

COMMITTEE ON PETITIONS

(THIRTEENTH LOK SABHA)

FORTY-FIRST REPORT

(Presented to Lok Sabha on 30-1-2004)

**LOK SABHA SECRETARIAT
NEW DELHI**

January, 2004/Magha, 1925 (Saka)

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Basudeb Acharia - *Chairman*

Members

2. Shri S. Bangarappa
3. Shri Ambati Brahmaniah
4. Shri Ram Rati Bind
5. Shri Bikram Keshari Deo
6. Shri Anant Gudhe
7. Shri Babubhai K. Katara
8. Shri P.R. Khunte
9. Shri P.R. Kyndiah
10. Shri Sis Ram Ola
11. Shri Shriniwas Patil
12. Shri Sunder Lal Patwa
13. Dr. Bikram Sarkar
14. Shri C. Sreenivasan
- *15. Shri Tarachand Sahu

SECRETARIAT

1. Shri John Joseph - Additional Secretary
2. Shri R.C. Ahuja - Joint Secretary
3. Shri Brahm Dutt - Director
4. Smt. Neera Singh - Under Secretary

* Nominated w.e.f. 22nd December, 2003 vide para No. 4340 of Bulletin Part-II dated 22nd December, 2003 vice Shri G. Mallikarajunappa died.

**FORTY-FIRST REPORT OF THE COMMITTEE ON PETITIONS
(THIRTEENTH LOK SABHA)**

INTRODUCTION

I, the Chairman, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Forty-first Report of the Committee to the House on the following matters:-

- (i) Petition requesting to revive Over-the-Counter Exchange of India (OTCEI), Mumbai.
- (ii) Representation regarding opening of new booking windows and provision of passenger amenities in Mumbai Suburban Railway Stations.
- (iii) Representation regarding improvement of railway facilities at Mandawali-Chander Vihar Railway Halt Station, East Delhi.
- (iv) Action taken by the Government on the recommendations made by the Committee on Petitions (Thirteenth Lok Sabha) in their Thirtieth Report on the petition requesting for setting up a CGHS Dispensary in Vasundhara Colony, Ghaziabad, Uttar Pradesh.
- (v) Petition requesting for removal of hurdles in completion of the Composite Cemetery in Mulund East, Mumbai.

2. The Committee considered and adopted the draft Forty-first Report at their sitting held on 22nd January, 2004.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;
ACHARIA**

BASUDEB

**Chair
man,**

22 January, 2004.
Petitions.
2 Magha, 1925(Saka)

Committee on

CHAPTER-I

PETITION REQUESTING TO REVIVE OVER-THE-COUNTER EXCHANGE OF INDIA (OTCEI), MUMBAI

1.1 On 14th December, 2000, Shri Kirit Somaiya, M.P. presented to Lok Sabha a petition signed by Sarvashri Vipul Modi and Bharat Kotecha of Mumbai regarding revival of Over-the Counter Exchange of India (OTCEI), Mumbai (See Appendix).

1.2 In the petition, the petitioners submitted the following points:-

- (i) The Government, Finance Ministry and its financial institutions like Unit Trust of India and ICICI took initiative and formed OTCEI in mid 1990s, 115 companies came out with public issues through this exchange. This was the only exchange where these companies were listed. Trading of these shares was possible on OTCEI of India only.
- (ii) More than 40 lakh small investors had invested in the public issues of these companies due to the faith in the government agencies and the Finance Ministry. The government institutions invested money in this exchange and encouraged these companies to come out with public issues and listed their securities on this exchange.
- (iii) Due to the total failure of OTCEI, for more than 3 years there was no trading on this Exchange. These listed companies were not listed anywhere in India. "Sauda" and transactions were possible on OTC exchange only. Hundreds of crores of rupees had been wasted by these government institutions. The objective to form this exchange was flopped.
- (iv) In spite of repeated requests and follow-up, no action by SEBI, Finance Ministry, OTC exchange, UTI and other founder

institutions was taken till date. National Stock Exchange had also withdrawn formally after trying to revive the OTC Exchange for two years. Now there is no hope for these small investors.

1.3 The petitioners, therefore, requested for intervention by the Committee and immediate action by the Union Government and the Finance Ministry in this regard.

1.4 The petition was referred to the Ministry of Finance (Department of Economic Affairs) on 15th December, 2000 for furnishing their comments on the various points raised in the petition. The Committee also took oral-evidence of the representatives of the Ministry of Finance (Department of Economic Affairs) on the issue at their sitting held on 14th January, 2002.

1.5 Giving a brief background about OTCEI, the Ministry of Finance (Department of Economic Affairs) in their written reply stated that:-

“Considering the need for a multi-tiered market for securities in the country and to enable small/start-up/medium companies with potentially viable greenfield ventures to obtain their capital requirements from investors at large, the OTC Exchange of India was formed on September 25, 1990 and the Exchange commenced its operation on 9th October, 1990. The OTCEI pioneered screen based fully automated trading system, which provided an alternative to the floor based trading system. The main objective of the Exchange was to promote and give a platform for small to medium cap companies to list their securities and help them to graduate to big bourses. So far 115 small to medium cap companies have raised equity to the extent of Rs.342.52 crore through this Exchange. Although total number of investors on the Exchange can not be identified exactly, the gross total folio number in all the 115 listed companies of the Exchange are less than 5 lakh. Since 1998, OTCEI has facilitated an order driven trading mechanism as is the case with any other stock exchange. Thus OTCEI has created the necessary platform to facilitate trading based on market demand and supply in the securities listed. However, poor investor interest in the companies listed on OTCEI has resulted in very low trading volumes and lack of adequate liquidity in these securities”.

1.6 The Ministry further added that:

“The Exchange is owned by the financial institutions (like UTI, ICICI, IDBI, SBI Capital Markets Ltd., Canbank Financial services Ltd. IFCI, LIC, GIC and its subsidiaries) who have subscribed to the Capital of the Exchange. The day to day affairs of the Exchange are looked after by the Managing Director under the control and superintendence of the Board of Directors. The Board consists of nominee Directors from the Promotional Institutions, Public Representatives, SEBI nominees and from the Member/Dealers of Exchange.”

1.7 Asked for the reasons for under-performance of OTCEI and steps taken for rectifying this situation, the Ministry of Finance (Department of Economic Affairs) vide their written reply (August, 2003) informed that the under-performance was due to the following major impediments/constraints:-

- “(i) **Deficient Technology:** The technology (INET pads) provided by Department of Telecommunication (DoT) was unreliable and inefficient for high-speed data transmission and continuous trading system (since replaced).
- (ii) **Compulsory Market Making:** The concept of compulsory market making for new issues seeking listing on OTCEI has failed to provide desired liquidity and proper valuation for securities. Apart from the obvious problems of lack of inventory and absence of funding facility faced by the market makers, the operational issues like inter-day short selling was a major deterrent in invigorating market making.
- (iii) **Quasi-Depository:** The Exchange was running its own depository, which operated in the absence of any legal laws on depository and the system was fraught with many legal and operational complications.
- (iv) **Initial Public Offer (IPO) norms:** SEBI Disclosure and Investor Protection (DIP) guidelines replaced OTCEI IPO norms, which were not suitable for small and medium companies. As a result, new IPO issues were hurdled and the Exchange could not attract

trading interest. The market fancied only large-capitalised stocks/highly liquid stocks.

- (v) **Lack of trading interest:** Inadequate floating stock, no short selling, strict DVP system of trade settlement (no netting) and other operational reasons have dissuaded trading and investment interest.
- (v) **Lack of liquidity:** Liquidity was a major impediment since market making, as an alternative trading mechanism was fraught with its own problems (e.g. inventory management, absence of line of credit and the like). Market Making could not develop efficient price discovery and hence Market Makers were in turn hit by high impact costs.
- (vi) **Lack of Institutional participation in trading**
- (vii) **Non-endorsement of vital recommendations of Dave Committee and Malegam Committee and the 9th Five-Year Plan:** The advocacies of these recommendations were very critical to the promotion of OTCEI.
- (viii) **Non-recognition of other OTC markets:** The OTC financial products like privately placed debt instruments, securitised products, etc. are not given adequate attention to establish transparent and authentic marketplaces.

1.8 As regards the steps taken to rectify the situation, the Ministry have stated that:-

“In 1997, the following remedial measures were taken:

- To address the connectivity issue, Very Small Aperture Terminal (VSAT) technology was adopted.
- The facility to trade in permitted securities (Highly liquid shares of the Stock Exchange, Mumbai (BSE) and National Stock Exchange (NSE) was provided to OTCEI Members/Dealers.
- A new fault tolerant hardware system (Stratus machine) was bought and software from Computer Maintenance Corporation (CMC) procured for the above purpose.
- Clearing and Settlement of trades arranged through National Securities Clearing Corporation Ltd. (NSCCL).

- Approval from RBI for trading in Subsidiary General Ledger (SGL) securities obtained.

In mid – 1998, as an informal arrangement, the management of the Exchange was handed over to NSE. NSE deputed one of their officers as the Managing Director of the Exchange. Deputy Managing Director of NSE joined the OTCEI Board and in-charge of NSCCL joined the Executive Committee. The following remedial measures were taken:

- Free connectivity provided to common NSE and OTCEI brokers (there are about 290 common NSE/OTCEI brokers).
- Counter Receipt mode of trading dispensed with on approval from Department of Company Affairs.
- Order driven trading mechanism on the lines of NSE introduced and short selling allowed.
- New hardware and software procured through NSE.
- Wholly owned subsidiary having membership of NSE became operational as a pass through vehicle. Brokers of OTCEI can trade on NSE through this company as a sub-broker.

Moreover, from time to time, the Exchange has offered various relief and concessions to members-dealers (brokers) to promote activations. In August, 2000, the Board had approved a comprehensive ‘Mission Activation’ campaign conferring all-out concessions to encourage trading activations, which was positively responded by the market and the Exchange witnessed an all-time highest activation.

1.9 Regarding the statement that NSE has formerly withdrawn after trying to revive the OTCEI for the last two years, the Ministry have informed that:-

“It is not a fact that NSE was formally trying to or has formally withdrawn from reviving OTCEI. NSE is not even a shareholder of OTCEI. At the request of the shareholders of OTCEI, NSE had deputed an officer to revamp systems and technology of OTCEI. After achieving the objective (revamping the system and technology), the officer has returned to NSE.”

1.10 They further added that:

“Moreover, OTCEI has now floated a subsidiary to acquire membership rights of NSE, after SEBI permitted small stock exchanges to promote/float a subsidiary company to acquire membership rights of other stock exchanges to improve trading volumes on small stock exchanges. It is understood that the subsidiary company of OTCEI is performing well. The exchange has formulated a new business revival plan which has been

considered by its board of directors. Some of the recent initiatives taken by the Exchange under this plan are:-

- (i) “Mission Activation” which addresses the impediments faced by the members/dealers in commencing their operations has been implemented. The most contentious issue of dues has been settled by way of waiver/deferment benefiting more than 800 members/dealers.
- (ii) Transfer of membership/dealership has been simplified.
- (iii) Listing and trading of privately placed debts is to commence shortly.
- (iv) The Exchange is also taking up with the companies listed in other Regional Exchanges for parallel listing/permitted to trade segment, so as to encourage small companies.
- (v) Trading time extended up to 7.30 p.m. (NSE/BSE/ other Exchanges have trading up to 3.30 p.m.) After hours session is scheduled to commence from 19th January, 2001.
- (vi) SEBI has been requested to dispense with the requirement of compulsory market making, so as to encourage small issues.
- (vii) It is proposed to reduce transaction charges.”

1.11 Asked about the business revival plan formulated by OTCEI and its effect, the Ministry in their written reply (August, 2003) stated as follows:-

“OTCEI Board had appointed a professional consultancy firm in 2002 to provide advice on Repositioning Alternatives for the exchange. In its report, the consultants have inter alia identified the following areas for development:

(i) To develop an OTC Corporate Debt Market

To develop OTC for essentially OTCEI needs a niche market considering its mandate and profile of its members-dealers. Whereas the developmental trends in the capital markets are oriented towards greater transparency and efficiency, the privately placed corporate debt market still operates in a secluded environment. With mobilizations reaching over Rs. 60,000 crore and secondary trading between 10,000 to 20,000 crores in a year, the telephone market needs a transparent and authentic platform in the overall interests of the orderly development of debt market.

The very nature of the product being over-the-counter type, OTCEI (being promoted to develop vibrant platforms for non-continuous products) could be the only Exchange to efficiently afford an economic platform.

(ii) To develop Single Call Auction Market (SCM)

To develop Single Call Auction Market (SCM) Mechanism for illiquid Scrips — Illiquidity in a huge number of scrips has adversely affected the Indian Capital Market. It has eroded capital and investor confidence. Small and medium investors have burnt their fingers and still carry such illiquid stocks in their portfolio. As on March 31, 2002 there were 9644 companies listed on Indian bourses. Out of these the number of active scrips, having consistent and considerable liquidity is limited to 100, which account for 99% of the national turnover. Even out of these active scrips, top 10 account for 80-85% of the national turnover. In a number of other scrips, trading is very infrequent and inconsistent and in almost 4000 scrips there are no trades reported.

By providing an alternative market mechanism like SCM, considerable liquidity can be provided to these scrips through geographical and time consolidation of orders.

(iii) Retail Debt Market for Government of India (GOI) securities

As a sub-strategy to the primary plan, the Exchange has also started a Retail Debt Market for GOI/State Government securities since January 16, 2003. But the response to this segment has not been encouraging.

(iv) Wholesale Debt Market

The exchange is planning to develop a 'Wholesale' debt market for reporting of trades in GOI securities, State Govt. securities and other listed debt instruments viz. bonds, debentures, Pass Through Certificate (PTCs) etc. This segment, when started will bring transparency in trades done by co-operative banks, provident funds, charitable institutions etc. As of now transactions in debt instruments undertaken by such entities go unreported thus posing inefficiencies of price discovery, market information, transparency etc. OTCEI envisages to provide these entities with an easily approachable and cost effective platform to report their trades."

1.12 As regards SEBI's response to the report on "Repositioning alternatives for OTCEI", the Ministry in their written reply informed as follows:-

“The recommendations of the Consultancy Firm Report on “Report on “Repositioning alternatives for OTCEI” have been examined by SEBI and have been further discussed in the Secondary Market Advisory Committee (SMAC) of the SEBI. The report deliberated on recommendations like enhancing the IPO limit from Rs. 3 crore to Rs. 10 crores, permitting trading in un-listed corporate debt at the OTCEI and the introduction of Single Call Auction Market mechanism. The proposal to raise the Initial Public Offers (IPOs) limit was internally examined by SEBI and it was decided that the proposal may not be considered for implementation. The proposal regarding trading in the privately placed corporate debt issues by un-listed companies was deliberated in details by the SMAC. Subsequently, SEBI, vide PR No. 21/2003 dated 16th January, 2003, had issued a Press Release highlighting the recommendations for the Committee which had recommended a regulatory framework for issuance and trading of all corporate debt securities, including those issued through private placement route. Subsequently, this proposal was approved by SEBI Board.

