings.

Reply of the Government

The reply from Ministry of Finance is still awaited.

The tariff policy on Indian Railways has been to keep passenger fares low especially in the lower classes so that even the poorest segment of the people can travel by rail. Indian Railways has traditionally been one of restraint with regard to increase in passenger fares and moderation in case of periodic increases in freight rates. Conventionally, the losses incurred in passenger and other coaching services have been compensated through a process of 'cross-subsidization' from revenues generated in the freight segment. This cross-subsidization out priced railways especially in freight segment in comparison to alternative mode of transportation.

In 2015-16(RE), total net Social Service obligation on Coaching and freight services stands at Rs. 341 07 crore. The Committee's suggestion for treating railways at par with Defence and Roadways instead of treating railways as pure commercial entity seems to be justified. Steps have already been initiated in this regards by way of merging Railway Budget with General Budget.

Comments of the Committee

(Please see recommendation para no. 23 of Chapter I)

Recommendation (Para No. 13)

PROJECTS ON COST SHARING BASIS/ THROUGH JOINT VENTURES

The Committee are apprised that the Railways have gone in for an arrangement with different State Governments for 42 ongoing projects being executed on cost sharing basis at an estimated cost of around Rs.61,000 crore. With industries, including NTPC, Coal India, etc., Railways have 7 projects costing around Rs.6200 crore. Further, a proposal to set up Joint Venture Companies(JVCs) with State Governments has been approved by the Cabinet. The Ministry of Railways have approached all State Governments to form JVCs with them to undertake mutually identified rail infrastructure projects for project development, financing and monitoring. 13 projects (12 New Lines & one Doubling) proposed to be taken up through Joint Venture with State Governments, have been included in the Railway Budget 2016-17 at an anticipated cost of Rs.33092 crore, subject to requisite approval. The Committee, have been apprised that 17 States have come forward for tying up with the Railways to form such Joint Ventures; out of the same, only the Government of Jharkhand has given consent in respect of three projects to be taken up through Joint Venture. Further, in anticipation of various State Governments coming forward to take up projects through Joint Ventures, 30 projects (25 New Lines, 2 Doublings and 3 Gauge Conversions) have been included in the Capital Investment programme of 2016-17 at a cost of Rs. 58,274 crore. The Committee understand that the Railways are taking these steps with the objective of increasing participation of the States in the implementation of railway projects, besides helping them to mobilise resources for various rail infrastructure projects. However, the Committee apprehend that the economically weaker States may not be able to contribute their share of funds and therefore, are likely to be deprived of the investment by the Railways as per the JVs proposal. In view of this apprehension, while the Committee desire that the Ministry should work out ways and means to expedite various statutory clearances required by the State(s) and ensure timely completion of the ongoing and new projects, so that people are benefited by better rail connectivity in their region, they urge the Ministry of Railways to have a relook at the proportion/share of funds to be contributed by the backward, underdeveloped, hilly and far-flung States expeditiously.

Reply of the Government

Railways have been receiving demands for expansion of Network in under developed and remote areas which do not have rail connectivity. The demand outstrips the capacity of the railways to take up such projects. In the pursuit of fulfilling such demands Railways have sanctioned large number of projects and accordingly it is saddled with huge throw forward on ongoing projects. Consequently, the Gross Budgetary Support have not been adequate enough to fund these projects to achieve desired level of progress as a result the project financing and its execution has entered into a Vicious cycle of cost and time overrun. Further, this is resulted in under investment in throughput and capacity enhancement projects such as doubling, tripling, 4th line projects which are essential to de-bottleneck existing over utilized sections. This is greatly impacted the capacity of railways to capture new traffic and to increase to percentage share of existing traffic. To come out this saviour bottleneck Ministry of Railways have decided to finance capacity enhancement projects through Extra Budgetary recourses in form off loan from Financial Institutions. Despite, financing throughput enhancement project through EBR-IF, the Gross Budgetary Support (GBS) still remains inadequate compared to the throw forward of the projects. To overcome this Ministry of Railways have requested to State Government come forward and share 50% cost of the projects in the State as primary beneficiary the expansion of network is state. So far, 9 State Government have come forward to finance 40 projects to the tune of 50% of cost an in addition some of the State Government given land free. However, this effort also did not help in tiding over of the problem of financial crunch for execution of projects in the problem of languishing of projects for want of resources still persist. Accordingly, Ministry of Railways has taken one more innovated steps to garner resources by involving all stake holder and launch the scheme of project development, financing and formation of Joint Venture with State Government.

