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**STANDING COMMITTEE  
ON RAILWAYS  
(1999-2000)**

**THIRTEENTH LOK SABHA**

**MINISTRY OF RAILWAYS  
(RAILWAY BOARD)**

**RAILWAY FINANCE**

*[Action Taken by Government on the Recommendations/Observations contained  
in the 9th Report of the Standing Committee on Railways (1997-98)  
(Eleventh Lok Sabha) on 'Railway Finance']*

**SECOND REPORT**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*November, 2000/Kartika, 1922 (Saka)*

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(RAILWAY BOARD)

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Presented to Lok Sabha on.....

Laid in Rajya Sabha on **5 DEC 2000**



LOK SABHA SECRETARIAT  
NEW DELHI

November, 2000/Kartika, 1922 (Saka)

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I Report .....	1
CHAPTER II Recommendations/Observations which have been accepted by the Government .....	22
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies.....	26
CHAPTER IV Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration. ....	44
CHAPTER V Recommendations/Observations in respect of which final replies of Government are still awaited.....	54

### APPENDICES

I. Minutes of the sittings of the Standing Committee on Railways held on	
7th July, 2000.....	59
11th September, 2000 .....	61
12th September, 2000.....	64
24th October, 2000.....	67
II. Analysis of the action taken by Government on the Recommendations/Observations contained in the 9th Report of the Standing Committee on Railways (1997-98) (Eleventh Lok Sabha) on 'Railway Finance'. ....	69

COMPOSITION OF THE STANDING COMMITTEE  
ON RAILWAYS (1999-2000)

Shri K. Yerrannaidu — *Chairman*

MEMBERS

*Lok Sabha*

2. Dr. (Smt.) Anita Arya
3. Shri Avtar Singh Bhadana
4. Shri M. Chinnasamy
5. Shrimati Santosh Choudhary
6. Shri Priya Ranjan Dasmunsi
7. Shri P.D. Elangovan
8. Shri Manikrao Hodlya Gavit
9. Shri Tarun Gogoi
10. Shri Moinul Hassan
11. Dr. Madan Prasad Jaiswal
12. Shrimati Abha Mahato
13. Shri Sadashivrao Mandlik
14. Shri Subodh Mohite
15. Shri Salkhan Murmu
16. Shri Jaibhan Singh Pawaiya
17. Shri Sohan Potai
18. Shri Naval Kishore Rai
19. Shri Gunipati Ramaiah
20. Shri Prabhat Kumar Samantaray
21. Shrimati Sushila Saroj
22. Dr. Nitish Sengupta
23. Shri Bahadur Singh
24. Shri Brij Bhushan Sharan Singh
25. Capt. (Retd.) Inder Singh

26. Shri Jai Bhadra Singh
27. Shri Rajo Singh
28. Shri Bhupendra Sinh Solanki
29. Shri A.K.S. Vijayan
30. Shri Jagdambi Prasad Yadav

*Rajya Sabha*

- \*\*\*31. Shri Bhagatram Manhar
32. Shri Jhumuk Lal Bhendia
33. Shri Banarsi Das Gupta
- \*\*\*\*34. Shri Raju Parmar
35. Shri Gopalsinh G. Solanki
36. Chaudhary Chunni Lal
37. Dr. (Smt.) Chandra Kala Pandey
38. Shri Maulana Obaidullah Khan Azmi
39. Shri S. Niraikulathan
40. Shri G.K. Moopnar
41. Shri Anil Sharma
42. Shri Barjinder Singh Hamdard
43. Shri Abani Roy
- \*44. Dr. D. Venkateshwar Rao
- \*\*45. Shri Ramchandraiah Rumandla

SECRETARIAT

- |                             |   |                             |
|-----------------------------|---|-----------------------------|
| 1. Dr. A.K. Pandey          | — | <i>Additional Secretary</i> |
| 2. Shri M. Rajagopalan Nair | — | <i>Joint Secretary</i>      |
| 3. Shri R.C. Gupta          | — | <i>Deputy Secretary</i>     |
| 4. Shri S.N. Dargan         | — | <i>Under Secretary</i>      |

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\* Nominated *vide* RSS Bulletin Part-II dated 18.1.2000.