The proposal for introducing the Single Call Auction Market mechanism at OTCEI was also discussed by the SMAC, in its meeting held on 20th November, 2002. It was decided that OTCEI would be asked to submit a detailed proposal including the software capability to implement the scheme, risk containment measures, price discovery, implementation schedule, estimated investment, etc. Further to the same, OTCEI has submitted a revised proposal on the issue. The proposal from OTCEI is also being taken up for consideration in the forthcoming meeting of SMAC.”

1.13 Asked about the criteria laid down for listing companies in OTCEI, the Ministry of Finance (Department of Economic Affairs) in their written note informed that the Companies with Paid-up Capital of below Rs.3 crore can be listed and traded only on OTCEI even without the 3 year track record subject to fulfilling certain conditions. The Committees constituted to review the working and operations of OTCEI i.e. Dave Committee and Malegam Committee have revised IPO norms and recommended the revision of 3 crores limit for mandatory listing on OTCEI.

1.14 The following table shows yearly turnover of OTCEI since 1992-93:

1.15 The Committee were informed by the Ministry that since 1992-93, the exchange has been incurring losses except in 1995-96. However, since 2001-02, the losses have been reduced substantially and the Exchange has achieved surplus before depreciation. Though total accumulated losses are Rs. 43.92 crores, the OTCEI continues to have a positive net-worth of Rs. 35.38 crores. When asked about the reasons for jump in turnover to Rs.3,603.44 crore in 1999-2000 and suddenly its coming down to Rs. 124.79 crore in the year 2000-2001, during the evidence of the representatives of the Ministry of Finance, the witness replied:

“This was on the basis of permitted equity. The permitted equity in 1999-00 was Rs.3,602.27 crore whereas in some years it was a little above Rs.100 crore and in other years it was much less. But in the year 1999-00, there was a sudden jump.”

The Managing Director, OTCEI further added:-

“The turnover on the Exchange since the beginning has been consistently around Rs.200 crore. During 1999-2000, partly it was due to general upward trend in the market and partly because during 1998-99 we upgraded our systems and adopted the permitted securities model also on

our Exchange. The permitted securities model is nothing but a company which is listed on any other Exchange can be traded on any other Exchange under our present dispensation. So, it becomes like any other Exchange. Since, we have a large number of other shares also in addition to our own listed scrips, naturally the turnover was to go up as a result of adoption of the permitted scheme and upgradation of our technology. Besides, large institutional trades were also there, including some of our promoter institutions. That is how the turnover has gone up. But later on, in the subsequent years, possibly due to absence of institutional trades, that has come down.”

1.16 The Committee then desired to know the figures of listed security vis-à-vis permitted equity. In response, the witness informed:-

“The figure relating to the listed-security was negligible. The OTCEI-listed security was about less than Rs.5 crore. The major portion was from the permitted segment.”

He further added:

“The listed equity is Rs.1.17 crore. Permitted equity is to the extent of Rs.2.27 crore and the total is Rs.3.44 crore. The permitted segment has brought more turn-over. The trading turn-over in the listed segment has been declining over the year.”

1.17 The Committee desired to know about the Share Capital and accumulated losses of OTCEI. The witness replied:

“Originally, the total funding of the OTCEI was Rs.80 crore. Out of the sum of Rs.80 crore, Rs.10 crore is the capital contributed by 12 promoter-institutions. It is a fully Paid-up capital. Rs.70 crore has come by way of fee from the members/dealers, as admission fees, technology fees and all those things. The Share Capital is Rs.10 crore. The accumulated loss is Rs.40 crore so far. Out of the Rs.40 crore, the depreciation is Rs.18 crore and the balance of Rs.22 crore is the cash loss. The member fees had gone to the reserves.”

1.18 In their subsequent written reply the Ministry have stated that a substantial number of members-dealers (brokers) registered with the Exchange had sought

admission purely with an investment motive of resale. A majority of them have never deposited the Base Minimum Capital (BMC) with Exchange, thus the least required to activate their trading counters has also not been done by them.

1.19 The Committee pointed out that out of the 115 listed-companies, almost all the companies were either making loss or not trading at all. The share certificate were also not been sent to the small investors and the companies were not responding. Ultimately, many companies have disappeared. Asked about its reasons, the representative of the Ministry replied during evidence:

“I would submit that originally 115 companies got listed. The total fund raised by the companies through the public issues is Rs.237.80 crore. Two companies were de-listed so far. Presently, we have 113 companies listed. A number of companies have converted the counter receipt system into shares. Earlier, we were running our own depository. There was no depository law. As per the special circular of the Department of Company Affairs, it was made mandatory that counter receipts should be converted into shares. But, so far, 76 companies have converted it and the balance 37 companies have not yet responded. We have written to the Department of Company Affairs and others. We have also drawn the attention of the SEBI to this aspect. This is what we can do apart from issuing notices. At present, as per our records and depending upon the regular submission of returns regarding listing compliance standards, 23 companies are classified as non-operating companies. The total fund raised by non-operating companies is Rs.48.90 crore. Profit-making companies are 34 in number and dividend paying companies are 12”.

1.20 The Ministry of Finance, in their subsequent written reply further informed that:-

“In compliance with notification dated 6th January, 1999 of the Ministry of Law, Justice and Company Affairs, OTCEI discontinued trading in Counter Receipt mode effective 1st March, 1999 and all securities are now being traded either in physical share certificate or dematerialised mode only.

Subsequent to the aforesaid notification of Department of Company Affairs, 36 companies have not despatched the Share Certificates to

investors on conversion of Counter Receipts. Exchange has repeatedly taken-up the matter with these defaulting companies to expedite the dispatch of share certificates in lieu of counter-receipts. Help of SEBI has also been sought in this matter. The Registrar of Companies have also been approached for initiating action against these 36 companies who have not yet met with the Exchange's directive of conversion from Counter Receipt to Share Certificates in terms of aforesaid notification of Department of Company Affairs."

1.21 When the Committee enquired whether OTCEI will confine itself to the objective with which it was formed or will it diversify its activities, the witness replied:-

"I would submit that there are problems of the market itself in the sense that companies requiring Rs.3 crore capitalisation would be very few and far between 25 percent capitalisation would really not be very helpful. So, they have to look for a higher capitalisation. This is one issue. The other issue is that single line of transaction may not really be what would enable this particular platform to play its role. They are looking at other issues. The regulators would have to consider that. Then only a further view can be taken. At present it is true that out of 115 companies, only 113 are there. Of these, 34 are profit making companies and 12 are giving dividends. So, there is a positive note, even though this may be disappointing. One would have preferred all 115 were dividend paying companies. But there is a positive note that at least 12 are paying dividends and 34 are making profits. So, to some extent the venture has succeeded even though OTCEI has not succeeded fully. They have been making losses. Now, they are in the process of more or less breaking even. This seems to be the present scenario. One would have to see how things work out in the future before taking a final decision about whether to go and what other steps are required to be taken.

1.22 When pointed out that very few listed companies which give dividend, the witness agreed that dividend was very small.

1.23 When asked about how the promoters will make good of the losses of the small investors, the representative of the Ministry replied:-

"Sir, I would like to submit that there is a difficulty on that score. The OTCEI has not functioned exactly the way we had visualised it would. It

was presumed that there would be a market for small and medium companies which really has not taken place. So, the market making has to take place. If the market develops, then OTCEI has a future in the present line of business. Otherwise, it will have to diversify. On the question of protecting small investors, this is an issue which both OTCEI and the regulator are deeply concerned and they would have to address this question.”

1.24 When the Committee desired to know how the small investors can be protected, the witness stated as follows:-

“The NSE was set up by the very same sponsors. Most observers agree that, has been a successful experiment. ‘Successful’ is a relative term. This is another experiment. This has same set of sponsors, like UTI, IDBI, LIC and so on. I think it is a little harsh to say that the same sponsors in one case set up in institution which works well and in another case, because of various reasons, may be market design, the outcome has been less than satisfactory in terms of actual numbers on the ground. At this point of time, we get that sense from the discussion today as well as from the questions that have been submitted. To begin with, the exchange as we think about it is a self-regulating organisation. They themselves should think whether they can function in a way in which they can to a reasonable extent keep the investors interest in mind and not become a tool in the hands of such conniving and conspiring companies. But the Exchange should do that and we would request the exchange to do that. The regulator would again be requested. We in the Ministry would examine it in that light.”

Observations/Recommendations

1.25 The Committee are informed by the petitioners that the Government, the Ministry of Finance and its financial institutions like Unit Trust of India, ICICI, IDBI, SBI Capital Markets Ltd., Canbank Financial Services Ltd., IFCI, LIC, GIC and its subsidiaries took initiative and formed Over-the-Counter Exchange of India (OTCEI), on 25th September, 1990 and this Exchange commenced its operations on 9th October, 1990. 115 Companies came out with public issues through this Exchange. More than 40 lakh small investors invested in the public issues of these companies due to the faith in the Government agencies. These companies were listed only in this Exchange. However, due to the total failure of OTCEI, there was no trading on this Exchange for more than 3 years. Hundreds of crores of rupees had been wasted as the objective to form the OTC Exchange could not be achieved by the governmental bodies. SEBI, Ministry of Finance, OTC Exchange, UTI and other founder institutions ignored the need for effective management of OTCEI. Eventually, the small investors who had invested in the companies listed in this exchange were made hapless.

1.26 The Committee note that the main objective of the OTC Exchange was to promote and give a platform for small to medium cap companies to

list their securities and help them to graduate to big bourses. 115 small to medium cap companies had raised equity to the extent of Rs. 342.52 crore. The Committee, however, deeply regret to note that the motive of the OTCEI to impart liquidity to the small cap companies did not materialize and the investors poor interest in the companies listed on OTCEI has been given as the reason behind low trading and lack of adequate liquidity in these securities. The Committee are of the firm view that had timely and effective corrective action been taken by SEBI and other regulatory bodies, the OTCEI would have not met with its present fate.

1.27 The Committee note that the total fund raised by the 115 listed companies, through public issues is Rs. 237.80 crore. Out of these, two companies were de-listed. Thus, at present there are 113 companies listed. The Committee are surprised to note that the exchange was running its own depository, which operated in the absence of any depository law and the system was fraught with many legal and operational complications. Thus, as per the notification dated 6th January, 1999 of the Ministry of Law, Justice & Company Affairs, OTCEI discontinued trading the Counter Receipt mode effective from 1st March, 1999 and all securities are now being traded either in physical share certificate or dematerialised mode only.

1.28 The Committee are surprised to note that subsequent to the decision of the Department of Company Affairs, out of the 113 companies presently listed with OTCEI, 77 companies have converted their counter receipts into

shares. However, 36 companies have not dispatched the share certificates to investors.

1.29 The Committee regret to note that though the Exchange has repeatedly taken-up the matter with these defaulting companies to expedite the dispatch of share certificates and has also approached SEBI and the Registrar of Companies for initiating action against these 36 companies, nothing concrete has been done. The Committee take a serious note of the lenient approach being adopted by SEBI and the Registrar of Companies for not initiating any action against the 36 companies for undue delay in issuing share certificates in exchange of Counter Receipt to the small investors. The Committee strongly recommend to expeditiously initiate action against the defaulting 36 companies so that the small and medium investors get their share certificates. The progress made in this regard may be communicated to the Committee within three months.

1.30 The Committee express their deep concern over the under performance of OTCEI in the past years. The Committee note from the reply of the Ministry of Finance (Department of Economic Affairs) that major impediments/constraints in the performance of the OTC exchange were (i) deficient technology (INET pads) provided by Department of Telecommunications; (ii) Compulsory market making for new issues seeking listing on OTCEI; (iii) operation of its own Quasi-Depository in the absence of any legal laws on depository; (iv) replacement of OTCEI (IPO) norms in

place of SEBI (DIP) guidelines; (v) lack of trading interest, liquidity and institutional participation in trading, (vi) non-endorsement of vital recommendations of Dave Committee and Malegam Committee and the 9th Five-Year Plan, (vii) non-recognition of other OTC markets like privately placed debt instruments, securitised products etc.

1.31 The Committee have been apprised that to improve the performance of OTC Exchange, the Government have, from time to time taken the following remedial measures:-

- (i) The facility to trade in permitted securities (Highly Liquid shares of BST & NST) was provided to OTCEI members/dealers.
- (ii) A new fault tolerant hardware system was bought and software from Computer Maintenance Corporation (CMC) procured for the same.
- (iii) Clearing and settlement of trades were arranged through National Securities Clearing Corporation Ltd. (NSCCL).
- (iv) Approval from RBI for trading in Subsidiary General Ledger (SGL) securities was obtained.
- (v) Various concessions and relief were offered to member-dealers (brokers) to promote activation.
- (vi) 'Mission Activation' campaign was approved by the Board in August 2000.
- (vii) Transfer of membership/dealership has been simplified.
- (viii) Trading time was extended upto 7.30 pm. etc.

1.32 The Committee also note from the Ministry's reply that some of the other remedial measures like listing and trading of privately placed debt

instruments, parallel listing of companies listed in other Regional Exchanges, reduction of transaction charges compulsory market making etc. have also been proposed.

Also OTCEI Board had appointed a professional consulting firm in 2002 to provide advice on “Repositioning Alternative” for the Exchange and it submitted their study report.

1.33 The Committee are informed that the recommendations of the “Consultancy Firm’s Report” on “Repositioning Alternatives for OTCEI” have been examined by SEBI and further discussed in the Secondary Market Advisory Committee (SMAC) of the SEBI. In regard to the introduction of ‘Single Call Auction Market (SCM) Mechanism’ in OTCEI, SMAC decided in its meeting held on 20th November, 2002, to submit a detailed proposal. The revised proposal for introduction of ‘Single Call Auction Market (SCM)’ Mechanism at OTCEI has been submitted by OTCEI.

1.34 The Committee note that SEBI has been working out a scheme aiming at reviving the OTCEI by a mechanism of ‘call auction’. The Committee, trust that the ‘call auction’ method as a means of revival of this Exchange would achieve its goals and objectives in near future. The Committee also trust that the revitalization of the OTCEI should drive the Indian Corporate Sector to new heights by effective involvement of the small and medium investors who have invested in the illiquid stocks. The Committee, therefore,

recommend that timely decision should be taken in the matter for wholesome and efficient functioning of OTCEI by mobilizing the trading system.

1.35 In regard to implementation of a minimum Rs. 10 crore as IPO norm for the investing companies, the Committee note that while ‘Dave Committee’ and ‘Malegam Committee’ had revised Initial Public Offers (IPOs) norms and had recommended for the revision of the 3 crore limit for mandatory listing on OTCEI and the same was also recommended by a professional consultancy firm appointed by OTCEI Board while providing advice on ‘Repositioning Alternatives for OTCEI’, however, the same was not considered for implementation by SEBI.

