

**STANDING COMMITTEE ON RAILWAYS
(2002)**

THIRTEENTH LOK SABHA

ELEVENTH REPORT

**MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

DEMANDS FOR GRANTS (2001-2002)

**[Action Taken by the Government on the Recommendations/Observations
contained in the 9th Report of the Standing Committee on Railways (2001)
on 'Demands for Grants – 2001-02' of the Ministry of Railways]**

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2002/Agrahayana, 1924 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON RAILWAY (2002)

SHRI K. YERRANNAIDU - Chairman

MEMBERS

LOK SABHA

2. Dr. Madan Prasad Jaiswal
3. Shri Sohan Potai
4. Dr. (Smt.) Anita Arya
5. Shri Bhupendra Singh Solanki
6. Smt. Abha Mahato
7. Shri Jaibhan Singh Pawaiya
8. Shri Salkhan Murmu
9. Shri Bahadur Singh
10. Dr. Ramesh Chand Tomar
11. Smt. Ranee Narah
12. Shri Rajo Singh
13. Smt. Santosh Choudhary
14. Shri Manikrao Hodlya Gavit
15. Shri Avtar Singh Bhadana
16. Shri Priya Ranjan Dasmunsi
17. Shri Moinul Hassan
18. Shri G. Ganga Reddy
19. Smt. Sushila Saroj
20. Shri Haribhau Shankar Mahale
21. Dr. Baliram
22. Shri M. Chinnasamy
23. Shri Prabhat Samantaray
24. Dr. Nitish Sengupta
25. Smt. Nivedita S. Mane
26. Shri Naval Kishore Rai
27. Shri Ajay Singh Chautala
28. Shri Ramdas Athawale
29. Shri Muni Lall

RAJYA SABHA

30. Shri Bhagatram Manhar
31. Shri Raju Parmar
32. Maulana Obaidullah Khan Azmi
33. Dr. Alladi P. Rajkumar
34. Shri Ram Nath Kovind
35. Shri Surendera Lath
36. Shri Tarini Kanta Roy
37. Shri N. Jothi
38. Shri S.R. Bommai
39. Shri Praful Patel
40. Dr. Arun Kumar Sarma

41. Shri Abani Roy
42. Shri Harendra Singh Malik
43. Shri Abhay Kant Prasad

LOK SABHA SECRETARIAT

- | | | | |
|----|----------------------------|---|-------------------------|
| 1. | Shri John Joseph | - | Additional Secretary |
| 2. | Shri M. Rajagopalan Nair | - | Joint Secretary |
| 3. | Shri V.S. Negi | - | Deputy Secretary |
| 4. | Smt. Abha Singh Yaduvanshi | - | Assistant Director |
| 5. | Smt. Archana Srivastva | - | Sr. Committee Assistant |

INTRODUCTION

I, the Chairman of Standing Committee on Railways (2002), having been authorised by the Committee to present the Report on their behalf, present this Eleventh Report of the Standing Committee on Railways (2002) on Action Taken by the Government on the Recommendations/Observations contained in the 9th Report of the Standing Committee on Railways (2001) on 'Demands for Grants 2001-2002' of the Ministry of Railways.

2. The 9th Report was presented to Lok Sabha on 17.04.2001 and it contained 22 recommendations/observations. The Ministry of Railways have furnished their Action Taken Replies on all the recommendations/observations on 28.03.2002.

3. The Standing Committee on Railways (2002) considered the draft Action Taken Report and adopted the same at their sitting held on 12.12.2002.

4. An analysis of the action taken by the Government on the recommendations/observations contained in the 9th Report of the Standing Committee on Railways (2001) (Thirteenth Lok Sabha) is given in Appendix-II.

NEW DELHI;
12 December, 2002
21 Agrahayana, 1924 Saka

K. YERRANNAIDU,
Chairman,
Standing Committee on Railways

REPORT

CHAPTER I

This Report of the Committee deals with the Action Taken by the Government on the recommendations/observations contained in the Ninth Report of the Standing Committee on Railways (2001) on 'Demands for Grants (2001-02) of the Ministry of Railways' which was presented in Lok Sabha on 17.04.2001.