The role of Joint Venture Company, inter alia, is to chose projects, identify and collaborate with its stakeholders, mobilize resources, from project specific Special Purpose Vehicle (if required).

The Joint Venture will be a company under companies Act to be formed with equity participation of Ministry of Railways (Maximum 50%) and concerned State Government. The JV will have initial paid up Capital of Rs. 100 crores which can be enhanced subsequently. The Joint Venture can mobilize resources in the form of debt from Banks/multi-lateral agencies/Financing Institutions as dept funding by leveraging the equity or in the form of financial support from various stakeholders of the projects through the formation of project specific Special Purpose Vehicle. The project specific Special Purpose Vehicle will have equity participation of Ministry of Railways and the State Government through the Joint Venture. The Special Purpose Vehicle shall be at the liberty to arrange investment from other Stakeholders, Public Sector Undertaking, raise debt from Banks of Financial Institutions for undertaking a project. It is evident the participation of State Government is to the extent of the equity share which is a nominal amount. The remaining funds requires for execution of the projects will be arrange through loan by the JV. This is totally difference from mobilization of resources by way of sharing the cost of entire projects by both Ministry of Railways and State Government accordingly non- of the State Government will be at a disadvantage even though some of the State Government may low on the financial health. This scheme of mobilization resources of through formation of Joint Venture will open up new vistas/avenues of resources mobilization without meagre /negligible financial strength on the State Government.

Recommendation (Para No. 14)

METROPOLITAN PROJECTS(MTPs)

The Committee observe that the progress with respect to the execution of the 12 MTPs has been extremely unsatisfactory. Out of the 7 Metro Projects in Kolkata, 2 projects, viz. Baranagar-Noapara and Noapara-NSCB Airport(8.33 km) and Noapara-Barasat via Bima (18 km), sanctioned in the year 2009-10 and 2010-11, respectively, are expected to be completed in 40 months, subject to early resolution of issues; and 2 projects, viz. Dum Dum Airport to New Garia via Rajarhat and Joka-Binoy

Bandal Dinesh Bagh, sanctioned in the year 2010-11, are expected to be completed in 30 months, again subject to early resolution of issues. The Committee have been informed that for two of the projects, viz. Remount Rd. – Santoshpur via Garden Reach and Baranagar-Barrackpore and Dakshineswar, sanctioned in the year 2010-11, the targets will be fixed after resolution of the issues involved. The remaining one project, viz. East-West Corridor from Howrah Maidan to Salt Lake, sanctioned in 2008-09, is expected to be completed in 2019, again subject to early resolution of issues. The pace of work is equally dismal in the case of execution of the rest of the 5 MTPs as well. Thus, the Committee understand that in respect of three of the projects, viz. Hyderabad/Secunderabad Multi Modal Transport System, Belapur-Seawood-Uran-electrified double line and Chennai-Extension of Mass Rapid Transit System, sanctioned in the years 2012-13, 1996-97 and 2006-07, respectively, the target dates of completion would be fixed only after resolution of issues. For two other projects, viz. Mumbai Urban Transport Project, Phase-II, and CSTM-Panvel/Andheri-Running of 12 coach EMU train on Harbour Corridor, which were sanctioned in 2008-09 and 2012-13, respectively, the targets are 2020-21 and 2018-19, respectively, again subject to early resolution of issues.