1.36 The Committee feel that keeping in view the recommendations given by the Committees constituted to review the working and operations of OTCEI, for raising the mandatory limit of Rs. 3 crore to a minimum of Rs. 10 crore for listing of all IPOs on OTCEI, SEBI should review its decision in order to yield effective results from OTCEI and in return help the small investors who have invested in the companies listed in OTCEI. The Committee, therefore, recommend that the Ministry should take a positive view of the issue and expedite the matter with SEBI for early decision on the proposals which are pending for consideration by SMAC alongwith reconsideration of revision of IPO limit to a minimum of Rs. 10 crore.

1.37 The Committee strongly recommend that the Government after considering the identified lacuna in the operations of OTCEI and the steps

initiated for remedial measures, would periodically review the revival of OTCEI with a view to achieve the basic objective for which the OTCEI was set up particularly to protect the interests of small investors across the country.

CHAPTER-II

REPRESENTATION REGARDING OPENING OF NEW BOOKING WINDOWS AND PROVISION OF PASSENGER AMENITIES IN MUMBAI SUBURBAN RAILWAY STATIONS.

2.1 Shri Madhu Kotiyan r/o 4/20, Shribas Baikunth Cooperative Society, Nahar Gaon and Shri Chandresh Thakkar, r/o Ram Kunj, 3-4, Opposite Bhagwati Hospital, M.G. Road, Mulund (West), Mumbai submitted a representation on behalf of the Mumbai Railway Pravasi Sangh regarding opening of new booking windows and provision of passenger amenities in Mumbai Suburban Railway stations. Shri Kirit Somaiya, M.P. forwarded their representation for consideration of the Committee on Petitions.

2.2 The petitioners in their representation inter-alia stated that around 10 lakh railway passengers commute daily from the Suburban Railway Stations in Kurla-Mankhurd and Kurla-Mulund sections. About 50,000 tickets are sold from each of the Suburban Railway Stations daily. The passengers from these rail sections face lot of difficulty in purchasing the tickets due to inadequate ticket booking windows; absenteeism of booking staff and default in the Coupon Validating machines at the railway stations. Due to limited booking windows, the passengers have to wait 40 to 80 minutes to purchase local railway tickets. Particularly on week-ends and public holidays, the waiting period in Mulund, Bhandup, Ghatkopar and Kurla Stations is above 40 minutes which creates lot of hardship to the women, children and senior citizens. The travel time in Suburban Railways is

about 10 to 30 minutes but the time in purchasing the 'Tickets' exceeds the travel time.

The petitioners also stated that in spite of their repeated requests to the Railway authorities in past 3 years, the problems faced by the passengers in purchase of 'Rail Tickets' have not been resolved by Central/Western Railways.

2.3 The petitioners therefore, requested to instruct Railway authorities to ensure efficient management of Ticket Booking Windows by opening of new booking windows and deputing adequate number of personnel at the ticket windows. It was also requested by them that modern techniques should be utilized for sale/purchase of 'Tickets' at the Mumbai Suburban Railway Stations and the Coupon Validating Machines be kept functional for use of the passengers.

2.4 The Ministry of Railways (Railway Board) were requested on 12th March, 2003 to furnish their comments on the points raised in the representation. The Committee also decided to undertake an on-the-spot study visit to Mumbai to gather first hand information in the matter. Accordingly, the Committee visited Mumbai on 30th May, 2003 and held discussions with the petitioners and the officials of the Central and Western Railways.

2.5 During the on-the-spot study visit; the petitioners accompanied by Shri Kirit Somaiya, MP informed that they had conducted a survey at Kurla, Vidhya Vihar, Ghatkopar, Vikhroli, Kanjurmarg, Bhandup, Mulund, Tilak Nagar, Chembur, Govandi and Mankurd Suburban Railway Stations in Mumbai. The petitioners made the following submissions before the Committee:-

- (i) About 10 lakh passengers of 10 suburbs travel through the Railways from Kurla to Mankhurd and Kurla to Mulund in Mumbai.
- (ii) There are about 6-8 booking windows on each railway station and about 15,000-20,000 passengers purchase tickets at each station. However, few booking windows are opened. At times passengers have to stand in queue for 40-50 minutes. The position on holidays, Saturdays and Sundays becomes worse.
- (iii) Coupon Validating Machines installed at Railway Stations are not working.
- (iv) Absenteeism of staff is very high and it adds to the problems of passengers.
- (v) There are no separate counters for ladies and senior citizens.
- (vi) There is a lack of sanitation and on some stations there is encroachment blocking the passage to entrance/exit.

2.6 Considering the hardships to the passengers, the petitioners placed the following demands:-

- (i) Adequate number of ticket windows should be opened at all Mumbai Sub-urban Railway Stations.
- (ii) Railways should prepare a futuristic plan for upgrading the infrastructure/passenger amenities.
- (iii) There should be separate counters for ladies/senior citizens/handicapped.
- (iv) There should be proper maintenance for Coupon Validating Machines.
- (v) Proper drinking water, sanitation, toilet facilities, announcement system/music system should be provided at all Railway Stations.
- (vi) Tickets should be made available through Automatic Teller Machines (ATMs) and suburb ticketing should be linked to Computerized Reservation System.
- (vii) Extension Counters for renewal of seasonal tickets/passes should be opened.
- (viii) First aid facilities and properly maintained morgue be provided.
- (ix) There should be adequate arrangements for security/police post at all Railway Stations. The number of police personnel at each station may be raised from 2 to 4 at present to 10.
- (x) Railway coaches may be redesigned by reducing seating capacity by 20%. This will increase standing capacity by 30-40%.

- (xi) Computerized Seasonal Ticket Windows may be set up at Kanjurmarg, Vidya Vihar and Tilak Nagar. Also, Public Reservation System may be provided at Bhandup and Mankhurd.

2.7 During the study tour, the officials of the Central and Western Railways briefed the Committee about railway network in Mumbai. In regard to the difficulties mentioned by petitioners, the officials of the Central/Western Railways informed the following position:-

- (i) There are 244 Coupon Validating Machines. Out of these 144 are of “Kaizen” make and 100 of “Divya” make. So far “Divya” has been maintaining both types of machines. Now, it has been decided to ask the respective manufacturers to maintain their machines.
- (ii) New types of machines are under testing/evaluation.
- (iii) Tie-up is being explored with Automatic Teller Machine (ATM) service providers for issue of tickets.
- (iv) For Saturdays and Sundays option of staff is being taken to work on honorarium so that additional windows are opened on these days to meet the requirement.
- (v) There is a plan to introduce smart card for purchasing tickets like the petro-card.
- (vi) There are a large number of vacancies. 167 persons are under suspension. Due to some court judgement, the recruitment process was stopped for 8 months. This has now been initiated.
- (vii) A proper survey would be made to examine the present and future requirements of passengers at all Suburban Railway Stations.
- (viii) In addition to maintenance of existing passenger amenities, Rs. 7 to 8 crore is spent annually on upgrading passenger amenities in Mumbai.

2.8 The Committee, thereafter, took oral-evidence of the representatives of the Ministry of Railways (Railway Board) on 30th September, 2003. During the

evidence, the Committee desired to know as to whether Central and Western Railways had prepared any futuristic plan to effectively provide all the passenger amenities in suburban Railway Stations in Mumbai, particularly, at Kurla-Mankhurd and Kurla-Mulund sections. The Member (Traffic), Railway Board stated that:-

“Two DRMs, that is, the DRM CSTM on Central Railway and the DRM, Mumbai Central on Western Railway, they alongwith their officers are regularly making reviews to find out the growth of traffic at various stations on the two suburban systems because with the expansion of the Mumbai metropolis, the population pressure towards North Mumbai is growing. So, the traffic is growing towards Virar or towards Thane-Kalyan side on the two railway systems. So, one thing is that they have been asked to make efforts to open additional windows within their available manpower resources to the extent possible by redeploying the staff.

There are some staff who are doing basically backend support services like preparation of returns, and all that which are not the activities to be performed everyday. So, we have given instructions that they should see that whatever staff is available including Supervisors, they should step in at the peak time. They should open extra windows and satisfy the passengers so that waiting time is at least reduced, if it cannot be brought to the ideal level. On Central railway, of course, I am not satisfied with the progress. They have managed to open five windows. Western railway had done a slightly better job. They have opened about 45 extra windows. So, the problem has been largely taken care of in Western railway.

He added that:-

“Since almost 75 per cent to 78 per cent of the passengers travel on the season tickets, so we are trying to introduce ATMs. So, the Central Railway have introduced one ATM at CSTM operated by the State Bank of India, and on the Western railway, they have negotiated with the several banks for introduction of about 35 ATMs at 15 locations in the Western Suburban system. The ATMs have been installed. This has been done in

order to enable them to issue season tickets. We have sought the permission from the Reserve Bank of India. There are some conditionality to that. I understand from my officers that within a short period, the permission from the Reserve Bank of India may be available. Once that is available, the banks that have installed the ATMs, we will give them the software and Monthly Season Tickets (MSTs) will get issued.”

2.9 The following table shows the actual number of Ticket Booking Windows operating at the Mumbai Suburban Railway Stations:-

S.No.	Railway Station	Number of Ticket Booking Windows
1.	Ghatkopar	16
2.	Kurla	14
3.	Bhandup	9
4.	Kanjur Marg	4
5.	Vikhroli	8
6.	Vidya Vihar	4
7.	Mankhurd	7
8.	Chembur	6
9.	Tilak Nagar	3
10.	Govandi	6
11.	Mulund	14
	Total	91

The Ministry of Railways (Railway Board) informed in a note that out of the 11 stations, 9 stations have fully operational ticket windows. The Booking Windows in Suburban Sections are operated as per the traffic requirements and flow of passengers in peak and non-peak periods. Due to this special feature of suburban traffic, all the Ticket Booking Windows are not made operational in all the shifts.

2.10 On the question of the measures taken to upgrade and facilitate quick Ticket Booking System in the Mumbai Suburban Railway Stations; the Ministry in their note informed that additional Ticket Booking Windows had been opened in 2002-2003 as follows:-

S. No.	Name of the station	Number of additional windows
1.	Tilak Nagar	1 Card Ticket Window
2.	Vidya Vihar	1 Card Ticket Window
3.	Vikhroli	1 Computerized Ticket Window
4.	Titwala	1 Card Ticket Window
5.	Chembur	1 Season Ticket Window

The Ministry of Railways (Railway Board) also informed that the following additional measures have been taken for the benefit of the passengers:-

- (i) Booking offices near the Foot-Over-Bridges have been planned at Govandi and Vangani;
- (ii) Proposal for additional Computerized Ticket Vending Machines is under process;

- (iii) Mumbai Division of Central Railway have installed 244 Coupon Validating Machines (CVMs). The maintenance of CVMs was a problem area but position has since improved. A new rugged type of Coupon Validating Machine has been developed and is under trial at Kurla, Thane, Mumbai (CST) and Bandra;
- (iv) Issue of season tickets through ATM of a bank has also been started at Chhatrapati Shivaji Terminus. Also in association with Union Bank, Coin Vending Machines have been installed at Chhatrapati Shivaji Terminus (CST) and Dadar so that the passengers can exchange currency notes for coins;
- (v) A Coin Operated Platform Ticket Vending Machine has been installed at Chhatrapati Shivaji terminus from 15th August, 2003 so that passengers wanting to buy platform tickets do not have to go to the regular ticket window;
- (vi) Total 34 stations have been computerized in respect of issue of season tickets on Mumbai Suburban Sections; and
- (vii) The facility of Smart Card based Self Service Ticket Vending Machines is at present available at Mumbai CST, Dadar, Ghatkopar, Thane and Kalyan Stations. This facility has not been extended further as the utility of the system is yet to be fully established.

2.11 On a query regarding the availability of adequate ticket booking personnel at Mumbai Suburban Railway Stations; the Ministry of Railways (Railway Board) in their note informed the following position:-

Railway	Sanctioned strength	Actual strength
Central	1820	1623
Western	1542	1416

The Ministry also informed that, the Railway Recruitment Board (RRB), Mumbai, has been making recruitments, in the categories of Commercial Clerk,

Enquiry-cum-Reservation Clerk and Ticket Collector. The RRB has recently made available a panel of 77 candidates belonging to different commercial categories in 2003. RRB, Mumbai has also issued another Employment Notice in June, 2003 for 265 posts in these categories.

2.12 On the question of attendance of the Railway staff deployed at the Ticket Windows; the Ministry of Railways (Railway Board) stated that regular inspections at the level of officers and senior supervisors are conducted to ensure smooth, coordinating and efficient functioning of the Ticket Booking Windows. The defaulting staff is suitably/severely taken up to ensure the quality of service to the passengers.

2.13 Regarding the safety of railway passengers who are handicapped, women, senior citizens and children, the Ministry of Railways informed that for the safety and convenience of such passengers, separate compartments are provided for women and handicapped persons. Some seats have also been earmarked for the exclusive use of senior citizens. To ensure safety of women, Surakshini Squad consisting of Lady Ticket Collector and Lady RPF Constables travel in Ladies Compartments.

2.14 Asked about the annual budget for providing passenger amenities at the Mumbai Suburban Railway Stations, the Ministry of Railways (Railway Board) in their note stated that:-

“Total allotment for Mumbai Divisions of Central and Western Railways under Plan Head “Passenger Amenities” is Rs. 19.31 crore for the year

2003-2004. The funds allotted over the years have been sufficient to meet the expenditure on the targeted works. Moreover, apart from funds under Plan Head "Passenger Amenities" works of providing amenities to passenger are also undertaken through other Plan Heads, e.g. Computerized Passenger Reservation and Interactive Voice Response Systems under Computerization Plan Head, provision of first Foot-Over Bridge, extension of platform as a part of remodeling of stations under "Traffic Facilitates Plan Head" and various miscellaneous works which are ancillary to major projects. Apart from this, maintenance work relating to Passenger Amenities is also carried out through the normal revenue expenditure of the Railways."

2.15 Inquired about the measures taken by the Railways to ensure basic amenities like toilets and drinking water in the Mumbai Suburban Railway Stations, the Ministry of Railways (Railway Board) informed in their note that:-

"Amenities like toilets and drinking water are provided at the time of construction of new stations based on anticipated traffic. Amenities are further augmented from time to time based on the needs and expectations of the traveling public. Review of existing passenger amenities at stations including suburban stations is done annually over all Zonal Railways and data of the same is maintained/updated in computerized form. Every year deficiencies in existing passenger amenities at stations, required augmentation of passenger amenities due to growth in passenger traffic are identified and prioritized. Regarding drinking water, it is ensured that water supply for drinking at stations is potable. Periodical checks on quantity of water are conducted by Health Department. Apart, packaged drinking water in bottles are also available at Railway Stations.

Availability of various amenities are inspected by the officers of Zonal Railways at various levels during their inspection, deficiencies observed, if any, are rectified."