2. Action Taken Notes have been received from the Government in respect of all the 22 recommendations/observations contained in the Report. These have been broadly categorized as follows:-

- (i) Recommendations/Observations which have been accepted by the Government – Para Nos.148,149,150,151,152,153 (1 to 9 & 11),154, 156, 160,161,162,163, 164,165, 166.
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies – Para Nos. 146, 147, 153 (10 & 12),155, 157, 159, 167.
- (iii) Recommendations/Observations replies to which have not been accepted by the Committee – Para No.158.
- (iv) Recommendations/Observations in respect of which final replies of the Government have not been received - NIL

3. The Committee will now deal with the Action Taken by Government on some of their Recommendations/Observations.

Revenue Realisation from Non-Traditional Sources

(Para No.148)

4. The Committee had in the aforesaid Para found that the Railways, being faced with a stagnant allocation from the exchequer and a shortfall of plan requirements had proposed to raise revenue upto Rs.1000 crore to meet their Plan investment from non-traditional sources of revenue such as commercial exploitation of land, air space, commercial publicity on rolling stocks and Railway stations. However, as the Railways' non-traditional operations did not deliver the desired results during that year, the Committee had doubts whether the Railway would be able to achieve their target of Rs.1000 crore from Non-traditional Sources in the coming year. The Committee, had therefore, apprehended that the plan works of the Railways were likely to suffer on this account. In order to achieve this target, the Railway should spell out their concrete strategy.

5. In their Action Taken Reply, the Ministry of Railways have stated:
“The earnings target from non-traditional sources included in Budget Estimates, 2001-02 was Rs.1000 crores. Out of this, Rs.700 crores was to be generated from the leasing of ‘right of way’ for laying of Optic Fibre Cables, Rs.200 crores by commercial utilisation of railway land and air space and Rs.100 crores from commercial publicity.

The realisation of revenue from the non-traditional resources has, however, not been encouraging so far as per the latest trends. While the earnings from ‘commercial utilisation of land and air space’ and the commercial publicity are likely to yield Rs.115 crore and Rs.45 crore against the Budget Estimates of Rs.200 crore and Rs.100 crore respectively, there has been a set back in realisation of revenue from non-traditional source of ‘Leasing of right of way for Optic Fibre Cable Network’ where the Railways expect to realise nothing against the budgeted target of Rs.700 crore.

Despite the above position, the Railways expect to keep up the progress of critical plan works as there has been additional flow of funds from the Central Government by way of additional Budgetary Support.”

6. **It is clear from the action taken reply of the Government that the actual realization of revenues from the non-traditional source is a nominal one. The Committee are perturbed to find that against the budgeted target of generating revenue of Rs.700 crore from leasing of right of way for laying of Optic Fibre Cables, nothing is expected to be realised by the Railways. They are of the opinion that either the Railways have made an unrealistic/unpredictable projection which led to such a catastrophic failure or they have not taken seriously the appropriate measures to generate revenue from this source. The Committee, therefore, desire that the Ministry of Railways should specify the circumstances and the basis on which unrealistic projections in regard to the non-traditional sources were made in the Budget Estimates, 2001-2002. They emphasise that henceforth, the Ministry should be more analytic in their approach and should analyse appropriately the expected earnings before fixing their targets and making projections in the Budget Estimates. The Committee recommend that the Ministry should categorically analyse the reasons for non-achievement/realisation of revenues as targeted from non-traditional sources and apprise them of the same. The Ministry should also spell out the concrete steps taken or being taken in view of this analysis for the realization of revenue from this source in future.**

Rationalised Traffic Policy
(Para No. 149 (v))

7. The Committee in the above para had noted that financial position of the Railways clearly showed that there was crisis in every field during the year 2001. They had suggested that in view of growing competition in transport sector the Railways should strive for cutting costs both in passenger and freight operations. The Committee had felt that there was an urgent need for the Railways to review

their entire traffic policy in order to attract both freight traffic vis-à-vis subsidisation of passenger traffic and to emphasise the need for running the Railways on commercial principles thereby de-linking the cost of social and other obligations which should have been borne by the State/the Departments of the Government of India. The hike in freight rates, though marginal, could have a cascading effect on the cost of production and may lead to cost-push inflation. The Committee had thus felt that there was an urgent need of necessary reforms, revival and rejuvenation of Railway system. In this regard, they had suggested vide clause (v) of the above para that Railways should consider regaining of share in freight traffic with the help of a rationalised traffic policy and heavy cross subsidization on passenger fares should be phased out gradually.