The Committee find that in all MTPs, the Railways have submitted that the completion of projects, even on extended targets, is subject to 'early resolution of issues'. The Committee further find that in almost all the projects, the issues involved are shifting of utilities, acquisition of land, clearances from Ministry of Environment & Forests, Ministry of Shipping, Ministry of Culture, Ministry of Defence, etc. The Committee have been apprised by the Ministry of Railways that these issues have been taken up with the State Government/Ministries concerned at the highest level, and that meetings have been held from time to time at Zonal Railway levels to resolve all issues and also at the Ministry level. Most recently, meetings have been held by Hon'ble Minister of Railways with the Hon'ble Chief Minister of Maharashtra on 21.04.2016, with Hon'ble Chief Minister of West Bengal on 09.06.2016 and with the Hon'ble Minister of Defence on 13.07.2016. The Committee trust that after such high level meetings, the pace of work in different MTPs would pick up and that issues involved will be expeditiously sorted out. In this context, the Committee recommend that the project implementation and monitoring wings in Railways should be streamlined and the deadlines are met, with a view to completing the projects within the fixed time-frame so that promises made to the travelling public do not remain only on paper. A well laid out, step by step procedure should be worked out and in case of non-achievement of targets, the matter should be examined and issues should be resolved at the appropriate level, this is an absolute imperative if the Railways have to complete these already much delayed MTPs**.**

Reply of the Government

Ministry of Railways has a well-established system of monitoring of works by way of monthly reporting the progress and issues of the projects by Zonal Railways that are executing the projects. Problems faced by Zonal Railways/PSUs for implementation of the projects are referred to the concerned Ministry/Department for resolution of the issues. MTP Projects generally involve construction of new lines in heavily congested urban/suburban areas of the cities, involving issues mainly of shifting of utilities and getting encumbrance free land. Thus, it involves the local authorities/agencies which are not under Ministry of Railways. The issues involved also vary from project to project. Apart from monitoring of the progress and targets on a monthly basis and pursuing of the issues involved regularly at the highest level, the issues have also been taken up in Project Monitoring Group (PMG) portal and PRAGATI Portal of PMO for early resolution of issues with other Ministries/Departments.

Recommendation (Para No. 15)

<u>ROAD OVER BRIDGE(ROB)/ROAD UNDER BRIDGE(RUB) PROJECTS</u>

The Committee note that as on 01.04.2016, there were 1,592 ROBs and 6,065 RUBs Projects. The anticipated cost of these projects is Rs.64,431 crore wherein the Railways' share is Rs.34,596 crore and that of the State Government is Rs.29,835 crore. It is most unfortunate that allocation for ROBs/RUBs for 2016-17 is only Rs.2,443 crore, especially when the throw-forward of all ROB/RUB works is Rs.30,959 crore. As ROBs/RUBs seek to reduce accidents at Level Crossings where around 60% of the casualties occur, the annual plan allocation is quite meagre and needs to be enhanced.

Reply of the Government

Ministry of Railways has already requested Ministry of Finance for the additional allotment of fund for Road Safety Works (Level Crossing, ROB/RUB). The response on the same is awaited from Ministry of Finance.

Recommendation (Para No. 16)

The Committee further note that 157 ROB works are such where the Railway portion has been completed but work is still in progress in the State Government's portion. In that regard, the Committee call upon the Ministry to take up the matter with the State Government(s) concerned on top priority basis, so that the State Government portion of ROB is completed and the ROB can be used by the public. The Committee also stress that the North Western Railway, Western Railway, Northern Railway and North Central Railway should gear up themselves to meet their huge targets to construct 1412, 603, 590 and 538 RUBs, respectively.

Reply of the Government

Bi-monthly meetings are being held by Zonal Railways with all State Governments to solve all interface issues to expedite the progress of ROBs including the completion of approach portions.