2.16 On being pointed out by the Committee that the problems being faced by the passengers of Mumbai Suburban Railways Stations, should be solved by providing adequate passenger amenities and timely completion of the projects in

hand of Railways, the Member (Traffic), Railway Board assured the Committee during the evidence as follows:-

“I will discuss with my colleagues, Board members and we will try to evolve a better monitoring mechanism. In my field visits when I go as a Board member to zonal railways next time to Mumbai, I would personally call a meeting and see that things move in a smoother and faster way. I will take up the entire matter personally.”

OBSERVATIONS/RECOMMENDATIONS

2.17 From the examination of the representation relating to passenger amenities in Suburban Railway Stations the Committee find that the Mumbai Suburban Railway System plays a distinguished role in catering to a large number of daily passengers in Mumbai. Majority of the office goers and working class in Mumbai depend upon this system as it provides an efficient and reliable transport service. Given the geographical spread of the population and location of business working/office areas, the rail network continues to be the principal mode of mass transport in Mumbai. As agreed to by the Railways, the Committee would like Western and Central Railways to undertake a study of adequacy of passenger amenities, booking windows, rail routes in entire Mumbai Suburban Railway network to meet the present and future requirements of the passengers.

2.18 The main contention of the petitioners who are the representatives of the Mumbai Railway Pravasi Sangh is that around 10 lakh railway passengers commute daily from the Suburban Railway Stations in Kurla-Mankhurd and Kurla-Mulund sections in Mumbai and about 50,000 tickets are sold at each of these suburban Railway stations daily. However, the passengers from these rail sections face lot of difficulty in purchasing the tickets due to inadequate ticket booking windows; absenteeism of booking

staff and default in the Coupon Validating Machines at the railway stations. Due to limited booking windows, the passengers have to wait for long to purchase local railway tickets. Particularly on week-ends and public holidays, the waiting period in Mulund, Bhandup, Ghatkopar and Kurla Stations is above 40 minutes which creates a lot of hardship to women, children and senior citizens. They have, therefore, requested for providing adequate number of Ticket Booking Windows in Mumbai Suburban railway stations, utilization of the modern technology in ticket handling , proper upkeep of the Coupon Validating Machines and ensuring efficient management of the sale of the Railway Tickets so as to facilitate the daily passengers, particularly, from Kurla-Mankhurd and Kurla-Mulund rail sections.

2.19 In regard to the handling of the ticketing works and providing other essential passenger amenities in the Mumbai Suburban Railway Stations, the Ministry of Railways (Railway Board) have informed the Committee that the following steps have been initiated/taken by Central and Western Railways:-

- (i) Booking offices near the Foot-Over-Bridges have been planned at Govandi and Vangani;
- (ii) Proposal for additional Computerized Ticket Vending Machines is under process;
- (iii) Mumbai Division of Central Railway have installed 244 Coupon Validating Machines (CVMs). The maintenance of CVMs was a problem area but position has since improved. A new rugged type of Coupon Validating Machine has been developed and is under trial at Kurla, Thane, Mumbai (CST) & Bandra;
- (iv) Issue of season tickets through ATM of a bank has also been started at Chhatrapati Shivaji Terminus. Also in association with Union Bank, Coin Vending Machines have been installed

- at Chhatrapati Shivaji Terminus (CST) and Dadar so that the passengers can exchange currency notes for coins;
- (v) A Coin Operated Platform Ticket Vending Machine has been installed at Chhatrapati Shivaji terminus from 15th August, 2003 so that passengers wanting to buy platform tickets do not have to go to the regular ticket window;
 - (vi) Total 34 stations have been computerized in respect of issue of season tickets on Mumbai Suburban Sections.
 - (vii) The facility of Smart Card based Self Service Ticket Vending Machines is at present available at Mumbai CST, Dadar, Ghatkopar, Thane and Kalyan Stations. This facility has not been extended further as the utility of the system is yet to be fully established; and
 - (viii) Deployment of additional staff at ticket windows on holidays.

From the steps initiated by the Railways as stated above, the Committee find that many steps are under trial/and on experimental basis. The Committee, therefore, recommend that based on the requirements, the Railways should take final decisions in regard to use of advanced technology like ticketing through ATM, advanced CVMs and through fully computerized system.

2.20 The Committee have been informed by the Ministry of Railways that sufficient funds are allotted over the years to meet the expenditure on the targeted works for passenger facilities under Plan Head “Passenger Amenities” for utilization by the Railways. Apart from funds under Plan Head “Passenger Amenities”, works of providing amenities to passengers are also undertaken through other Plan Heads, e.g. Computerized Passenger Reservation and Interactive Voice Response Systems under Computerization Plan Head, provision of first Foot-Over Bridge, extension of platform as a

part of remodelling of Railway Stations under “Traffic Facilities Plan Head” and various miscellaneous works which are ancillary to major projects. In addition, the maintenance works on various Passenger Amenities are carried out through the normal revenue expenditure of the Railways. Keeping in view the ever increasing passenger traffic in Mumbai including sub-urban areas, the Committee recommend that all the pending /in hand projects and proposals under consideration should be completed in a time bound manner. The Committee trust that the various passenger amenities works including steps for reducing the time in purchase of tickets and introduction of latest technology for issue of tickets in all stations of the Kurla-Mankhurd and Kurla-Mulund rail sections will also be satisfactorily accomplished at an early date. The Committee would like to be apprised about the concrete action taken in this regard.

2.21 The Committee note that 91 Ticket Booking Windows are in operation in Ghatkopar, Kurla, Bhandup, Kanjur Marg, Vikhroli, Vidya Vihar, Mankhurd, Chembur, Tilak Nagar, Govandi and Mulund Railway Stations. Out of the 11 stations, 9 stations have fully operational ticket windows. The Committee also note that the Booking Windows in Suburban Sections are operated by the Railways as per the traffic requirements and flow of passengers in peak and non-peak periods. All the Ticket Booking Windows are not made operational all the time in the suburban railway stations. The Committee recommend that a comprehensive survey be

conducted by the Railways so as to ascertain the time taken in the purchase of the Railway tickets in the Mumbai Suburban Railway Stations with a view to find specific solutions for the convenience for the daily commuters.

2.22 Admittedly, there is a high rate of absenteeism in the staff deployed at Ticket Windows at Suburban Railway Stations. This may be due to leave by the staff or some staff may be missing from the windows during duty hours. The Committee, therefore, recommend that Railways should have a system of regular and surprise inspections by the senior officers and supervisors to check the defaulting staff. Besides, feasibility should be explored for introduction of CCTV system to ensure the quality of service provided to the passengers.

2.23 The Committee find that there are a large number of vacant posts in Central and Western Railways. The Committee are informed that the Railway Recruitment Board (RRB), Mumbai, has been making recruitments, in the categories of Commercial Clerk, Enquiry-cum-Reservation Clerk and Ticket Collector. The RRB has recently made available a panel of 77 candidates belonging to different commercial categories in 2003. RRB, Mumbai has also issued another Employment Notice in June, 2003 for 265 posts in these categories. The Committee recommend that the required number of personnel be recruited and deployed by the Railways in a time bound manner. Needless to emphasise, proper training should also be imparted to the newly recruited personnel.

2.24 On the question of safety of women, children and senior citizens utilizing the Mumbai Suburban Railways, the Committee have been informed that separate compartments are provided for women and handicapped persons and some seats have also been earmarked for the exclusive use of senior citizens. Also, to ensure safety of women, Surakshini Squad consisting of Lady Ticket Collector and Lady RPF Constables travel in Ladies Compartment. The Committee, however, express serious concern over incidents of roughing up of lady passengers in trains which came to the fore through media reports and recommend that effective steps be taken to prevent such incidents. Besides separate ladies queues be maintained at the Ticket Booking Windows.

2.25 During the course of evidence, the Member Traffic, Railway Board, assured the Committee that on the problems being faced by the passengers, particularly of Mumbai Suburban Railways Stations, the Railway Board would try to evolve a better monitoring mechanism and see that things moved in a smoother and faster way. The Committee trust that concerted efforts would be made to meet the demands of the passengers and periodic reviews would be held at the highest level in the Railways to improve the quality of service.

2.26 There are other demands of passengers like removal of encroachments, better maintenance of morgue, provision of announcement system, first aid, etc. The Committee would like the Railways to review the present facilities at all sub-urban railway stations with a view to take corrective measures, wherever necessary. The Committee would await specific action taken in this regard.

CHAPTER-III

REPRESENTATION REGARDING IMPROVEMENT OF RAILWAY FACILITIES AT MANDAWALI-CHANDER VIHAR RAILWAY HALT STATION, EAST DELHI.

3.1 Shri Lal Bihari Tiwari, M.P. forwarded a representation signed by Shri Alokesh Sil, R/o A-530, Indra Marg, Mandawali Fazalpur, Delhi-110092 regarding improvement of railway facilities at Mandawali-Chander Vihar Railway Halt Station, East Delhi.

3.2 In the representation, the petitioner inter-alia submitted the daily train commuters of Mandawali and other adjoining areas in East Delhi have been facing great inconveniences/difficulties due to inadequate passenger amenities at Chander Vihar Railway Halt Station, East Delhi. Some of the difficulties listed in the representation were low-level platform at halt station; no cover shed on the platform; inadequate light arrangement on the platform, absence of basic passenger amenities etc. The petitioners further stated that the number of trains, which have stoppage at this Railway Halt Station is very few as compared to the daily commuters mostly office-goers who board trains from this Halt station. The adjoining areas of this Halt Station is densely populated and mostly people belonging to lower income categories reside in this area and travel by trains has been an economical and speedy means of transport for the residents but there are no passenger facilities. The lady passengers do not get proper sitting arrangements in the platform as well as the trains. Even, the basic need for a

separate ladies wash room had not been provided by the Northern Railways. Due to the existence of a Rail Level Platform in this Station and short-time of stoppage of the trains the commuters are compelled to entrain or detrain hurriedly, which has led to frequent incidents of accidental deaths or serious injuries to passengers. Also, the approach road for this station has not been maintained/ repaired and during the rainy season the narrow lane of the approach road get clogged creating more inconvenience to the passengers.

3.3 The petitioners, therefore, sought the intervention of the Committee on Petitions to urge the Railway Authorities to solve the inconveniences being faced at present by the passengers at Mandawali-Chander Vihar Halt.

3.4 The Ministry of Railways (Railway Board) were requested to furnish their comments on the points raised in the representation. In response, the Ministry of Railways (Railway Board) submitted (December, 2002) the following position:-

“Low level of platform

Mandawali Chander Vihar is a Halt Station which falls in ‘F’ Category and as per the laid down norms of Minimum Essential Amenities, ‘Rail Level’ platform is considered adequate for ‘F’ category stations. Accordingly, Rail Level platform has been provided at this station.

No cover shed over platforms.

Cover over platform is not an Essential Amenity on ‘F’ category stations as per the laid down norms and hence, not considered necessary.

Poor lighting arrangement at station.

At present it is not possible to provide electricity connection at Mandawali Chander Vihar halt station as electric connection has not been sanctioned by the power supply authority. However, with the persistent chasing with M/s BSES/Delhi, they have agreed to release the electric connection. It is now expected that this Halt station will be electrified by 31.03.2003.

Stoppage of all Electrified Multiple Unit (EMU) trains/more trains.

At present, 2 pairs of passenger trains are stopping at Mandawali Chander Vihar Halt station. These are considered adequate for the present level of traffic offering at this station. Stoppage of additional trains including EMUs is not feasible due to operational constraints.

Accommodation for lady passengers.

The Accommodation in a train is open to all passengers and the availability depends upon passenger traffic. Also, separate accommodation is earmarked for lady passengers in a train based on the assessment of passenger traffic.

Poor maintenance of approach road.

Cemented road exists from Civil Road to station and is properly maintained. Water does not get stagnated in Railway approach road.”

3.5 The Committee, thereafter, held discussions with the petitioners at their sitting held on 5th January, 2004. The petitioners submitted before the Committee the difficulties and inconveniences faced by the daily commuters from the Mandawali Chander Vihar Railway Halt Station. They stated that the two up and down trains available at this Railway Halt have a stoppage time of 30 seconds and the rail platform level is very low which causes lot of difficulty to entrain and get down from the trains to women, children and senior citizens. At the time of commissioning this Halt Station in 2001, the Railway Authorities had been requested to keep at least one minute stoppage time of the trains at this Station and this had been accepted by the Railways, however, it has not yet been implemented. About 1000 commuters up-down from Mandawali- Chander Vihar Station daily. Since the two trains, presently, halting at the Station arrive already

fully occupied by passengers, the passengers at this Station rush to reach the train compartments within the stoppage time of just 30 seconds.

3.6 As regards the essential passenger amenities, the petitioners submitted that the Station do not have the passenger amenities like covered shed, electricity/lighting arrangements, drinking water, toilets, foot over bridge etc. and the approach road claimed to be of 8 metre width by the Railways had been constructed much before the establishing the Mandawali-Chander Vihar Halt Station. In the course of time, the road has been encroached by vegetable vendors and slum dwellers. Moreover, the approach road has not been properly maintained either by the Railways or the Municipal Corporation of Delhi (MCD) as both these authorities do not take its responsibility.

3.7 The petitioners also submitted that the Anand Vihar Halt Station only about 4 Kms. ahead of the Mandawali-Chander Vihar Halt has been provided with all the essential and required passenger amenities including High Level Platform. Another, Halt Station in Chander Nagar about 1 Km. ahead of Anand Vihar Halt had also been provided with full-fledged facilities as the occupants of Anand Vihar were mostly retired/serving Railway employees . However, the Mandawali-Chander Vihar Halt in the same rail section is completely deprived of similar passenger amenities.

3.8 The petitioners, then requested that the Mandawali-Chander Vihar Station should be upgraded and provided with all passenger amenities such as High Level Platform, Foot-over- bridge (FOB), toilets, covered shed, and potable tap water

from the Municipal Corporation of Delhi as the under ground in the area is contaminated. The petitioners further stated that with the raising of the platform level stoppage of other EMU and MEMU trains could be facilitated for the facility of the passengers, thereby, increasing the revenue of the Railways.

3.9 The Committee also took evidence of the representatives of the Ministry of Railways (Railway Board) on 5th January, 2004. The Committee desired to know the financial implications of provisioning a High Level Platform, FOB, shed, lavatories, potable water etc. at the Mandawali-Chander Vihar Halt Station.

A representative of the Ministry of Railways (Railway Board) stated that :-

“There is a lot of demand. We have classified the requirements as basic minimum essential and then further desirable. Under the minimum essential thing, which we have to provide in any case, a rail level platform is required. Now every year, we are spending about Rs. 200 crore for these facilities. We are upgrading that amount for all the stations. We received Rs.205 crore for 2003-2004, the current year. For Northern Railway it is Rs. 26 crore. Both the platforms at Mandawali-Chander Vihar Halt Station have to be raised. They are at a very high level. Once we raise the platform, a foot overbridge will also be required. Everything put together, it will require a minimum of Rs. 55 lakh.”