\*\* Nominated *vide* RSS Bulletin Part-II dated 29.2.2000.

\*\*\* Nominated w.e.f. 5.5.2000 vice Shri Radhakishan Malaviya *vide* RSS Bulletin Part-II dated 5.5.2000.

\*\*\*\* Re-nominated w.e.f. 5.5.2000 *vide* RSS Bulletin Part-II dated 5.5.2000.

## INTRODUCTION

1. I, the Chairman of Standing Committee on Railways (1999-2000) having been authorized by the Committee to present the Report on their behalf, present this Second Report on Action Taken by the Government on the recommendations/observations contained in the 9th Report of the Standing Committee on Railways (1997-98) (Eleventh Lok Sabha) on 'Railway Finance'.

2. The 9th Report was presented to Lok Sabha on 20th November, 1997 and contained 20 recommendations/observations. The replies of the Government to all the recommendations contained in the Report were received on 30th April, 1998, 2nd September, 1998 and 1st November, 1998. These replies were considered by the Committee on 7th April, 2000.

3. The Action Taken Replies along with draft Action Taken Report were considered by the Committee on 7th July, 2000. However, the Committee decided to take oral evidence of the Ministry of Railways, Finance and the Planning Commission in respect of Para Nos. 112 and 117 on 11th and 12th September, 2000. In the meantime the Ministry of Railways furnished their final/revised/updated action taken replies to the para Nos. 111, 112, 113, 117, 121 and 122. The Committee took oral evidence of the representatives of the Ministries of Finance, Railways and the Planning Commission on the 11th & 12th September, 2000.

4. The Report was revised in view of final/updated replies of the Ministry of Railways, Finance and the Planning Commission and the same was considered and adopted by the Committee at their sitting held on 24th October, 2000.

5. The Committee wish to express their thanks to the representatives of the Ministries of Railways, Finance and the Planning Commission for appearing before the Committee and placing the facts before them.

6. An analysis of the Action Taken by the Government on the Recommendations/Observations contained in the 9th Report of the Standing Committee on Railways (1997-98) (Eleventh Lok Sabha) is given in Appendix-II.

NEW DELHI;  
4 November, 2000  
13 Kartika, 1922 (Saka)

K. YERRANNAIDU,  
Chairman,  
Standing Committee on Railways.

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations and observations contained in the Ninth Report of Standing Committee on Railways (1997-98) on 'Railway Finance'. The Report was presented to Lok Sabha on 20.11.97. It contained 20 recommendations/observations.

2. The Action Taken notes have been received from the Government in respect of all the 20 recommendations/observations and the same have been broadly categorized as follows:—

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

Para Nos. 108, 108(a) and 119

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

Para Nos. 109, 110, 116, 121, 122, 125 and 126

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

Para Nos. 107, 114, 115, 117, 118, 120, 123 and 124

(iv) Recommendations/observations in respect of which final replies of Government are still awaited;

Para Nos. 111, 112 and 113

3. The Committee desire that final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to them expeditiously.

4. The Committee will now deal with the Action Taken by the Ministry of Railways (Railway Board) on some of their recommendations/observations.

## Development of Professional Mechanism

### (Para No. 107)

5. The Committee had found in paragraph 107 of the Report that in spite of enjoying financial and administrative autonomy in the management of their finances, the responsibility of the Indian Railways did not commensurate with the authority and autonomy conferred to it. There has been time and cost over-run in execution of projects. The Committee had, therefore, recommended that the Ministry of Railways should develop an efficient and professionally managed system to avoid time and cost over-run and to improve public utility, public safety, passenger amenities and punctuality of trains, etc.