Probably the Committee has mentioned that balance RUBs sanctioned in Pink Book which are yet to be completed in NWR, WR, NR & NCR. Targets for construction of RUBs by NWR, WR, NR and NCR in 2016-17 were fixed on the basis of availability of funds and are much less than the total sanctioned RUBs. All Zonal Railways are being persuaded to achieve the targets for construction of RUBs fixed for the current year.

Recommendation (Para No. 18)

NATIONAL PROJECTS

The Committee are seriously distressed to note the unacceptable delays in the execution of some of the National Projects. Four of these projects are the (i)Udhampur-Srinagar-Baramula (290 km) sanctioned in 1994-95 at the cost of Rs. 1500 crore which has escalated to Rs. 19565 crore (1204.33% increase); (ii) Lumding-Badarpur-Silchar, including Migrendisa-Dittockchera,Arunachal-Jiribam&Badarpur-Kumarghat (369.45 km)&MM for GC of Baraigram-Dulabchera(29.40km), Karimganj-Maishashan&Karimganj bypass line13.50km) sanctioned in 1996-97 at a cost of Rs. 648 crore which has escalated to Rs. 5186 crore(700.31% increase); (iii) Kumarghat-Agartala(109 km) sanctioned in the year 1996-97 at a cost of Rs. 575 crore which has escalated to Rs.1242.25 crore(116.04% increase);and (iv) the Bogibeel bridge with linking lines between Dibrugarh and North Bank line (46 km) sanctioned in 1997-98 at the cost of Rs. 1000 crore which has escalated to Rs.4996 crore(399% increase). The Committee express their strong displeasure at this inordinate delay in the completion of these National Projects which has caused both time and cost overrun, especially when funds was not an issue in the case of National Projects. As submitted, the Railways' constant dialogue with the State Governments concerned/MHA for tackling law and order problems have yielded results in the completion of the Lumding-Silchar gauge conversion project. Taking this into consideration, the Committee are of the opinion that the Ministry should identify the factors responsible for the delays in execution of theseNational Projects and take immediate corrective steps. In this context, the Committee would like to stress that the very purpose behind the concept of a 'National Project' is defeated if such project is not completed within the prescribed time schedule, whatever be the reasons. The Railways should proactively involve themselves with the Ministries/Governments/Agencies and ensure that no impediment stands in the way of timely completion of a 'National Project'.

Reply of the Government

Main reason for delay in execution of National Projects has been shortage of resources. Ever since 12 projects were declared as National Projects, Ministry of Railways have been impressing upon Niti Aayog and Ministry of Finance for giving additional funds over an above GBS for financing of National Projects. However, no such fund was forthcoming. 2014-15 onwards, Ministry of Finance started earmarking substantial fund, out of GBS, for National Projects. This lead to allocation of adequate funds for the National Projects, but consequently, balance funds left for remaining projects reduced significantly. Since 2014-15, ring-fencing of funds for National Projects, it has resulted in its expeditious execution. As regard the issues of coordination with State Governments, regular meetings are held at appropriate level with State Government and Central Government. In addition, any hold-up with regard to National Project are also taken up in PRAGATI meeting which is coordinated by PMO. Wherever Law & Order is not conducive for timely execution of projects, State Govt./MHA is requested to provide adequate security at project sites. Though security cover has been provided by State Govt., but the extra expenditure charged for the security arrangement affects the funding of projects. Being a Law & Order issue, the expenditure incurred on the same should be borne by concerned State Govt. being a State subject. Also in North Eastern regions there are long delays due to forest and wild life clearances and related legal orders from time to time changing the level of clearances. Coordination at appropriate level is done for speedy clearances. Regular meetings are being held at appropriate level in both Central and State Government. The process of clearances from Ministry of Environment & Forest has become speedier on account of regular follow-up and regular coordination meeting be Project Management Group set up under Cabinet Committee on Investment.