8. The Ministry of Railways in their Action Taken Reply have stated:-
“This is under consideration of the Ministry”

9. **The Committee had noted that the traffic policy was heavily tilted against the freight rates leading to cascading effect on cost of production and thereby resulting cost push inflation. Therefore, despite being energy efficient and environment friendly, Railways were losing its market share to the road sector. In this context, they had advised the Ministry of Railways to regain share in freight traffic with the help of a rationalized traffic policy and gradually phase out the heavy cross subsidisation on passenger fares. The Ministry of Railways in their action taken note have casually remarked that ‘this is under the consideration of the Ministry’. The Committee are apprehensive that with such an evasive attitude, the Ministry do not appear to be serious about such an important policy aspect which could not only increase their share in transport sector but also enhance their revenues. While reiterating their earlier recommendation, the Committee desire to know specifically whether the Ministry have reviewed and rationalised traffic policy after the consideration of the matter. The Committee should be apprised of the status of the present traffic policy including the concrete steps and measures being adopted by the Ministry to rationalise and maintain the balance between freight rates and passenger fares. The Committee would also like to be intimated about the schedule planned/ prepared by the Ministry to phase out heavy cross subsidization of passenger fares.**

(Up-gradation of Safety Infrastructure)
(Para No.149 (ix))

10. The Committee vide clause (ix) of the above Para had recommended that there was an urgent need of reforms regarding up-gradation of safety infrastructure through induction of technical aids to support human element and enhance asset reliability.

11. In their Action Taken Reply, the Ministry of Railway have stated:-

“In order to improve the safety on Indian Railways, Government have created a Special Railway Safety Fund for asset renewal and other safety enhancement measures. An important component of safety enhancement

works are track circuiting, flasher light on locos, simulator for training of loco drivers, re-railing equipments, etc. which provide useful technical aid to human element in ensuring safety in train operation.”

12. The Committee find that Government have created a Special Railway Safety Fund for asset renewal and other safety enhancement measures. Feeling concerned about the Safety scenario in the train operation in Indian Railways, the Committee would like to know the additional budgetary support received by the Ministry of Railway as a part of this Special Railway Safety Fund so far, so as to improve safety on Indian Railways. They would also desire to be apprised of the details of expenditure actually incurred as on date for safety enhancement works such as track circuiting, flash light on locos, simulators for training of loco drivers, re-trailing equipment, etc. which provide useful technical aid to human element in ensuring safety in train operations separately. The Committee desire an assurance from the Ministry that there is no compromise in safety matters and the funds granted by the Central Government under this head are not diverted or misappropriated. A break up of the actual expenditure incurred under this fund may be annexed with Railway Budget every year.

Monitoring of Operating Ratio for Financial Stability
(Para NO. 150)

13. The Committee, in the aforesaid para had noticed that the Railways are in paradoxical situation. Though they were putting in a good performance both in freight and passenger movement, yet they had been suffering for funds. Out of the total dividend liability of Rs. 2352 crore towards general revenue, Rs. 1000 crore had been proposed to be transferred to Deferred Dividend Liability Account. Had the Railways been asked to make this payment, there would have been a shortfall of Rs. 168.08 crore instead of 'Excess' which was shown at Rs. 831.20 crore. And thus the operating ratio projected at 98.8 per cent for the year 2001-02 did not reflect the true-financial picture of the Railways. The Committee were unhappy over the fact that the Railways were not even able to meet their annual plan requirements during 2000-01. More seriously, there had been a sharp fall in appropriations to the Depreciation Reserve Fund, the Development Fund and the Railway Capital Fund. The Committee had, therefore, cautioned the Railway Board against the continuous deteriorating operating ratio which might in future jeopardize the expansion of Railway network.