6. The Ministry of Railways in their action taken reply have stated as under:—

“The Railways appreciate the need to avoid time and cost over-runs in the execution of projects and have evolved effective monitoring systems to identify avoidable delays and to take immediate remedial action. However, a number of new projects have been added as per the Government’s policy to provide adequate rail infrastructure in backward areas. There is a large throw forward particularly in respect of new lines and gauge conversions. The funds provided each year are not even enough to take care of inflation as a result of which Railways are unable to fund the projects optimally leading to time and cost over-runs. The projects would be funded out of the available resources as per their priority and completed gradually. Projects lower down in the priority list would have to await implementation. In view of the above, time and cost over-runs are inevitable if limited resources have to be thinly distributed over a very large shelf of remunerative as well as unremunerative projects.

As regards Passenger Amenities these are provided at any station taking into account the maximum number of passengers dealt with at that station. The facility are reviewed periodically and upgraded and this is a continuous process.

So far as Railway and Public Safety is concerned Railways accord highest priority to safety in train operations. All serious accidents are inquired into by Commissioners of Railway Safety (CRS). The recommendations of the CRSs are, by and large, accepted and implemented and constant efforts are made to update the Safety system on Indian Railways.



Regarding timely running of trains it is stated that at present, 7898 trains including 1306 Mail/Express trains, 3121 Passenger trains are running daily on Indian Railways, out of which 238 Mail/Express trains have been listed as monitored trains. To improve punctuality of trains, punctuality meetings are held at Divisional Head Quarters and Zonal Railways' level on a daily basis and a detailed cause wise analysis is conducted of those trains which have not been able to maintain their timings and remedial action taken. A Punctuality Cell has also been set up in the Railway Board's office to keep a close watch on the running of certain nominated trains (Monitored trains) on the Zonal Railways".

7. From the aforesaid reply of the Ministry, the Committee have noted that the above recommendation/observation made by the Committee in their original Report has not been considered with the seriousness it deserved. In their opinion the Ministry should have dealt with the matter in depth and come out with some concrete suggestions/remedies to minimise the time and cost over-run in the execution of projects and to improve the passenger amenities and punctuality of trains with assured safety system. The least the Committee expected from the Government is to prioritize all the pending projects with the stipulation that the priority once fixed will not be refixed. However, in case it is decided to revise the priority of a project, the reasons for such revision should be intimated to the Committee. The Committee would also like the Ministry to study in depth and come out with concrete suggestions to avoid time and cost over-runs apart from prioritisation of all the projects.

The Ministry of Railways have not suggested anything concrete to upgrade the passenger amenities and efforts made by them to update the safety system on Indian Railways. Measures taken to upgrade the passengers amenities and to improve the punctuality of trains should be intimated to the Committee.

The Committee would also like to know the recommendations made by the Commissioner of Railway Safety and action taken thereon by the Railways. The recommendations which have not been accepted by the Government should be intimated to the Committee alongwith the reasons therefor.

### **Social Burden**

#### **(Para No. 112)**

8. The Committee, in para No. 112 of the Report had noted that traditionally Indian Railways had been providing certain services below the cost of operation as a part of their social obligation. In order to compensate the Railways for carrying the social responsibility, the Ministry of Railways had informed the Committee that in pursuance of Finance Secretary's suggestion, an inter-ministerial Working Group consisting of Members from Ministry of Finance, Planning Commission and the Ministry of Railways, was constituted to examine the issue of social service obligation in all its dimensions. The Group had estimated the social service obligation in the year 1994-95 at Rs. 886 crores. The practice of bearing social obligations is a built-in feature of Railway system the world over and to cover such deficits, grants are sought by Railways and sanctioned by Governments in many countries. The non-payment of compensation for carrying social burden has forced the Railways to raise money through market borrowings for which they had to pay lease charges on a very high rate. The Committee were of the firm opinion that both the Planning Commission and the Ministry of Finance should appreciate this fact and find ways and means of compensating the Railways for undertaking the social responsibility, national obligation, social mobility and national unity and national development.