CHAPTER-III

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

Recommendation (Para No. 4)

ONGOING/PENDING RAILWAY PROJECTS

The Committee note with concern that, as on 01.04.2016, there were 495 New lines, Gauge Conversion, Doubling and Electrification ongoing/pending projects with the Railways at an anticipated cost of Rs.4,54,876 crore with throw-forward of Rs. 3,61,721 crore. Besides, there are 525 Workshop, including Production Unit Projects at an anticipated cost of Rs. 27,832 crore with a throw-forward of Rs.18,157 crore; 2215 Road Safety Works at an anticipated cost of Rs. 39,543 crore with a throw-forward of Rs.31,700 crore; 619 Signalling and Telecom projects at an anticipated cost of Rs.11,338 crore with a throw forward of Rs.5,848 crore; and 17 Metro Projects (MTP) at an anticipated cost of Rs.29,022 crore, with a throw-forward of Rs.19,160 crore. The Committee underscore the fact that these projects are important to meet the major challenges being faced by Railways relating to lack of capacity as it results in increasing load/pressure on railway infrastructure, compromise safety and lowers speed. The Ministry have submitted that the speed of the freight trains has largely remained stagnant and improved only marginally from 25 to 29 kmph over the last three decades. On the trunk routes, which constitute 16% of the network and carries close to 60% of the freight, the average speed of goods trains is still lower. Further, predominantly freight carrying routes are over congested. As a result the growth rate (of Originating Loading) has stagnated at around 4.5% since 2011. In the process, the share of Railways in overall traffic, i.e. Railways vis-à-vis Road Traffic has declined from 62% in 1980 to 36% in 2012.

The Committee further note that in case of 155 New Line projects valued at Rs. 2,34,406 crore, expenditure of Rs.61,702 crore has been incurred upto 31.03.2016. However, allocation for these 155 projects during 2016-17 is to the tune of only Rs. 14,026 crore. Similarly, for 42 gauge conversion projects valuing Rs. 50,476 crore, expenditure upto 31.03.2016 has been Rs. 24,526 crore and allocation for various projects during 2016-17 is to the tune of only Rs. 4,161 crore. For 235 Doubling projects, valuing Rs. 1,57,089 crore, expenditure upto 31.03.2016 has been Rs. 26,516 crore and allocation for various projects during 2016-17, is to the tune of only Rs. 22,240 crore. The Committee strongly feel that the provision of Rs. 14,026 crore for 155 New Line projects, Rs. 4161 crore for 42 Gauge Conversion projects and Rs.22,240 crore for 235 Doubling projects is grossly inadequate and will not even partially meet their requirements. The Committee are of the view that building the infrastructure for Railways should be the responsibility of the Government as in many other countries while the onus of running the Railways should lie with the Ministry of Railways. The Committee suggest that the Railways should also probe the possibility of funding modernisation of stations, etc. through PPP Mode. The Committee would desire the Ministry of Railways to analyse the basic reasons for the piling up of ongoing projects causing undue delay in completion of projects and try to resolve the same in coordination with all authorities/stakeholders concerned at the highest level. Further, the Ministry of Railways should take other corrective measures, including pursuing the matter of more financial support for expeditious completion of projects with the Ministry of Finance (MoF).

Reply of the Government

Indian Railway is focusing on capacity and throughput enhancement works. These works will result in improved speed of freight trains on the network. By ensuring timely delivery and congestion free seamless movement, it is expected that railway traffic share will notably improve in coming years.

The Railway projects are highly capital intensive and are primarily financed through Capital advanced as Budgetary support from General Exchequer. Ministry of Railways have been highlighting the need to augment Budgetary Support at various fora, including several letters written at the highest level. In 2016-17, funds from Central Road Fund have also been provided by Ministry of Finance towards expenditure on New Lines and Gauge Conversion projects under Railway Safety fund, apart from other safety related works. Railways' internal resources are utilized for replace/renewal of assets, un-remunerative works relating to improvement of operational efficiency and development.

In addition, seeking investment from private partners as per PPP initiatives, joint funding of important projects with State Governments, development of important railway stations with funding from private participants etc. are some of the steps being taken by Ministry of Railways towards project implementation and resource generation.