14. In their Action Taken Reply, the Ministry of Railways have stated:-
“The concern of the Committee is noted. The internal resource generation capacity of the Railways has been seriously set back in recent years due to the steep rise in expenditure consequent upon the implementation of the recommendations of the V Central Pay Commission. The growth in expenditure has, in fact, out paced the growth in earnings.

However, the working expenses are expected to stabilize soon, except for normal increases and it is expected that the growth in freight and passenger traffic will lead to higher earnings and consequently an improved

Operating Ratio. As part of the strategy to augment earnings, receipts from non-traditional sources are also being explored to supplement the efforts in the freight and passenger segments”.

15. The Committee note with concern that though the Ministry has admitted that their internal resource generation capacity has faced a setback in the recent years due to steep rise in expenditure, the latter has not furnished any tangible action plan to cope with their current deteriorating Operating Ratio. They desire that the Ministry must come out with some definite strategy to augment their internal resources and apprise the Committee about the same. They urge the Ministry that utmost priority be accorded to control their unproductive expenditure on the one hand and plug revenue leakages on the other. They emphasise that to augment earnings, receipt from non traditional sources should not only be explored to supplement the efforts in the freight and passenger segments but also pursue the possible avenues aggressively. The Committee expect the Ministry to do away with their lackadaisical approach and make efforts seriously with due promptitude to improve their operating ratio and enhance their internal generation. They would desire to constantly monitor the financial status of the Ministry and therefore like to be kept abreast of the steps/measures taken by the Ministry of Railways in this regard.

Market Borrowings
(Para No.151)

16. The Committee found that the Market borrowings by the Railways through the Indian Railways Finance Corporation (IRFC) had reached at such height that even after the discharge of liability to the extent of Rs.7,086 crore till March, 2001, the outstanding liability remained at Rs.14,998 crore which could go up by Rs.3,028 crore during 2001-02. The Committee had expressed their concern over the increasing market borrowings by the Railways at higher rates and cautioned the Railways against the virtual debt trap.

The funds mobilised through IRFC were not only being used for procurement of wagons but also for coaches and locomotives, which were being utilised for running passenger services on which the Railways had been incurring losses. The Railways were, therefore, utilising high-cost market borrowings for sustaining, loss-making operations. The Committee felt that such a model of financing was a sure recipe for disaster. They had, therefore, recommended that the Railways should make radical reforms in this area to bring financial discipline and prudence back in the system.

17. The Ministry of Railways in their Action Taken Reply, have stated :-
“The concern of the Committee is noted. It is submitted that Railways have to resort to market borrowings to supplement resources for sustaining a reasonable plan outlay.

The lease charges being paid by the Railways for market borrowings form a part of the Ordinary Working Expenses of the Railways and, to that extent, constitute a reduction in their internal resources. However, a part of it,

around 40% goes towards redemption of the borrowed amount. So it may be regarded as deferred payment of the cost of assets already acquired. To that extent, they are a part of the plan expenditure incurred by Railways.

It has been the endeavour of the Railways to maintain a judicious balance of budgetary support, internal generation, and market borrowings, especially taking into account the higher cost of market borrowings compared to budgetary support. It is in this context that the Railways have been pressing for higher levels of budgetary support to meet the requirements of plan investment.

Railways are attempting to reduce the market borrowings through IRFC. The cost of borrowings is also being gradually reduced and the lease rate has progressively come down from 17.5% in 1996-97 to 13.5% in 2000-01. These lease charges include provisions towards repayment of principal and debt servicing.

The capacity of Railways to generate resources internally has been severely affected by the implementation of the recommendations of the V Central Pay Commission. The impact is more or less stabilised now and it is expected that the projected growth in freight and passenger traffic will lead to higher earnings. Railways are also constantly trying to control expenditure and augment earnings, including revenues from non-traditional sources in order to increase internal generation. With higher budgetary support from Ministry of Finance and measures outlined above, Railways intend to bring down market borrowings and consequently the lease charges. It is proposed to reduce the level of market borrowings during the X-Five Year Plan.”