9. In their action taken reply the Ministry of Railways have forwarded the following extracts of replies received from the Planning Commission and Ministry of Finance:—

#### **Planning Commission**

'Both fare and freight rates needs to be fixed keeping in view the cost of operation. This will not only reduce the financial burden on railways but would lead to greater allocating efficiency. If certain essential goods have to be carried out below cost or the passenger fares are to be subsidized, the Railways may be compensated directly. The financial losses of new lines or on account of metropolitan transport project should be met by all stakeholders including State Governments.'

### Ministry of Finance

"The report of the Working Group has been examined in this Ministry and it has been found that it will not be possible to subsidize Railways any further on the various points raised by the Inter-Ministerial Group. On the other hand Railways should raise the rate of dividend to General Revenues to a figure that is close to the average market borrowing rate of the Central Government."

In this regard the Ministry of Railways have commented as under:—

"Although the Ministry of Finance have not agreed to subsidize Railways for undertaking a social responsibility they have, in the year 1997-98, enhanced the Capital from the General Exchequer to a level of Rs. 2001 Cr. whereas it was only Rs. 1465, Rs. 1140 and Rs. 1145 Cr. (Actuals) in the previous three years (1996-97, 1995-96, 1994-95). Further the Railways have also been enabled to draw from their funds balances for supporting the Plan. These have helped Railways restrain at a lower level market borrowings that may have been otherwise necessary during 1997-98.

The issue of an explicit subsidy for social obligations of Railways will, however, be pursued after formulating appropriate response to the view of the Planning Commission and Ministry of Finance".

### Revised/Updated Reply of the Government

9A. Extracts of revised replies received from the Planning Commission and the Ministry of Finance are reproduced below:—

#### Planning Commission

"Both fare and freight rates need to be fixed keeping in view the cost of operation. This will not only reduce the financial burden on Railways but would lead to greater allocative efficiency. If certain essential goods have to be carried out below cost or the passenger fares are to be subsidised, then the Railways may be compensated directly. The financial losses of new lines or on account of metropolitan transport project should be met by all stakeholders including State Governments".

### Ministry of Finance

"The report of the Working Group has been examined in this Ministry and it has been found that it will not be possible to subsidise Railways any further on the various points raised by the Inter-Ministerial Working Group. On the other hand Railways should raise the rate of dividend to General Revenue to a figure that is close to the average market borrowing rate of the Central Government."

9B. In this connection, the Ministry of Railways have stated as under :

"Although Ministry of Finance have not agreed to subsidise Railways for undertaking a social responsibility they have, in the year 1997-98 enhanced the Capital from the General Exchequer to a level of Rs. 2001 Cr. whereas it was only Rs. 1464 Cr., Rs. 1140 Cr. and Rs. 1145 Cr. (actuals) in the previous three years (1996-97, 1995-96, 1994-95). Further the Railways have also been enabled to draw from their fund balances for supporting the Plan. These have helped Railways restrain at a lower level market borrowing that may have been otherwise necessary during 1997-98.

Cabinet Note for seeking re-imburement of the Social Service Obligations borne by Indian Railways has already been submitted to the CCEA on 11.1.2000 by the Ministry of Railways. It was considered by the CCEA at its meeting held on 1.2.2000 but they decided to resume discussions on the subject at a later date.

Meanwhile, on 17.4.2000 this Ministry was directed to review the Note in the light of Budget proposals for the year 2000-01. A Supplementary Note was submitted for further consideration by the CCEA. It has, however, been referred back for seeking views of Ministry of Finance. After incorporating the views of Ministry of Finance, the Note has been submitted to CCEA."