CHAPTER-IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE BEEN ACCEPTED BY THE COMMITTEE AND WHICH EQUIRE REITERATION

Recommendation (Para No. 7)

SOCIALLY DESIRABLE PROJECTS

The Committee have been informed that projects which offer a ROR of less than 12% are socially desirable Projects. The Committee are concerned to note that out of the 432 New Line, Doubling and Gauge Conversion ongoing/ pending projects, only 140 projects(32.4%) (New Lines-20, Gauge Conversion- 8 & Doubling-112) are having ROR 12% and above. The remaining 292 projects (67.6%) are socially desirable projects. Out of these 292 projects 222 have negative ROR and the rest 70 projects have ROR less than 12%. The Ministry of Railways has apprised that socially desirable projects can be funded only from GBS and not by taking loan from outside where the Railways have to pay market rate because the return from those lines will not be substantial enough to reimburse the cost of borrowing. The Committee, while taking cognizance of the concern of the Railways in this regard, are of the view that the Government should come up with viable plans to fund the socially desirable projects in a phased manner so as to address issues in perspectives and remove hindrances and work as a proactive facilitator of connectivity.

Reply of the Government

In order to meet the growing demands for new projects and also to expedite ongoing projects including those taken up on socio-economic considerations, Ministry of Railways initiated the scheme of project development, financing and monitoring through formation of Joint Ventures/SPVs with State Governments. This, inter-alia, involves surveys, preparation of Detailed Project Report (DPR) and getting requisite approvals, processing for sanctioning and monitoring of identified projects including last mile connectivity, capacity enhancement and station redevelopment projects. Many State Governments were requested for signing of MoUs in this regard. Consequently, Memorandum of Understanding (MoU) for setting up JV (Joint Venture) Companies have been signed with Maharashtra, Odisha, Andhra Pradesh, Kerala, Chhattisgarh and Telangana. A similar JV Company is already in place for Karnataka State & Joint Venture Agreement has been signed with five States viz. Odisha, Chhattisgarh, Haryana, Gujarat, Kerala.

The role of Joint Venture Company, inter alia, is to choose projects, identify and collaborate with its stakeholders, mobilize resources, form project specific Special Purpose Vehicle (if required). The Joint Venture can mobilize resources in the form of debt from banks/multi-lateral agencies/ Financial Institutions as debt funding by leveraging the equity or in the form of financial support from various stakeholders of the projects through the formation of project specific Special Purpose Vehicle. The project specific Special Purpose Vehicle will have equity participation of Ministry of Railways and the State Government through the Joint Venture. The Special Purpose Vehicle shall be at the liberty to arrange investment from other Stakeholders, Public Sector Undertakings, raise debt from Banks or Financial Institutions for undertaking a project.

As per the Shareholding Pattern approved by Cabinet, Ministry of Railways can have the equity participation upto 50% in the Joint Venture & State Government to have the balance equity participation.

Formation of JV Company will help in mobilization of additional resources for execution of railway projects resulting in expansion of Railway Network in the country.

Comments of the Committee

(Please see recommendation para no. 11 of Chapter I)

Recommendation (Para No. 7)