18. The Committee noted that Railways had huge outstanding liabilities as a result of market borrowings through IRFC at higher rates. The Committee, apprehensive of the Railways being dragged towards the virtual debt trap had suggested for radical reforms to ensure financial discipline of Railways. They had also noted that the funds mobilised through IRFC were not only confined to procurement of wagons, but also these were being utilised for procurement of coaches and locomotives for running passenger services on which the Railways had been incurring losses. In their Action Taken Reply, the Ministry of Railways have stated that they are trying to maintain judicious balance of budgetary support, internal generation and market borrowings. Further, the Committee are not convinced by the contention of the Ministry of Railways, that they have to resort market borrowings to supplement resources for sustaining a reasonable plan outlay. The Ministry have not substantiated the concrete steps adopted to reduce their market borrowings. Not satisfied with the reasoning put forth by the Ministry, the Committee strongly reiterate their earlier recommendation to make radical reforms to maintain financial discipline. The Committee would desire to be apprised of the reforms or steps adopted/being adopted/proposed to be adopted in the matter and urge the Ministry to implement the same in letter and spirit to arrest the growth of high cost market borrowings further. They would like to keep a constant

watch over the steps being taken by the Ministry to bring prudence back in the system.

Transparency in allotment of Railway Land
(Para No.152)

19. The Committee in the aforesaid para while expressing their concern over the management, development and custody of Railway lands had inter-alia desired that there should be complete transparency in allotment of Railway Land for stalls and other purposes. In future all stalls at platforms should be auctioned.

20. In their Action Taken Reply, the Ministry of Railways had stated :-
“As suggested by the Committee, there would be complete transparency in allotment of Railway land for stalls etc. A two-packet system of open bidding is being adopted.”

21. The Committee are distressed to note the evasive and callous action taken reply of the Government to one of their important recommendations. They feel that the Ministry have not taken their recommendation seriously. The Committee are of the view that maintaining transparency in allotment of Railway land will not only satisfy the bidders but also the Railway would gain monetarily as the stalls would be allotted to the highest bidder only. However, the Ministry have not specified how this transparency would be attained. The Committee would therefore desire to be apprised of the steps being taken by the Ministry in this regard.

The Ministry have further stated that a two packet system of open bidding is being adopted. However, they have not specified the details of the system and how it is going to help in achieving transparency in allotment of Railway land. The Committee would desire to know the details about functioning of this system, number of stalls allotted under this system so far and the manner in which it is going to bring about transparency in allotment of Railway land thereby satisfying the bidders apart from enhancing financial status of Railways.

Increased Percentage of Share of Railways in Total Cess
(Para No.154)

22. The Committee in the above para found that Railway was the main user of HSD oil. The Government of India had imposed a levy of Rs.1 per liter on petrol in 1998-99 and subsequently in 1999-2000 an additional duty of Rs.1 per litre was also levied on imported and Domestic High Speed diesel and the revenue there from was being transferred to Central Road Fund. They found that though the Rail transport as compared to road transport is five to six times more energy efficient, cost-effective and eco-friendly, the Railways were getting only 12.5% of 50% of Cess on HSD and the entire cess collected on petrol for construction of Road Over Bridge/Road Under Bridge and safety works at the unmanned level crossings. Keeping in view the financial constraints being faced by the Railways, even in meeting their infrastructural requirements, the Committee had recommended that

Railways should at least be paid 1/3rd of the total cess so that it could help them to meet their expenditure on ongoing projects and safety works.

23. The Ministry of Railways in their Action Taken Reply have inter-alia stated:
“The Railways have been requesting for an increase in the budgetary support from the Central Government. The matter of increasing support from the Central Govt. by allocation of a larger proportion of the total cess on HSD and petrol is a matter of policy of the Government. However, it is agreed that additional support, by way of allocation of a larger proportion of the cess, would help in meeting infrastructural requirement of Railways, provided the same could be utilised to finance infrastructural requirements, in addition to being used for safety works for ROB/RUB.”