3.10 The Committee pointed out that the requirements at this Halt Station viz. raising the platform level, and construction of the FOB at this Station were genuine considering the demands of the residents of Manawali, Khichripur, Patparganj areas in East Delhi, a representative of the Ministry of Railways stated that:

“We will examine it keeping the priority of so many other stations. In the Indian Railways we have 1502 F Class stations. We have to keep the demands of all the stations in view.....We will include this work in our yearly programme. We spend between 200 to 205 crore of rupees every year. As per priority and as per demand we will consider this.”

3.11 In a subsequent written note, the Ministry submitted that Mandawali Chander Vihar Station was commissioned on 7th March, 2001 as a 'F' category station and presently, 366 passenger are handled per day with a maximum at any time being 110. The annual passenger earnings of the station is Rs. 4 lakh.

Following Amenities has been provided at this station:-

S.No.	Facilities	Amenities required as per norms	Amenity Existing	Shortfall, if any	Remarks
1.	Booking Facility	1	1	Nil	-
2.	Waiting hall/shed	10 sqm	23.22 sqm	Nil	-
3.	Drinking water	1 Hand pump at station	Nil	1 Hand pump	Being provided. Target by 31.1.04
4.	Seating arrangement	Nil	32 seats	Nil	-
5.	Platform shelter/shady trees	Shady trees	Nil	Shady trees	Platform shelter of 100 sqm, (50 sqm. on each Platform) being provided. Target by 30.3.04
6.	Platform Level	Rail Level	Rail Level	Nil	-

3.12 Asked to introduce MEMU trains and additional trains on the Mandawali-Chander Vihar Halt for use of , specially, the office-goers and small businessmen/workers, the representative of the Ministry stated during evidence as follows:-

“So far as the traffic is concerned ,I have checked up. These two pairs of trains which are stopping at this station have been timed in a manner that it is very convenient for the office-goers. ...The platform is rail-level at the moment. That is why we have chosen these conventional trains with the footboard facilities.”

3.13 In their written note, the Ministry submitted that introduction of new trains on Indian Railways is an ongoing process subject to traffic pattern, operational feasibility and availability of resources. At present, 13 services were already running in clock-wise and anti-clockwise directions passing over Delhi avoiding line which is wrongly stated in common language as ‘Ring Railway’ because it is a corridor for freight movement to avoid Delhi and New Delhi Railway stations. These services which were running on ‘Ring Railway’ are not fully patronized because geographical spread of Delhi is such that Ring Railway services are not very convenient for commuters. In view of this, Government has taken a decision to plan Metro service in Delhi for which work is going on.

3.14 Asked whether there was a proposal to link the Mandawali-Chander Vihar Station with the on-going Vihar Station with the on-going Delhi Metro Rail Project, the Ministry of Railways (Railway Board) informed in their note that there was no such proposal.

3.15 Asked about the scope of provision of drinking potable matter; ladies/gents toilets; raising the platform level above Rail Level; Foot over Bridge; proper shed and electrification/upgradation of Mandawali-Chander Vihar Halt Station in a phased manner; the officials of the Ministry of Railways (Railway Board) replied in affirmative.

3.16 The Committee, thereafter, undertook an on-the-spot study visit to Mandawali-Chander Vihar Railway Halt Station on 13th January, 2004. The following salient points emerged out during the visit:-

- (i) Mandawali is a thickly populated area and if proper railway facilities/trains are provided, lot of people would like to travel by train.
- (ii) The ticket window is a small cabin manned by contractor and this is being handled manually. There is scope for setting up a computerized reservation booking office to cater to the needs of the area.
- (iii) For drinking water, one hand pump has been installed recently and it was desired that drinking water supplied by MCD should be made available.
- (iv) Presently there are no sheds for the passengers and also there are no trees on the platform. The officers of the Railways informed that two sheds are being set up on this halt station.
- (v) Opposite to Mandawali, there is Madhuban colony but there is no approach to the Halt station. The Railways have land on either side of the railway line and it was felt that they should have approaches on both the sides.
- (vi) Considering the demand of the daily passenger requirements of safety and for having stoppage of more trains, it was felt that platform should be raised on both sides of the railway track with the facility of Foot-over-bridge (FOB). For this work, it was explained that about 30 lakh rupees will be required and the Committee observed that this could be planned for the year 2004-05.

- (vii) Local residents/ daily commuters also submitted to the Committee that trains going towards Ghaziabad should also have stoppage on this halt station so that people going towards that area can avail of railway facilities. They also demanded that Anand Vihar is also under the halt station category and that station has all basic amenities. Accordingly, they sought amenities at par with Anand Vihar railway halt station.

- (viii) There are no toilet facilities. Railway officials submitted that these were not required as the station has stoppage of few trains at present and it will be more difficult to maintain the toilets. However, the members emphasised that toilet facilities are essential especially for the female commuters.

- (ix) Presently the platform is not electrified and electricity is likely to be provided by 30th March, 2004.

OBSERVATIONS/RECOMMENDATIONS

3.17 The main contention of the petitioners is that the daily train commuters of Mandawali and other adjoining areas in East Delhi have been facing great inconveniences/difficulties due to inadequate passenger amenities at Mandawali-Chander Vihar Railway Halt Station, East Delhi. Some of the difficulties are such as low-level platform at halt station; no cover shed on the platform; inadequate light arrangement on the platform, absence of basic passenger amenities, etc. The petitioners stated that only two trains in the morning and two in the evening have stoppages at this railway Halt station and this is too less to meet the demand of the daily commuters of the area, mostly office-goers, who board trains from this Halt station. Even, the actual stoppage time is only 30 seconds. The adjoining area of Mandawali-Chander Vihar Halt Station is densely populated and people mostly belonging to lower income categories reside in this area and travel by train has been an economical and speedy means of transport for the residents but the station does not have proper facilities and passenger amenities. There are no proper sitting arrangements for lady passengers at the platform and in the trains. Even, the basic need for a separate ladies wash room has not been provided by the Railways. Due to the existence of a Rail Level Platform at this Station and short-time of stoppage of the trains, mostly the commuters feel compelled to entrain or detrain hurriedly, which has led to frequent incidents of accidental deaths or serious injuries to

passengers. Also, the approach road for this station has not been maintained/repared and during the rainy season the narrow lane of the approach road gets clogged creating more inconvenience to the passengers. During their personal hearing before the Committee, the petitioners made submissions reflecting the difficulties and inconveniences faced by the daily commuters from the area. They stated that the two up and down trains available are not adequate to meet their requirements. Besides, this Railway Halt Station has a stoppage time of 30 seconds only and the rail platform level is very low which causes lot of difficulty to entrain and get down from the trains to women, children and senior citizens. At the time of commissioning this Halt Station in 2001, the Railway Authorities were requested to keep at least one minute stoppage time of the trains at the Station and this had been accepted by the Railways. However, it has not yet been implemented. About 1000 commuters commute from Mandawali-Chander Vihar Station daily. The petitioners, therefore, requested that the Mandawali-Chander Vihar Station be upgraded and provided with all passenger amenities such as High Level Platform, Foot-over- bridge (FOB), toilets, covered shed, and potable tap water from the Municipal Corporation of Delhi as the ground water in the area is contaminated. They further stated that with the raising of the platform level, stoppage of other EMU and MEMU trains could be facilitated for the benefit of the passengers, thereby, increasing the revenue of the Railways.

3.18 The Committee also undertook an on-the-spot study visit to the this Station on 13th January, 2004 so as to obtain first hand information in the matter. The Committee cannot but express their deep distress to observe that: the ticket window is a small cabin which is being manned by contractor manually; for drinking water only one hand pump has been installed recently, no sheds are provided for the passengers and also no trees are there on the platform; there is no properly maintained approach road to the Halt Station; trains going towards Ghaziabad do not have stoppage on this halt station so that people going towards that area could avail of railway facilities; there are no toilet facilities even for female commuters; and the platform is not electrified at present. The Committee are of the firm view that this Station, which is situated amidst a thickly populated area, has a great potential of railway traffic, if proper passenger amenities and adequate number of trains are provided at this halt station.

3.19 As regards the lighting arrangements at the Station, the Committee note that electricity is likely to be provided by 30th March, 2004 through M/s BSES. The Committee trust that the requisite light provisions on the platform, approach road, waiting area, etc. will be made within the target date.

3.20 The Committee note that for drinking water a hand pump has been installed recently. Considering the contamination in the ground water in the

area, the Committee would like the Railways to provide potable drinking water through MCD.

3.21 The officers of Railways submitted during their evidence before the Committee that they are in the process of providing shelters on either side of the platform - 50 Sq. m. in size on each platforms - by March, 2004. The Committee desire that this work should be completed within the stipulated period i.e. by March, 2004.

3.22 The Committee have got an impression that the Railways have not considered the grievances of the petitioners seriously. The approach road , which is very essential for any Railway Station, is not maintained properly. The Committee recommend that the Railways should ensure better upkeep of their roads. They should also coordinate with local bodies for maintaining the approach road and also for removal of encroachments on the road leading to the Railway Station.

3.23 The Committee also note that stoppages of two trains in the morning going towards Delhi and stoppages of 2 trains in the evening coming from Delhi are too less for a station located in a thickly populated area like East Delhi. The Committee, therefore, recommend that the feasibility of providing stoppages of the trains going towards Ghaziabad (Up – Downs both) on this route should be explored by the Railway Authorities with a positive perspective in mind. Similarly since about 20 trains pass through this route daily, feasibility should be explored to provide stoppages of EMU as well as MEMU trains at this Halt Station for the benefit of the large population.

3.24 Another area of concern is the low level platform which is very inconvenient to the passengers particularly the females. Reportedly this has caused a number of accidents. The officers of the Railways submitted that raising of platforms and construction of a Foot overbridge will cost about Rs. 30 lakhs. As assured by the Railways, the Committee recommend that this work should be included in the plan for the year 2004-05. Besides, the Halt Station should have opening from Madhuban Colony also.

3.25 Yet another area of concern is the lack of toilets at the railway station. The representatives of the Ministry of Railways have submitted that proper maintenance of toilets is difficult as the Station is being run on contract basis. The Committee are not at all happy with this casual approach of the Ministry. Since this is a basic facility, it should be provided. If necessary, it could be run on the pattern of Sulabh Shouchalay where facilities are provided on nominal charges.

3.26 From the examination of the representation regarding the railway amenities at Mandwali-Chander Vihar Halt Railway Station and by their visit thereto, the Committee find that the Railways are not at all serious about the local railway network in the National Capital. Considering the very high volume of road traffic and resultant traffic chaos, the Committee feel that there is a great potential of railway service in Delhi including in the sub-urban areas. The Committee, therefore, recommend that the Railways should conduct a detailed survey/study to improve its network linkages/services with a view to make its service a reliable and convenient alternative to road transport in the National Capital. Needless to emphasise, it should coordinate its efforts with the Metro Rail so that the maximum output is achieved out of the invested national resources.

CHAPTER-IV

ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (THIRTEENTH LOK SABHA) IN THEIR THIRTIETH REPORT ON THE PETITION REQUESTING FOR SETTING UP A CGHS DISPENSARY IN VASUNDHARA COLONY, GHAZIABAD, UTTAR PRADESH.

4.1 The Committee on Petitions (Thirteenth Lok Sabha) in their Thirtieth Report presented to Lok Sabha on 22nd July, 2003 on the Petition requesting for setting up a CGHS Dispensary in Vasundhara Colony, Ghaziabad, Uttar Pradesh.

4.2 The Committee had made certain observations/recommendations in the matter and the Ministry of Health & Family Welfare (Department of Health) were requested to implement those recommendations and furnish their action taken notes for the consideration of the Committee.

4.3 Action taken notes have been received from the Ministry of Health and Family Welfare (Department of Health) in respect of the recommendations contained in the report. The recommendations made by the Committee and the replies thereto furnished by the Ministry are discussed in the succeeding paragraphs.

4.4 In para 1.17 of the report, the Committee observed as follows:

“The Committee are unhappy to note that the Ministry of Health and Family Welfare take a very casual approach in examining the requests of Government employees for opening new CGHS dispensaries. Considering, the fact that Ghaziabad dispensary is about 10-11 kilometers

from Vasundhara Colony, the Resident's Welfare Association of that colony submitted representation to the Ministry of Health and Family Welfare for opening of a CGHS dispensary in that colony in 1997. The Ministry of Health sent a questionnaire to the Welfare Association in February, 1998. The Ministry did not pursue the matter further. Similarly, there are Area Welfare Officers in the colonies to whom such reference are made to ascertain the requirement. However, the Ministry are not very sure whether such a reference was made to the Area Welfare Officer at that time.”

(Para 1.17)

4.5 In their action taken notes, the Ministry have stated:

“One representation was received from Vasundhara Residents Welfare Association on 10.12.97 with the request for opening of a CGHS dispensary. Questionnaire seeking certain information for proposing a new dispensary was sent to the Association in February 1998 but no reply has since been received. Since the Central Government Employees residing in the said area at that time did not provide justification for opening of a separate dispensary in the said colony, the matter was not pursued further with the Area Welfare Officer at that time.”

4.6 In para 1.18 of the Report, the Committee observed as follows:

“On receipt of the present petition (December, 2002) of the petitioners, the Ministry have now sent it to the Area Welfare Officer to make his

assessment and furnish his report to the Ministry, particularly with reference to determining the number of CGHS cardholders residing in Vasundhara Colony. The Committee were astonished to hear from the representative of the Ministry that they do not have any system of doing survey to determine the population of CGHS cardholders in a particular colony. The Ministry have taken a technical view that the petitioner has himself stated that there are at least 1000 CGHS cardholders in Vasundhara Colony as against the norm of 2000 Card holders for opening a new CGHS dispensary.”

(Para 1.18)

4.7 In their action taken notes, the Ministry have stated:

“The Ministry had informed the Committee that Area Welfare Officer for Ghaziabad who was appointed by DOPT was requested to furnish the population details of the area. In addition to this a letter was also written to Residents Welfare Association, Vasundhara colony to furnish the population details of the area. The reply has since been received. To address the issue of ascertaining the population of new area CGHS had devised a Questionnaire to collect the relevant information from the Petitioners applying for opening of a new dispensary and through Area Welfare Officer. Usually the number of Central Government Employees residing in a particular area are collected by the area Welfare Officers and the area-wise numbers are submitted to this office by them to explore the

possibilities of opening either a new CGHS dispensary or attaching the said areas with any of the existing CGHS dispensaries.”

4.8 In para 1.19 of the Report, the Committee recommended as follows:

“The Committee strongly feel that there is very genuine requirement of a CGHS dispensary in Vasundhara Colony to cater to the needs of the CGHS Cardholders of the colony as also of the adjacent colonies like Vaishali, Kaushambi, Indira Puram etc. The Committee feel that the number of cardholders in these colonies would be more than the required number of 2000. Such amenities in the satellite town being developed in the National Capital Region are also essential to decongest Delhi and encourage the population to live there in. The Committee, therefore, recommend that all procedures for setting up a CGHS dispensary may be completed in a time-bound programme so that a dispensary is set up in the Tenth Five Year Plan itself in Vasundhara Colony.”