CATEGORISATION OF PROJECTS

The Committee are told that in order to optimally utilise the available meagre GBS and to avoid thin spread of funds, the Railways have prioritised the projects to give them focused attention. The prioritised projects have been categorised as A-1:National Projects; A-2: Cost Sharing Projects; A-3: Immediate Critical Projects; A-4: Medium Critical Projects; A-5: Important Projects Not Critical; B: Other Projects; and C: Least Priority Projects. The Committee find that out of the 432 New Lines, Doubling and Gauge Conversion ongoing/pending projects,11 are National Projects(A-1), 58 are Cost Sharing Projects(A-2), 169 are Immediate Critical Projects(A-3), 52 are Medium Critical Projects(A-4), 17 are Important Projects Not Critical(A-5), 38 are other Projects(B) and the 87 are Least Priority Projects(C). However, the Committee find to their dismay that out of 87 Least Priority Projects, 83 are socially desirable projects. Further, there are 29 socially desirable projects which have not been categorised.According to the Ministry, projects which do not fall in any of the proposed categories and not made any significant progress have been accorded the lowest priority. Therefore, these 29 socially desirable projects are lowest priority projects which have not made any significant progress. The Committee are very perturbed at the treatment meted out to the socially desirable projects as they feel that the very purpose and objective of conceptualising these projects have been lost due to such an approach which defy logic and reason. They are of the opinion that the Railways should sincerely look into the possibility of reviving them. The Committee are of the firm opinion that the Government should review and reassess the usefulness of such projects in consultation with the State Governments concerned and take firm decisions in respect of each such project. It will not be prudent to keep them pending for long without any progress as it would add to the frustration of those citizens settled in under-developed, and unconnected far-flung corners of the country.

Reply of the Government

Indian Railway is executing number of projects and providing services which have direct impact on socio-economic development of the country. A number of these projects are national projects, border area projects and backward areas connectivity projects; however, there is need to supplement resources of Indian railways in form of GBS, cost sharing by State Governments. As regard GBS, Ministry of Railways is constantly pursuing with Ministry of Finance for enhancement of Gross Budgetary Support to expedite all projects including socially desirable projects. Simultaneously, Ministry of Railways have taken a number of steps to ensure increased availability of funds for ongoing projects specially socially desirable projects. Funding of remunerative projects which are primarily doubling & electrification projects is being done through loan taken from LIC as a result, the balance GBS available for socially desirable projects have increased marginally. In addition, Ministry of Railways have launched a scheme of project development, financing and monitoring through Joint Venture/SPV with State Governments. MoU in this regard have been signed with 7 number of States and Joint Venture Agreements have been signed with 5 number of States.

Comments of the Committee
(Please see recommendation para no. 17 of Chapter I)

Recommendation (Para No. 17)

The Committee further learn that as per the Memorandum of Understanding signed between the Ministry of Railways and the Ministry of Road Transport & Highways (MoRTH) on 10.11.2014 to eliminate Level

Crossings on National Highways (NHAI), the MoRTH/NHAI will be replacing all level crossings on the National Highway Corridors by ROBs/RUBs, at their cost, in the next five years, subject to availability of funds. As already more than one and a half years have elapsed after the signing of this MOU, the Committee would like to be apprised of the facts and figures with regard to the exact number of Level Crossings on National Highways, yearly targets and level crossings so far eliminated by MoRTH/NHAI.

Reply of the Government

After the signing of MoU between Ministry of Railways and Ministry of Road Transport and Highways, 13 LCs have been eliminated by Ministry of Road Transport and Highways (MORTH)/NHAI by constructing ROBs/RUBs. Numbers of Level Crossings on National Highways keep on changing as new National Highways are being declared by MoRTH. MoRTH is carrying out detailed survey to access the exact number of level crossings existing on National Highways.

Comments of the Committee
(Please see recommendation para no. 20 of Chapter I)

Recommendation (Para No. 2)

The Committee note that the Railways intend to propose all the projects in the hilly regions of J & K, Uttarakhand and North-Eastern States as National Projects and had prepared a Cabinet Note in this regard. They, however, observe to their dismay that the proposal of the Ministry of Railways was dropped and not processed further. The Committee are given to understand that the Ministry of Finance had not separated the funding of National Projects through GBS but it started to ring fence a substantial chunk out of GBS proportionately and, as a result, the availability of funds for other railway projects got further reduced. The National Projects are being funded by Ministry of Finance to the extent of 75%, and 25% cost of the project is being funded from the GBS of the Ministry of Railways. Looking at the requirements and the growing expectations of the people of the hilly regions of the country, the Committee share the view of the MoR that all the Railway project in hilly regions of J&K, Himachal, Uttarakhand and North Eastern region should be declared as National Projects. Also, in view of the meagre allocation of GBS over the years and the long list of pending projects with the Railways, the Committee earnestly desire that the National Projects should be fully funded by Union Government separately, instead of ring fencing of funds out of GBS. The Committee desire that the Ministry of Railways should urgently take up this matter again with the Ministry of Finance in this regard.