24. **The Committee have been informed by the Ministry that it is agreed that additional support, by way of allocation of a larger proportion of the cess on HSD on petrol, would help in meeting infrastructural requirement of Railways only if it is used to finance infrastructural requirement of Railways besides being used for safety works for ROB/RUB. In this context, the Committee are keen to know whether the Central Government have acceded to the demands of the Ministry of Railways. They would desire clarification about the agreement, if any, in regard to ‘additional support’ by way of allocation of 1/3rd proportion of the total cess so that it could help them to meet their expenditure on ongoing projects and safety work. In this regard while reiterating their earlier recommendation, they would emphasis that the Ministry of Railway may take up the matter with Ministry of Finance and Planning Commission promptly and effectively.**

IX Plan Performance **(Para No.158)**

25. The Committee in the aforesaid para had found that the present management of Depreciation Reserve Fund and allocation of funds for various renewal activities needed a thorough review. While a separate Plan Head exists for renewal of track, no such segregation had been done for renewal of other assets, such as signaling, telecom, OHE, Workshop and Sheds, Service Buildings and staff quarters etc. The present method of assessment of track renewal requirement and arrears did not provide adequate insight to management in either estimating the requirement or liquidating the arrears in a time-bound manner. Despite enhanced allocations to track renewals, the physical arrears had only increased. There appeared to be certain deficiencies in identification and clearance of track renewal arrears. As non-renewal of old track is hazardous from the Safety point of view, the Committee desired that the backlog should be wiped out first on priority basis.

26. In their Action Taken Reply, the Ministry of Railways have stated:-
“The level of Budgetary Support during the IX Plan has seen an increase as compared to the VIII-Plan. During 2001-02, over 30% of the total plan outlay would be capital assistance from the General Exchequer. The role of the Central Government in providing for creation of infrastructure has to continue and needs to be increased, Rail infrastructure projects are capital

intensive, have long gestation periods and have a low internal rate of return. Due to high public aspiration the Railway have, over the years, acquired a very large shelf of projects. Railways have proposed a budgetary support of R.5,500 crore per annum during the X-Five Year Plan, excluding contribution towards safety funds,

In order to address the problem of mounting arrears in renewal of vital assets like tracks, bridges and signaling gear, a non-lapsable fund of Rs.17,000 crore, named the Special Railway Safety Fund, has been created by the Government. Out of this, Railways will generate Rs.5,000 crores through levy of a Safety Cess on passengers. This cess has already been levied w.e.f. October, 2001. The remaining Rs.12,000 crores will be made available by the General Exchequer. Specific works involving liquidation of arrears in renewals of tracks, bridges, signaling gear and rolling stock and some other safety enhancement measures have already been identified for execution through the Special Railway Safety Fund. It is expected that arrears in renewal of these assets will be substantially reduced resulting in greater safety in Railway operation.

Indian Railways has been in dialogue with the World Bank for a loan for the Mumbai Urban Transport Project in Mumbai. The total cost of the projects is Rs.5618 crore of which 54% approx. was to come through a loan. In the first phase, project costs are estimated at Rs.3115 crore with Rs.1600 crore as the WB loan component. Half of the loan will be routed via the Government of Maharashtra who have agreed to share project costs and half through the Ministry of Railways. Possibility of getting multilateral/bilateral funding from other sources like Asian Development Bank (ADB), etc. through Ministry of Finance, is also under consideration.

Initiatives are also being taken to attract funds from other sources e.g. State Governments, beneficiary industries, ports infrastructure companies, overseas corporate bodies and foreign direct investors. The following models have been proposed:-

- For financially viable projects a special purpose vehicle (SPV) can be created with equity participation by the Railways and private company. Such a SPV has been created in the case of Pipavav Port where gauge conversion is being undertaken by the SPV.
- The Bolt Scheme initially adopted was not attractive for private entrepreneurs. This has subsequently been modified to BOT. The proposed model envisages private participation by a consortium of construction contractors and financiers. To give sufficient comfort to lenders access charges will go into a escrow account through a tripartite agreement between the Railways, the project sponsors and the lenders. An added incentive to the developers for early completion is the advance receipt of access charges.
- For fast execution of projects in which State Governments are interested it is considered that a SPV as holding Company is created with equity partnership by Ministry of Railways, the State Government and national level infrastructure financing institutions. For each project, a specific funding mechanism would have to be evolved.