(Para 1.19)

4.9 In their action taken reply, the Ministry have stated:

“The Directorate of CGHS has obtained a report from the Area Welfare Officer which indicates that there are more than 2000 cardholders within 3 Km radius of the Vasundhara Colony. The direction of the Hon’ble Committee for opening of a dispensary during the Tenth Plan will be complied with subject to concurrence of the Ministry of Finance on creation of posts.”

OBSERVATION/RECOMMENDATION

4.10 The Committee note from the reply of the Ministry of Health and Family Welfare (Department of Health) that the Directorate of CGHS has obtained a report from the Area Welfare Officer which indicates that there are more than 2000 cardholders within 3 Km. radius of Vasundhara Colony. The Ministry of Health and Family Welfare has agreed to open a CGHS Dispensary in Vasundhara Colony during the Tenth Five Year Plan subject to concurrence of the Ministry of Finance for creation of posts. Since the colony/area fulfills the criteria for opening a CGHS Dispensary, the Committee strongly recommend that the Ministry of Finance should be approached immediately for creation of posts for running a Dispensary in Vasundhara Colony at the earliest.

CHAPTER-V

PETITION REQUESTING FOR REMOVAL OF HURDLES IN COMPLETION OF THE COMPOSITE CEMETERY IN MULUND EAST, MUMBAI.

On 30th April, 2002, Shri Kirit Somaiya, M.P. presented to Lok Sabha a petition signed by Shri Tara Singh, MLA, r/o Janta Vidyalaya, LVS Road, Bhandup West and Shri Prakash Gangadhare, r/o Arunodaya Society, Mulund East, Mumbai, requesting for the removal of hurdles in completion of the Composite Cemetery in Mulund East, Mumbai (See Appendix).

2. In their petition, the petitioners *inter-alia* submitted the following points:-
 - (i) The people of Mulund, Mumbai are facing a lot of problems due to non-availability of a proper Cemetery in Mulund area.
 - (ii) Due to non-availability of a Cemetery, the Christians residing this area of Mumbai are compelled to travel 20 kms. in this crowded city. A Composite Cemetery would solve the problems of about 1 lakh Catholic/Christian Community covering 21 kms; about 3 lakh Hindus and half a lakh Muslims covering 10 Kms. stretch of Mumbai.
 - (iii) The Mumbai Municipal Corporation and State Government of Maharashtra had reserved a plot for 'Composite Cemetery' in Mulund East. This Cemetery proposal was cleared by the Government; the construction and development work was started after awarding a contract but later it was halted.
 - (iv) The Central Government i.e. the Ministries of Commerce & Industry and Urban Development have been creating a lot of problems/hurdles in allowing the Mumbai Municipal Corporation and State Government of Maharashtra to use about 300 sq. meters. of piece of Salt Pan Land to complete the ' Approach Roads' to the existing Cemetery in Mulund, Mumbai.

- (v) For the release of this 300 sq. meters Salt Pan Land. the Ministry of Commerce & Industry and the Ministry of Urban Development of the Government of India have been passing on the buck to each other and fixing the responsibility on the State Government of Maharashtra for the utilization of the 300 sq. meters of land in Mulund which is under the possession of the Central Government.; and
- (vi) Since a final decision of the Central Government on the use of this 300 sq. meter of Salt Pan Land is awaited for more than three years, the 'Approach Roads' to the Cemetery could not be developed for public utility purposes.

3. The petitioners, therefore, requested that the concerned Government authorities should be urged to take a quick and final decision on the release/ physical possession of 300 sq. meters of the Salt Pan Land in Mulund East in Mumbai so that the 'Approach Roads' to the Composite Cemetery are constructed for the benefit of the people of the area, who have to travel long distances by other roads to reach the 'Cemetery' in the crowded city. They also requested for immediate action by the Government to complete the construction of the 'Composite Cemetery' in Mulund East, Mumbai.

4. The Ministries of Urban Development & Poverty Alleviation and Commerce & Industry (Department of Industrial Policy & Promotion) were requested to furnish their factual comments on the points raised by the petitioners in the petition. In response, the Ministry of Commerce & Industry (Department of Industrial Policy & Promotion) vide their communication dated 1st May, 2002 informed that 40,280 sq. meters of Salt Pan Land falling in survey No. 387-388 (Pt) of Village Mulund was ordered for transfer to Bombay Municipal Corporation (BMC) in 1985 on payment of market value for the purpose of

construction of a 'Cemetery and the Approach Road'. Instead of paying the market value of the said land, the State Government of Maharashtra vide their notification dated 18th November, 1998 acquired major portion of the said land under the Land Acquisition proceedings. In June, 2000, BMC requested the Salt Commissioner to issue an 'No Objection Certificate' (NOC) for use of the 300 sq. meters of Salt Department land falling under CTS No. 1291 (Part) of Village Mulund for construction of an approach road linking the existing Navaghar Road to the DP Road adjoining the Cemetery. This piece of land had not been acquired by the State Government of Maharashtra as they had not envisaged any link Road to the cemetery from that side at that time i.e. in 1998.

5. The Ministry of Commerce & Industry stated that the land area now asked for by the BMC for construction of the approach road connecting Navaghar Road to DP Road joining the Cemetery is very near to the Eastern Express Highway. If access is given to the cemetery through this road, it is likely that the entire stretch of the salt land between the Eastern Express Highway and the DP Road would become vulnerable to encroachment. The matter was also discussed by the officers of the Department of Industrial Policy & Promotion with the concerned officers of the BMC who confirmed that originally the land in question was not included in the acquisition proceedings as access to Cemetery was proposed to be provided from Kelkar College side for which the land had already been acquired by the State Government.

6. The Ministry of Commerce & Industry further informed that based on a decision of the Committee of Secretaries (COS) in 1985, about 5378 acres of

surplus salt land in Greater Mumbai was ordered for transfer to the Ministry of Urban Development during the period 1986 to 1990. The Ministry of Urban Development have, however, not taken physical possession of the said land (except for 98 acres) so far for certain reasons like encroachments, ongoing litigations, non-availability of staff, etc. The Ministry of Urban Development have since associated the State Government of Maharashtra in the matter. A concept plan detailing development options for the entire area of salt lands in Mumbai was jointly prepared by the HUDCO and MHADA based on which the State Government submitted a proposal to the Ministry of Urban Development for development/sharing of said salt lands. The proposal received from the State Government was examined by the Ministry of Urban Development in consultation with the concerned Central Ministries/Departments and based on that, a note was submitted by that Ministry to the Union Cabinet seeking its approval for taking physical possession of the said lands from Salt Department/DIPP on as is where is basis along with the records and essential staff as already identified, sharing these lands in principle between the Government of Maharashtra and Ministry of Urban Development, etc. The Union Cabinet while approving the said proposal of the Ministry of Urban Development decided to constitute a Group of Ministers to examine the issues relating to utilization of the surplus salt lands in Mumbai and to make its recommendation available to it (the Cabinet). Accordingly, the Group of Ministers has already been constituted by the Government and its final recommendations are still awaited. Since the land asked for construction of approach road to the cemetery is a part of the Salt Pan Land under orders of

transfer to the Ministry of Urban Development, the matter was taken up with them in June, 2001. The Ministry of Urban Development on 5th September, 2001 stated that since 50% of the developed area of the land under orders of transfer to them is to be given to the State Government, the land requested by BMC can be considered against the State Government's share and as such, they have requested BMC to move their proposal through the State Government of Maharashtra in order to enable the Ministry of Urban Development to consider the matter.

7. The Ministry of Commerce & Industry also informed the sequence of events and the series of meetings in the Ministry of Urban Development & Poverty Alleviation for working out the modalities to take over the physical possession of the surplus Salt Land under orders of transfer to the Ministry of Urban Development & Poverty Alleviation, as approved by the Union Cabinet as follows:-

- (i) In one of such meetings taken by Secretary (UD) on 9th October, 2001, the State Government of Maharashtra's representatives, inter-alia, said that the Government of Maharashtra propose to utilize their portion of land for rehabilitation of slum dwellers. It was felt that slum rehabilitation scheme should be self sustaining as it may not be possible either for the State Government or the Government of India to make budgetary provision to provide for the entire requirement of funds for the slum rehabilitation. As such, appropriate land use and planning proposal would need to be developed to use the land effectively where both relocation of slum from priority areas as well as resource availability for the same can be addressed effectively.
- (ii) The representatives of Department of Industrial Policy & Promotion and HUDCO pointed out that some of the land between developable land and the Eastern Expressway could perhaps be utilized effectively though it is reportedly under CRZ-I or else it may be unauthorizedly encroached. They also suggested that status of the entire land for usability should be assessed at ground

level and if necessary, the matter should be taken up with the Ministry of Environment and Forests for necessary clearances.

- (iii) Secretary (UD) suggested that JS, Ministry of Urban Development and JS, Department of Industrial Policy & Promotion along with representatives of HUDCO may visit Mumbai to see the site. Accordingly, a site visit of the said officers was arranged by the Special Commissioner, Government of Maharashtra in October, 2001. During the site visit, the land asked for by the BMC for construction of link road to the Cemetery was also inspected by these officers.
- (iv) After the aforesaid site visit, a meeting was held on 16th October, 2001 in the Chamber of Principal Secretary (Housing) in which JS, Ministry of Urban Development and JS, Department of Industrial Policy & Promotion (DIPP) and Metropolitan Commissioner, MMRDA were also present. A reference was drawn to the unauthorized road under construction for providing access to the Cemetery. Joint Secretary, DIPP also stated that the construction of this unauthorized road may make the surrounding salt land vulnerable to encroachment and as such, this should be stopped.
- (v) During the site visit it was noticed that BMC had already started construction of the said link road without any authority or permission from the Government of India. The construction of the link road would make the surrounding Salt Land valuing in crores of rupees, vulnerable to encroachment and as such, it had been felt to relocate the Cemetery and other connected facilities.
- (vi) Subsequently, another meeting was taken by Secretary (UD) on 13th November, 2001 regarding management of surplus salt land in which Principal Secretary, Government of Maharashtra assured that necessary instructions would be issued to the Municipal Commissioner, Mumbai Municipal Corporation to stop construction of the said link road. DIPP vide its communication dated 13th November, 2001 also requested the Chief Secretary, Government of Maharashtra to personally intervene in the matter for issuing requisite instructions.; and
- (vii) Keeping in view the likelihood of the encroachment in the valuable land the market value of which is over Rs. 150 crore, the entire

case has been examined *de novo*. If the construction of the Cemetery and development of the garden are undertaken in the development zone, it is likely that the entire area of 144 acres would come under the severe threat of encroachment resulting in rendering the land incapable for any other developmental activities like residential and commercial purposes. It has, therefore, been proposed to consider the possibility of locating the cemetery and other connected facilities away from the residential and commercial activities on the eastern side of the Eastern Express Highway falling in the 'No Development Zone' and not away from the proposed location and will have the same access to the public.

8. Giving the latest position on the issue, the Ministry of Commerce & Industry (Department of Industrial Policy & Promotion) in their subsequent reply dated 22nd September, 2003 stated that the matter had been in correspondence with the Ministry of Urban Development & Poverty Alleviation. The views of the State Government of Maharashtra had been ascertained by the Ministry of Urban Development & Poverty Alleviation. The State Government of Maharashtra have been in favour of construction of the approach road. On the other hand, the Ministry of Urban Development and Poverty Alleviation have also stated that the request for approach road to the Cemetery merits consideration and it had requested the Ministry of Commerce & Industry to take a view on the request of the State Government to give 'NOC' for construction of the approach road. Therefore, DIPP had been requested to consult the State Government of Maharashtra on an alternative and take a view in the matter. Consequently, the issue had been examined in the DIPP. Thereafter, the Ministry of Urban Development & Poverty Alleviation have been requested to take a final view in the matter on account of the following reasons:-

- (i) The entire surplus Salt Land stood transferred to the Ministry of Urban Development & Poverty Alleviation as per Union Cabinet decision of 9th January, 2001. According to the said decision, the surplus land is to be shared between the Government of India (Ministry of Urban Development & Poverty Alleviation) and the State Government of Maharashtra.; and
- (ii) The construction of approach road to the cemetery in the 'development zone' on the western side of the Eastern Express Highway will encourage encroachment on either side of the approach road. Therefore, the officials of Salt Commissionerate would not be able to prevent the encroachment.

9. The Ministry of Commerce & Industry further stated that the Ministry of Urban Development & Poverty Alleviation had been requested to take a final view regarding re-location of the Cemetery in the "No Development Zone" under intimation to all concerned.

10. Earlier on the question of the need to issue NOC to the State Government of Maharashtra to complete the approach road to 'Composite Cemetery' at Mulund East in Mumbai, Shri Kirit Somaiya, M.P. raised the issue in Lok Sabha on 18th November, 2002. He stated that there was an urgent need for NOC to complete the approach road to 'Composite Cemetery' at Mulund East, Mumbai and the Urban Development Ministry had been delaying the process inspite of a commitment given by the Maharashtra Government and Mumbai Municipal Corporation to complete the approach road to start the 'Composite Cemetery' for Hindus, Muslims and Christians. He requested the Union Government to give NOC to the Government of Maharashtra for the purpose.

11. Subsequently, the then Minister of Urban Development and Poverty Alleviation in his letter dated 29th April, 2003 addressed to Shri Kirit Somaiya, MP stated as follows:-

“I have had the matter examined. Although a decision in principle has been taken for transfer of the Salt Pan Land from the Department of Industrial Policy and Promotion to this Ministry (Urban Development) and also to share the land with the Government of Maharashtra, the actual transfer of the said land is yet to take place. Moreover, the land in question is under lease upto the year 2016.

After taking the views of the Government of Maharashtra, this Ministry has communicated its no objection to the said proposal for land for the approach road to the Department of Industrial Policy and Promotion. The Department have been requested to consider the request of the State Government for grant of NOC for the completion of the approach road.”

12. The Ministry of Urban Development & Poverty Alleviation in their subsequent communication dated 23rd October, 2003 *inter-alia* stated that the Ministry had already communicated to the DIPP its ‘No Objection’ to the proposal for the land regarding the ‘Approach Road’ to the ‘Cemetery’. The Ministry of Commerce and Industry (Department of Industrial Policy and Promotion) vide their letter dated 29th August, 2003 had suggested an alternative site for the Cemetery due to threat of encroachment at the presently proposed site for the ‘Composite Cemetery’. The Ministry of Urban Development & Poverty Alleviation had considered the proposal and it had requested the DIPP to consult the State Government of Maharashtra for an alternative site for the ‘Composite Cemetery’ vide their letter dated 20th October, 2003 and take a final decision on the matter.