Reply of the Government

Suggestion of the Committee has been Noted.

Comments of the Committee

(Please see recommendation para no. 23 of Chapter I)

CHAPTER-V

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

Nil

NEW DELHI;
26 July, 2017
4 Shravana, 1939 (Saka)

SHRI SUDIP BANDYOPADHYAY
Chairperson,
Standing Committee on Railways

APPEENDIX-I

MINUTES OF THE ELEVENTHSITTING OF THE STANDING COMMITTEE ON RAILWAYS (2016-17)

The Committee sat on Wednesday, the 31st May, 2017, from 1100 hours to 1323 hours in Committee Room 'C', Parliament House Annexe, New Delhi.

PRESENT

Shri Ganesh Singh - In the Chair

MEMBERS

LOK SABHA

2. Shri KunwarPushpendra Singh Chandel
3. Shri Ram Tahal Chaudhary
4. Shri Rajeev ShankarraoSatav
5. Shri Ramesh ChanderKaushik
6. Shri BalabhadraMajhi
7. Shri K.H. Muniyappa
8. Shri A.T. Nana Patil
9. Shri Mekapati Raja Mohan Reddy
10. Shri LakhanLalSahu
11. Prof. (Dr.) Ram Shanker
12. Shri UdayPratap Singh
13. Shri S.R. Vijayakumar

RAJYA SABHA

14. Shri Ranvijay Singh Judev
15. Shri T. Rathinavel
16. Shri BashisthaNarain Singh
17. Shri Alok Tiwari

SECRETARIAT

1.	Smt. Abha Singh Yaduvanshi	-	Joint Secretary
2.	Shri Arun Kumar Kaushik	-	Director
3.	Smt. GeetaParmar	-	Deputy Secretary

XXX XXX XXX

2. In the absence of Chairperson, the Committee chose Shri Ganesh Singh to act as Chairperson for the sitting under the provision of Rule 258(3) of 'Rules of Procedure and Conduct of Business in Lok Sabha' which *inter alia* states as under:-

"258(3) If the Chairperson is absent from any sitting, the Committee shall choose another member to act as Chairperson for that sitting."

3. At the outset, the Chairperson welcomed the Members to the sitting of the Committee. The Committee thentook up for consideration the following draft Reports:-

(i) Action Taken Report on the recommendations of the Standing Committee on Railways contained in their 10th Report on 'Pending Projects.'

(ii) XXX XXX XXX

The Draft Report at serial number (i) above was adopted with slight modifications **xxx xxx xxx**.

4. TheCommittee appreciated the excellent work done by the Committee Secretariat in drafting the Reports. The Committee, then, authorized the Chairperson to finalise the Reports and present the same to the Parliament.

5. **xxx xxx xxx**

6. **xxx xxx xxx**

7. **xxx xxx xxx**

8. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

APPEENDIX-II

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS / OBSERVATIONS CONTAINED IN THE 10TH REPORT (16TH LOK SABHA) ON THE SUBJECT ''PENDING PROJECTS''

	Total number of Recommendations / Observations:	19
(i)	Recommendations/observations which have been accepted by the Government:-	
	Para Nos. 1, 2, 3, 5, 6, 8, 9, 10, 11, 13, 14, 15, 16 and 18	14
	Percentage of Total	73.68%
(ii)	Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies:-	
	Para No. 4	1
	Percentage of Total	5.26%
(iii)	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:-	
	Para Nos. 7, 12, 17 and 19	4
	Percentage of Total	21.05%
(iv)	Recommendations/observations in respect of which final replies are still awaited:-	
	Para No. NIL	0
	Percentage of Total	0