- Steps are being taken to attract private capital for development of private freight terminals. IR will pay service charges to the promoter towards capital cost, the promoter will charge customers separately for handling, road transport etc.”

27. The Committee had found that despite enhanced allocations for track renewals, the physical arrears had increased. They were especially dissatisfied with the deficiencies in identification and clearance of track renewal arrears, and therefore, had desired that this backlog be wiped out on priority basis so that renewal of old track becomes non-hazardous from safety point of view. The Committee had urged the Railway Board to prepare a blue print for undertaking safety projects in a time bound manner on the basis of recommendation of Railway Safety Committee. They also proposed to the Government to examine the possibility of providing a one time grant to the Railways for improving safety in Indian Railways.

The Committee are happy to note that the Government has created a non-lapsable Special Railway Safety Fund of Rs.17000 crore to address the problem of mounting arrears in renewal of vital assets like tracks, bridges and signaling gear etc. They also note that the Railways have already levied safety cess on passengers w.e.f. Oct. 2001 to generate Rs.5,000 crore, a portion of the Safety fund which the Railways are supposed to generate for this fund. However, they find that though specific works involving liquidation of arrears in renewal of track, bridges, signaling gear, rolling stock and some other safety enhancement measures have been identified for execution through the Special Railway Safety Fund, they have not brought out a blueprint for undertaking safety projects in a time bound manner. They desire that a blue print for undertaking safety project on a pre-planned schedule and priority be brought out without any further delay. They urge the Ministry of Railways to ensure that the funds made available by the General Exchequer through this fund is utilised exclusively for the stated purpose and the identified safety projects priority wise. The Committee expect that arrears in renewal of assets would be substantially reduced resulting in greater safety in Railway operations.

28. The Committee in their original Report after examining the matter relating to capital investment requirements viz-a-vis availability of requisite resources were of the opinion that Indian Railways must put forward their pragmatic and merchantile view before Planning Commission and Ministry of Finance to get their financial constraints addressed to in the 10th Five Year Plan. The Committee now note that the Ministry of Railway have proposed for a budgetary support of Rs.5500 crore per annum during the 10th Five Year Plan excluding contribution towards Safety Fund. However, the Ministry have not specified the effort they have made to convince and pursue Planning Commission and Ministry of Finance and the manner in which they have pleaded their case for more funds. They stress that the matter may be taken up more seriously and make sincere and concerted efforts to obtain higher budgetary support under intimation to the Committee.

29. For non-realising the projected targets because of the inefficiency prevailing in project executing officials, the Committee in their original Report had desired that responsibility be fixed and deterrent action be taken against them. However, in their Action Taken reply, the Ministry has not come out with any assurance to the proposal/recommendation of the Committee for fixing accountability for non-realising the projected targets and taking punitive action against officials responsible for incompleteness of the project in the targeted time schedule due to their inefficiency and incompetence. Therefore, the Committee cannot help but to reiterate their earlier recommendation with the hope that the Ministry will take appropriate steps to address the concerns expressed by the Committee in this particular recommendation.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE
TENTH REPORT 2002 (THIRTEENTH LOK SABHA)
ON 'DEMANDS FOR GRANTS 2002-03
OF THE MINISTRY OF RAILWAYS'

Total number of Recommendations/Observations	22
(i) Recommendations/Observations which have been accepted by Government (Vide recommendations/observations Para Nos.154, 160, 161 and 166 (a))	15
Percentage of Total	68%
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Vide recommendations/Observations Para Nos.152, 153, 157, 158, 163, 165, 167 and 168)	06
Percentage of Total	27%
(iii) Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration. (Vide recommendations/observations Para Nos.156, 159, 162, 164 and 166 (b))	01
Percentage of Total	5%
(iv) Recommendations/Observations in respect of which final replies of Government are still awaited (Vide recommendations/observations Para Nos.151 and 155)	00