OBSERVATIONS/RECOMMENDATIONS

13. The main contention of the petitioners relates to the inconveniences and problems being faced by the people of all walks of life due to the non-availability of a 'Composite Cemetery' in Mulund area of Mumbai city and the need for construction of proper 'Approach Roads' to the Cemetery in existence at present. They have stated that the Christians residing in this area of Mumbai are compelled to travel 20 kms. in this crowded city. A 'Composite Cemetery' would solve the problems of about 1 lakh members of the Christian Community covering 21 kms; about 3 lakh Hindus and half-a-lakh Muslims covering 10 kms. stretch of Mumbai. They also stated that the Mumbai Municipal Corporation and the State Government of Maharashtra had reserved a plot for a 'Composite Cemetery' in Mulund East. The cemetery proposal was cleared by the State Government; the construction and development work was started after awarding a contract but later it was halted due to lack approach road space which is to be provided by the Central Government out of Salt Pan Land.

According to the petitioners, the Central Government i.e. the Ministries of Commerce & Industry and Urban Development

have been creating a lot of problems/hurdles in allowing the Mumbai Municipal Corporation and the State Government of Maharashtra the use of a piece of Salt Pan Land measuring about 300 sq. meters to complete the 'Approach Roads' to the existing Cemetery in Mulund, Mumbai. For the release of this 300 sq. meters Salt Pan Land the Ministry of Commerce & Industry and the Ministry of Urban Development and Poverty Alleviation of the Government of India have been passing on the buck to each other and fixing the responsibility on the State Government of Maharashtra for the utilization of the land in Mulund belonging to the Central Government. The petitioners have, therefore, requested that a final decision for giving the 300 sq. meters of the Salt Pan Land in Mulund East in Mumbai to the Maharashtra Government be taken so that the 'Approach Roads' to the Cemetery are constructed for the benefit of the people of the area. They have also requested that the construction of the 'Composite Cemetery' in Mulund East, Mumbai, be completed at an early date.

14. The Committee note that 40,280 sq. meters of Salt Pan Land falling in survey No. 387-388 (Pt) of Village Mulund was ordered for transfer to BMC in 1985 on payment of market value for the purpose of construction of a 'Cemetery and the Approach Road'. However, instead of paying the market value

of the said land, the State Government of Maharashtra vide their notification dated 18th November, 1998 acquired a major portion of the said land under the Land Acquisition proceedings. In June, 2000, the Mumbai Municipal Corporation requested the Salt Commissioner to issue a No Objection Certificate (NOC) for use of the 300 sq. meters of Salt Department land falling under CTS No. 1291 (Part) of Village Mulund for construction of an approach road linking the existing Navaghar Road to the DP Road adjoining the Cemetery. In 1998, this 300 sq. meters of land in question had not been acquired by the State Government of Maharashtra as they had not envisaged any link Road to the 'Cemetery' from that side at that time. Now, in accordance to the Cabinet Decision dated 9th January, 2001, the entire surplus Salt Pan land of about 5378 acres in Greater Mumbai is to be transferred to the Ministry of Urban Development and Poverty Alleviation and this Ministry is to share 50% of this land with State Government of Maharashtra. However, the Ministry of Urban Development is yet to take over the physical possession of the land except for 98 acres of land due to the ongoing litigations and encroachments. Thus, the Salt Pan Land is still in possession of the Department of Industrial Policy & Promotion (DIPP).

15. **The Committee regret to note that although a decision in principle was taken as early as 2001 for transfer of the Salt Pan Land from the Department of Industrial Policy and Promotion to the Union Ministry of Urban Development and also to share the land with the Government of Maharashtra, the actual transfer of the said land is yet to take place. Moreover, the land in question is under lease upto the year 2016. The Committee cannot but express their deep distress over the lackadaisical approach of the Central Government in handling this matter and not arriving at a final and conclusive decision, till date, on the transfer and proper utilization of the surplus Salt Pan Land in Mumbai. The Committee find it unbelievable that out of over 5000 acres of land which is to be shared with the State Government of Maharashtra, a piece of land measuring just 300 sq. meters has not been given for the approach road to the ‘Composite Cemetery’ on the pretext of likely encroachments in the area. The Ministry of Commerce & Industry (Department of Industrial Policy & Promotion) has now proposed to develop a ‘Composite Cemetery’ at an alternative site in Non-development Zone in Mumbai, reportedly near the present site of the Composite Cemetery. Since the matter has been going on for long, the Committee**

strongly recommend that the Ministry of Urban Development and Poverty Alleviation and the Ministry of Commerce & Industry should take a conclusive decision on the use of the surplus Salt Pan Land in Greater Mumbai in consultation the State Government of Maharashtra so as to end the prevailing dead-lock in the matter at the earliest. They also expect that the issue of providing 300 sq. meters of land for the approach road to the Composite Cemetery or relocating it on some nearby area to the satisfaction of all concerned Central/State Government Departments with a view achieving the objective of developing a ‘Composite Cemetery’ for the use of all communities living in the area viz. Hindus, Muslims and Christians would be settled expeditiously and in a time bound manner. Needless to say, this project would be a symbol of national integration and communal harmony. The Committee would like to be apprised of the conclusive action taken in the matter within three months of the presentation of this Report.

NEW DELHI;

22 January, 2004.
2 Magha, 1925(Saka)

BASUDEB ACHARIA

**Chairman,
Committee on Petitions
Lok Sabha.**

**MINUTES OF THE FORTY-FIRST SITTING OF THE COMMITTEE ON
PETITIONS (THIRTEENTH LOK SABHA).**

The Committee on Petitions sat on Monday, 14 January, 2002 from 1500 hrs. to 1720 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

MEMBERS

2. Shri S. Bangarappa
3. Shri Manibhai Ramjibhai Chaudhri
4. Shri P.R.Kyndiah
5. Smt. Renu Kumari
6. Dr. Nitish Sengupta
7. Shri V. Vetriselvan
8. Shri Ramjee Manjhi

SECRETARIAT

1. Shri Ram Autar Ram - Joint Secretary
2. Shri C.S. Joon - Deputy Secretary
3. Shri J.S. Chauhan - Under Secretary
4. Smt. Neera Singh - Assistant Director

WITNESS

1. Shri S.K. Purkayastha - Additional Secretary,
Financial Sector
2. Shri N.Rangachary - Chairman, IRDA
3. Dr. J. Bhagwati - Joint Secretary

(Capital Markets)

- | | | |
|-----|------------------------|--|
| 4. | Shri Shekhar Agarwal - | Joint Secretary
(Banking Operations) |
| 5. | Shri Ajit M. Sharan | - Joint Secretary
(Banking and Insurance) |
| 6. | Shri R. Renganath | - Director (Insurance) |
| 8. | Ms. Bidisha Chaudhuri | - Deputy Director
(Stock Exchanges) |
| 9. | Shri Praveen Mohnot - | Managing Director |
| 10. | Shri A.V. Rammamurty | - General Manager (IDBI) |
| 11. | Shri P.K. Bindlish | - General Manager (SEBI) |
| 12. | Shri D. Ravi Kumar | - General Manager (SEBI) |
| 13. | Shri S. Sarkar | - Zonal Manager (UTI) |
| 14. | Shri Nikhil Nagle | - Chief Manager (ICICI) |
| 15. | Shri Rajeev Kumar | - Research Officer – BO II
(Banking Division) |

Consideration and adoption of Draft Report.

2. The Committee considered and adopted the draft Thirteenth Report with certain amendments in Chapter I on Representation regarding inadequate rail services and passenger amenities in Farakka Azimganj Section of Malda Division under Eastern Railway, as shown in the Appendix. The other four chapters included in the Report were adopted without any amendment. The Committee authorised the Chairman to present the report to the House.

Evidence of the Representatives of the Ministry of Finance (Department of Economic Affairs)

3. The Committee thereafter took oral evidence of the representatives of the Ministry of Finance (Department of Economic Affairs) on (i) Petition requesting to revive Over the Counter Exchange of India (OTCEI), Mumbai (ii) Representation requesting to take action against Sanchayani Savings and Investments (I) Ltd. Kolkata and to refund the investments made by small investors (iii) Petition requesting to review privatisation and opening up of Insurance Sector to foreign companies.

4. The Chairman welcomed the representatives of the Ministry of Finance (Department of Economic Affairs) to the sitting of the Committee and invited their attention to direction 58 of the Directions by the Speaker.

Petition requesting to revive Over the Counter Exchange of India (OTCEI), Mumbai.

5. At the outset, the Committee desired to know the main objectives of forming OTCEI and if these objectives have been fulfilled. In response, the witness stated:

“The main objective of the Exchange was to promote and give a platform for small and medium capitalist companies to list their securities and to help them to graduate to the big bourses. So far 115 small and medium capitalist companies have raised equities to the extent of Rs.342.52 crore through this Exchange. The total number of investors in this Exchange cannot be identified exactly, but the gross total folio no. in all the 115 listed companies is below five lakhs. This by and large has been the picture of OTCEI.”

6. When asked about the criteria laid down for listing companies in OTCEI, the witness stated:-

“The criteria laid down for listing of companies of OTCEI were as follows: For company valuation the net tangible assets have to be Rs.1 crore. For market capitalisation, it has to be Rs.5 crore and net income in

the latest fiscal year or of the two last fiscal years have to be Rs.0.25 crore. The share holding pattern was the minimum, total float was 11 lakh shares. The minimum public float out of this have to be five lakh shares. Market value of the public float has to be Rs.2.5 crore and minimum offer to the public, as a percentage of total paid up capital has to be 25 percent. Then the minimum number of shareholders was to be 1,000. So far as market making is concerned, there have to be a minimum of two market makers. The duration of market making have to be 18 months. It was mandatory that the market making inventory at the time of public issue has to be graded. So, these were the basic criteria.

7. The Committee then desired to know the yearly turnover since 1990. The witness replied:

“We have the figures from 1992-93 till the current year. In 1992-93 the total turnover was Rs.1.55 crore. In 1993-94, it was Rs.38.39 crore; in 1994-95 it was Rs.365.02 crore; in 1995-96 it was 224.06 crore; in 1996-97 it was Rs.218.71 crore; in 1997-98 it was Rs.283.24 crore; in 1998-99 it was Rs.197.75 crore; in 1999-2000 it was Rs.3,603.44 crore and in the last year it was Rs.124.79 crore.”

8. When asked about the reasons for jump in turnover to Rs.3,603.44 crore in 1999-2000 and suddenly its coming down to 124.79 crore in the last year, the witness replied:

“This was on the basis of permitted equity. The permitted equity in 1999-00 was Rs.3,602.27 crore whereas in some years it was a little above Rs.100 crore and in other years it was much less. But in the year 1999-00, there was a sudden jump.”

The Managing Director, OTCEI further added:-

“The turnover on the Exchange since the beginning has been consistently around Rs.200 crore. During 1999-2000, partly it was due to general upward trend in the market and partly because during 1998-99 we upgraded our systems and adopted the permitted securities model also on our Exchange. The permitted securities model is nothing but a company which is listed on any other Exchange can be traded on any other Exchange under our present dispensation. So, it becomes like any other Exchange. Since, we have a large number of other shares also in addition to our own listed scrips, naturally the turnover was to go up as a result of

adoption of the permitted scheme and upgradation of our technology. Besides, large institutional trades were also there, including some of our promoter institutions. That is how the turnover has gone up. But later on, in the subsequent years, possibly due to absence of institutional trades, that has come down.”

9. When asked about as to who started permitted segment and how it was decided, Managing Director from OTCEI replied:

“The permitted segment was started by the Board of Directors of the OTCEI. It was done predominantly to activate the brokers’ interest because the trading interest in the OTCEI-listed-companies was drying up. It is not that there was nothing wrong in the Exchange. But the fact remains that the small cap companies are fraught with inherent risk of liquidity and lack of investor interest. That is the inherent risk in the small cap companies. So, with a view to keep the Exchange active and vibrant, to keep the interest of our member-brokers alive on the Exchange, this additional segment was added. This is the practice prevalent in all other Exchanges also. That has helped us in activating the Exchange. As far as the turn-over is concerned, this turn-over was largely contributed by some institutions in that particular year when we introduced the permitted segment. It was largely contributed by one of our promoter-institutions. In the subsequent year, it has not come.”

10. When asked about the institution which contributed to this, the witness replied it is the Unit Trust of India. It is one of the lead promoter-institutions.

11. The Committee then desired to know the figures of listed security vis-à-vis permitted equity. In response, the witness informed:-

“The figure relating to the listed-security was negligible. The OTCEI-listed security was about less than Rs.5 crore. The major portion was from the permitted segment.”

He further added:

I would like to submit that this information is given in the written reply. The listed equity is Rs.1.17 crore. Permitted equity is to the extent of Rs.2.27 crore and the total is Rs.3.44 crore. The permitted segment has brought more turn-over. The trading turn-over in the listed segment has been declining over the year.”

12. When asked if after forming NSE, was there any need of OTCEI? To this, the representative from the Ministry replied in affirmative.

13. The Committee then desired to know about the original concept when the OTCEI was conceived. In response, the witness stated:-

“Going back to the original concept, the expectations were very high that the small and medium investors would be coming to this particular Exchange. But the Exchange, somehow or the other, did not perform exactly the way it was conceived of. There were inadequate volumes; insufficient new issue listings and, there were settlement and transfer problems. There was low credit facility and market making and low capitalisation. Further, some systemic problems were also there. So, these issues had to be gone into. There was a period when an officer from the National Stock Exchange was deputed to have a close look at this particular OTCEI to see what could be done. There have been traditions and systems. It has also been enabled now to work in tandem with the National Stock Exchange. There would also be a necessity to have more Stock Exchanges. It does not mean that just because the National Stock Exchange is there, there is still no necessity for the OTCEI. Of course, one would have to see how it progresses over the next few years. At present, it seems to be more or less balancing its expenditure. So, it is about breaking evens. Therefore, this is the position at the moment. In certain ways, there have been some difficulties in its performance. One would have to see for some more time before taking a final view as to the relevance of the OTCEI.”

14. When asked about when the officer from the National Stock Exchange was deputed, when did he give the report, what was the exact point touched by him in his report and what is the action taken, the witness stated:-

“That was done in May 1998. As an informal arrangement, the NSE deputed an officer as the Managing Director of this organisation. The Dy. Managing Director of NSE also joined the OTCEI Board. Following this, certain systemic improvements were made, like free connectivity was provided to the common NSE and OTCEI brokers and counter receipt mode of trading was dispensed with, order driven trading mechanism on the lines of NSE was introduced and short selling allowed.”

15. When the Committee desired to know if the Ministry can circulate the Report of National Stock Exchange, the witness replied:

“Sir, I am not aware whether there is any formal report as such. We will get all the information in a written form and provide that to the Committee for its use.”

16. Regarding the viability of the stock exchange, the witness stated:

“The basic objective for setting up OTCEI was to provide a platform for liquidity for unlisted kind of securities which are otherwise traded over the counter, which means one to one or telephone kind of market. We started with initially recognising the SME sector as one of the thrust sectors, which was in any case the economic need of the country also. We achieved the limited objective. But over the years the investors have lost fancy for these kinds of scrips. From our side there is no deficiency. We have provided them the best of platform, best of technology and best of management. We are the first demutualised stock exchange in the world. With so many firsts attached to us, all I can say is that we were ahead of times. But still in the changing scenario, what all we have to do is to create a niche for ourselves with all the things that we have. Today we have emerged possibly as a No.3, after BSE and NSE, in terms of management, in terms of present network, in terms of systems and in terms of hardware capacity network. We have best of the promoters backing us. Possibly, in the current changing scenario, still there is a need for OTCEI type of market in a different form. For example, this I have submitted in my revival proposal also, that there is an imminent need for market for privately placed debentures. The debentures are being raised in very large amounts by the Indian corporates and being provided by the institutions. This is a very secluded kind of market. This telephone market, when the whole capital market is moving for transparency, possibly is an area which suits us. It is well within our objectives. This can be brought on the OTCEI Exchange that all these privately placed debentures must be compulsorily listed on the OTCEI and it must be compulsorily traded by the institutions on OTCEI for the sake of better transparency. I am not saying this for the sake of reviving the Exchange. This is for the sake of orderly development of debt market. This can be brought about. We have submitted this proposal to the regulators and we are expecting to hear from them soon.”

17. The Committee desired to know when the proposal to the regulators was submitted. The witness stated that ;-

“In the recent past. We have submitted that to SEBI, and to Ministry of Finance. We are talking to RBI also. We are working out a proper model for that. This is one area and this is not the end. There can be other products, like a Bill is going to be passed shortly. That product can also come. There are so many things in the changing scenario which can be put on OTCEI, which are otherwise telephone market, for orderly development of market.... There is a need to look at the whole model for the small cap companies, whether all these companies can be put on one Exchange, like OTCEI or any other combination of Exchanges, where these companies can be listed on a possibly trading model, on a different trading rules so that it can serve the real purpose and we can really broadbase the capital market... To broadbase the capital market the OTCEI can contribute, provided a specific mandate is given for small cap company and increasing the threshold limit. Earlier the Dave Committee and the Malegam Committee recommended to increase the threshold limit Rs.3 crore to Rs.10 crore or Rs.25 crore. But somehow, this could not be seconded by the regulators. Otherwise for Rs.3 crore companies, neither it is viable for the company to go public nor is there any need for national platform for Rs.3 crore kind of company if he is making a public issue of 25 percent or 75 lakhs. At all-India level really it may be a failed issue. Apart from asking for increasing the threshold limit from Rs.3 crore to Rs.10 crore, with the exclusivity, that larger bourses should not serve these scrips.

These companies can be properly promoted accordingly. So, there is a need to look at the whole thing again. But that apart, there is a specific proposal for providing trading and listing of privately placed debentures. That is what the market wants; that is what the institutions/promoter-institutions want. There is the need of the development of the debt market. The promoter-institutions are glad to support it. They passed this resolution in the last meeting. The promoter-institutions are agreeable to support this segment. That can really bring back the interest on the OTCEI.”

18. The Committee desired to know about the Share Capital and accumulated loss of OTCEI. The witness replied:

“Originally, the total funding of the OTCEI was Rs.80 crore. Out of the sum of Rs.80 crore, Rs.10 crore is the capital contributed by 12 promoter-institutions. It is a fully Paid-up capital. Rs.70 crore has come by way of fee from the members/dealers, as admission fees, technology fees and all those things. The Share Capital is Rs.10 crore. The accumulated loss is Rs.40 crore so far. Out of the Rs.40 crore, the depreciation is Rs.18 crore

and the balance of Rs.22 crore is the cash loss. The member fees had gone to the reserves.”

19. When the Committee desired to know the reasons for loss incurred by OTCEI and justification of its still continuing, when the same functions are being performed by NSE, the witness stated:-

“The reason for loss, as it is evident, is inadequate volumes, and as a consequence of this, inadequate earnings. That has been the main reason. But the fact remains that the OTCEI has always provided the best technology platforms. It is for the market to accept it. As I submitted earlier, the small cap companies are facing the inherent problems of lack of liquidity and investor fancy.”

20. When pointed out that some market making should have been done which was never done the witness stated:

“Market making was compulsory on this Exchange. But the market making concept has failed. That is one reason. So, all I can submit is that this was rather a learning course for us for promoting these companies.”

21. The Committee when pointed out that out of the 115 listed-companies, almost all the companies were either making loss or not trading at all. The share certificate were also not been sent to the small investors and the companies are not responding. Ultimately, many companies have disappeared. The representative of the Ministry replied:

“I would submit that originally 115 companies got listed. The total fund raised by the companies through the public issues is Rs.237.80 crore. Two companies were de-listed so far. Presently, we have 113 companies listed. A number of companies have converted the counter receipt system into shares. Earlier, we were running our own depository. There was no depository law. As per the special circular of the Department of Company Affairs, it was made mandatory that counter receipts should be converted into shares. But, so far, 76 companies have converted it and the balance 37 companies have not yet responded. We have written to the Department of Company Affairs and others. We have also drawn the attention of the SEBI to this aspect. This is what we can do apart from issuing notices.

At present, as per our records and depending upon the regular submission of returns regarding listing compliance standards, 23 companies are classified as non-operating companies. The total fund raised by non-operating companies is Rs.48.90 crore. Profit-making companies are 34 in number and dividend paying companies are 12.”

22. When the Committee enquired if OTCEI will confine itself to the objective with which it was formed or will it diversify its activities, the witness replied:-

“I would submit that there are problems of the market itself in the sense that companies requiring Rs.3 crore capitalisation would be very few and far between 25 percent capitalisation would really not be very helpful. So, they have to look for a higher capitalisation. This is one issue. The other issue is that single line of transaction may not really be what would enable this particular platform to play its role. They are looking at other issues. The regulators would have to consider that. Then only a further view can be taken. At present it is true that out of 115 companies, only 113 are there. Of these, 34 are profit making companies and 12 are giving dividends. So, there is a positive note, even though this may be disappointing. One would have preferred all 115 were dividend paying companies. But there is a positive note that at least 12 are paying dividends and 34 are making profits. So, to some extent the venture has succeeded even though OTCEI has not succeeded fully. They have been making losses. Now, they are in the process of more or less breaking even. This seems to be the present scenario. One would have to see how things work out in the future before taking a final decision about whether to go and what other steps are required to be taken.

23. When pointed out that out of 115 companies, this 34 plus 12, that is 46, does not work out to even fifty percent of the total companies that give dividend, the witness agreed that dividend is very small.

24. When asked about how the promoters will make good of the losses of the small investors, the representative of the Ministry replied:-

“Sir, I would like to submit that there is a difficulty on that score. The OTCEI has not functioned exactly the way we had visualised it would. It was presumed that there would be a market for small and medium

companies which really has not taken place. So, the market making has to take place. If the market develops, then OTCEI has a future in the present line of business. Otherwise, it will have to diversify. On the question of protecting small investors, this is an issue which both OTCEI and the regulator are deeply concerned and they would have to address this question.”

25. When the Committee desired to know how the small investors can be protected, the witness stated as follows:-

“The NSE was set up by the very same sponsors. Most observers agree that, has been a successful experiment. ‘Successful’ is a relative term. This is another experiment. This has same set of sponsors, like UTI, IDBI, LIC and so on. I think it is a little harsh to say that the same sponsors in one case set up in institution which works well and in another case, because of various reasons, may be market design, the outcome has been less than satisfactory in terms of actual numbers on the ground. At this point of time, we get that sense from the discussion today as well as from the questions that have been submitted. To begin with, the exchange as we think about it is a self-regulating organisation. They themselves should think whether they can function in a way in which they can to a reasonable extent keep the investors interest in mind and not become a tool in the hands of such conniving and conspiring companies. But the Exchange should do that and we would request the exchange to do that. The regulator would again be requested. We in the Ministry would examine it in that light.”

26. When asked how much time will it take to rectify the witness replied:-

“We will be reviewing all these matters. As you agreed, it would obviously take a little bit of time. We have to consult the regulators and others who are involved. It would be difficult to fix a time frame. But, we would definitely take a view on this matter.”

27. The Committee then pointed out that if longer time is taken then the objective would almost be defeated, to which the witness assured that they would try to make it as short as possible.

28. The Committee then pointed out that if the promoters do not succeed in making OTCEI into a separate institution altogether and go as

far back as possible to this original concept just to provide a sort of means of business for smaller investors, who do not have easy access of normal stock market, and suggested that then the correct thing would be to merge it with the National Stock Exchange and this infrastructure for some other thing. To this the witness assured that they would be considering all these things.

**MINUTES OF EIGHTY-FIRST SITTING OF THE COMMITTEE ON
PETITIONS HELD ON 30TH SEPTEMBER, 2003 IN COMMITTEE ROOM NO.
62, PARLIAMENT HOUSE, NEW DELHI.**

The Committee sat from 14.00 to 15.40 hrs.

PRESENT

Shri Basudeb Acharia - *Chairman*

MEMBERS

2. Shri Ram Rati Bind
3. Shri Ambati Brahmanaiah
4. Shri Anant Gudhe
5. Shri Shriniwas Patil
6. Shri P.R. Kyndiah
7. Shri C. Sreenivasan
8. Shri Bikram Keshari Deo

SECRETARIAT

Shri Brahm Dutt - Director

WITNESSES

Representatives of the Ministry of Information & Broadcasting

1. Shri Pawan Chopra - Secretary,
Ministry of Information &
Broadcasting
2. Shri Sudhir Sharma - Joint Secretary, (Policy & Admn.)
Ministry of Information &
Broadcasting
3. Dr. B.P. Sanjay - Director,
Indian Institute of Mass
Communication, New Delhi.

SPECIAL INVITEES

1. Shri K.P. Singh Deo, M.P.
2. Shri Kirit Somaiya, M.P.

Representatives of the Ministry of Railways (Railway Board)

1. Shri K.K. Agarwal - Member (Traffic)
2. Dr. A.K. Pandey - Director General/RPF
3. Dr. K. Suresh - Director General/RHS
4. Shri Yudhisthir Singh - Addl. Member/Comml.
5. Shri Arun Dubey - Addl. Member/IT
6. Shri M.Z. Ansari - Addl. Member/ME
7. Shri Uttam Chand - Adviser/L&A
8. Shri A.K. Goyal - Exe. Director/Passenger Marketing
9. Shri Sunil Kumar - Exe. Director/(C&IS)
10. Shri Arvind Jhamb - Director Traffic/Comml. (G)
11. Shri O.P. Chawla - Joint Director/Traffic Comml. (G)
12. Lt. Col. V.K. Raheja - Exe. Director/Elect(G)
13. Shri O.P. Agarwal - Exe. Director/RRB
14. Shri Anand Mathur - Exe. Director/E(N)
15. Shri R.P. Thakur - Director/Passenger Marketing
16. Shri S.K. Nanda - CCM/Central Railway

2. The Committee took oral evidence of the representatives of the concerned Ministries/Organisations on the following subjects:-

- (i) Petition against transfer of Indian Institute of Mass Communication, Dhenkanal to Utkal University, Bhubaneswar.
- (ii) Representation regarding opening of new ticket booking windows in Mumbai Sub-urban Railway Stations.

3. At the outset the Chairman drew the attention of the representatives of each Ministry, to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Committee then put questions which were replied to by the witnesses on the subjects under consideration of the Committee.

4. A verbatim record of the proceedings was kept.

The Committee then adjourned.

**MINUTES OF THE EIGHTY-SEVENTH SITTING OF THE COMMITTEE ON
PETITIONS (THIRTEENTH LOK SABHA) HELD ON 5TH JANUARY, 2004 IN
COMMITTEE ROOM '62', PARLIAMENT HOUSE , NEW DELHI**

The Committee sat from 15.00 hrs. to 16 .25 hrs.

Present

Shri Basudeb Acharia - Chairman

Members

2. Shri Ram Rati Bind
3. Shri Bikram Keshari Deo
4. Shri Anant Gudhe
5. Dr. Bikram Sarkar
6. Shri Ambati Brahmanaiyah

Secretariat

1. Shri R.C. Ahuja - Joint Secretary
2. Shri Brahm Dutt - Director
3. Smt. Neera Singh - Under Secretary

Witnesses

Petitioners

1. Shri Virender Gupta,
2. Shri Pradeep Rawat
3. Shri K.M. Lal
4. Smt. Sushila Bhauguna

Representatives of the Ministry of Railways (Railway Board)

1. Shri K.K. Agarwal - Member Traffic
2. Shri Y. Singh - Additional Member

(Commercial)

- | | | | |
|----|------------------|---|---|
| 3. | Shri S.P.S. Jain | - | Member Engineering |
| 4. | Shri A.K. Goyal | - | Executive Director
Passenger (Marketing) |
| 5. | Shri Uttam Chand | - | Adviser/L&A |
| 6. | Shri O.P. Chawla | - | Joint Director |
| 7. | Shri J.P. Shukla | - | Principal Chief Engineer,
Northern Railway |

At the outset the Committee considered the draft Thirty-Ninth Report of the Committee on Petitions and adopted the same with some minor modifications. The Committee also authorised the Chairman to present the Report to the House.

2. The Chairman welcomed the petitioners and invited their attention to the provisions contained in Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The petitioners placed before the Committee their grievances regarding improvement of railway facilities at Mandawali-Chander Vihar Railway Halt Station, East Delhi.

(The petitioners then withdrew and representatives of the Ministry of Railway attended the sitting).

3. The Chairman welcomed the representatives of the Ministry of Railways to the sitting of the Committee and invited their attention to the provisions contained in direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Committee then put questions relating to the representation regarding

improvement of railway facilities at Mandawali-Chander Vihar Railway Halt Station which were replied to by the witnesses.

4. Considering the difference between the submissions made by the petitioners and the officers of the Ministry of Railways in regard to passenger amenities, the Committee decided to undertake an on-the-spot local study visit to Mandawali-Chander Vihar Halt Station, East Delhi, on 13th January, 2004 after having a sitting on that day.

5. The verbatim record of the proceedings was kept.

The Committee then adjourned.

MINUTES OF THE EIGHTY-NINTH SITTING OF THE COMMITTEE ON PETITIONS (THIRTEENTH LOK SABHA) HELD ON 22ND JANUARY, 2004 IN COMMITTEE ROOM '53', PARLIAMENT HOUSE , NEW DELHI

The Committee sat from 15.00 hrs. to 15 .20 hrs.

Present

Shri Basudeb Acharia - Chairman

Members

2. Shri Ambati Brahmanaiah
3. Shri Ram Rati Bind
4. Shri Sis Ram Ola
5. Shri Shriniwas Patil
6. Dr. Bikram Sarkar

Secretariat

1. Shri Brahm Dutt - Director
2. Smt. Neera Singh - Under Secretary

2. The Committee considered and adopted the draft Forty-First Report of the Committee on Petitions. The Committee further decided that the Chapter on 'petition requesting for removal of hurdles in completion of the Composite Cemetery in Mulund East, Mumbai' may also be incorporated in the Forty-First Report. The Committee, thereafter, authorized the Hon'ble Chairman to finalize the Report and present the same to the House.