As the Committee was not satisfied with the above Action Taken Reply to paragraph No. 112 of the Original Ninth Report furnished by the Ministry of Finance, Planning Commission and the Railways, they decided to take further evidence to seek certain clarifications on this reply.

During the course of evidence the Committee desired to know as to why the Ministry of Finance disagreed to the recommendations of inter-Ministerial Working Group and to the views expressed by the Planning Commission supporting the cause of compensating the

Railways for bearing social obligation. The Secretary, Ministry of Finance deposed:

"There was an inter-ministerial group on social burden borne by the Railways. The Committee did make recommendations on the principles of compensation. The Government at that time examined this. It was not agreed. I must also point out here that compared to 1999-2000, the budgetary support for the Railways has been on the increase. In 1998-99 the budgetary support was Rs. 2,185 crore, in 1999-2000, it was Rs. 2,540 crore, and for the current year 2000-2001, the budgetary support has been put at Rs. 3,840 crore. In fact, for the first time, the budgetary support exceeded the internal resources of the Railway Board."

About the mechanism for allocation of funds, the witness stated:

"The mechanism is, we place the resources as gross budgetary resources for Plan at the disposal of the Planning Commission and the Planning Commission in turn looking at the competing demands from different sectors allocates strictly this budgetary support that is allotted, to the Railways which goes through the Planning Commission."

Reacting to the views expressed by the witness, Secretary, Planning Commission stated that the Planning Commission while allocating resources to the Ministries takes into account not only their own requirements but also what has been the practice in the past. He added:

"We try to balance the requirement of the various sectors of the Government. We have given to them much more than what has been given to us from the Finance Ministry."

Pointing out the sources from where the Railways get funds, the witness, added:

"The Railways have three sources — internal resources, borrowings and budgetary support. In the Eighth Plan, their proportion of internal resources was 58 per cent and now, in the year 2000-01, that is, in the current year, this 58 per cent of their internal resources has fallen to 35 per cent. Therefore, there has been a big decline in the Railway's internal resources whereas

the budgetary support given to them from the Government has increased from 23 per cent to 32 per cent. Therefore, as far as the Planning Commission is concerned, we think that we have been very sympathetic to the cause of the Railways and we have been giving them increases every year. If you look at the figures of last year and this year, the figures are that the Finance Ministry increased our gross budgetary support by 14 per cent, that is, from Rs. 77,000 crore to Rs. 88,100 crore, whereas we increased the budget of the Railways by 39 per cent. We reduced the allocation of other Ministries and gave a very high jump of Rs. 1,000 crore to the Railways, increasing their share to 39 per cent. Of course, the Railways deserve much more, but we have stretched our limit to the extreme and whatever we could provide we have been able to give to the Railways".

The Committee pointed out that various developed countries have been compensating the Railways for safety, improvement of new lines and various other projects in order to give a boost to the Railways. The Committee felt that keeping in view the mammoth structure of this undertaking, the budgetary support provided to the Railways was smaller in comparison to the compensation provided to the respective Railways in other countries. Responding to the comments of the Committee, the Secretary, Ministry of Finance opined as under:

"It is true, Sir. The Indian Railway System is an extremely large system. There are many areas where a railway line can lead to development. In fact, railway line is a precursor to development if a railway line is constructed, development can take place. We fully appreciate that. Today what is happening is, we, in the Government, are borrowing. The Budgetary support is nothing but borrowing from the market. The average rate of interest in the year 1999-2000 is 12.13 per cent. We borrow at an interest of 12.13 per cent. We give this money as a perpetual loan and it is never recovered from the Railways, whereas the Government has to repay the loans that they borrow from the market. Our rate of interest is 12.13 per cent whereas the average dividend in 1999-2000 was 4.07 per cent. That means there is already that much of difference which is actually going to the Railways and we are not really recovering that. This shows recognition that the Railways are important from the economy's point of view. That is why this much of increase in budgetary support is permitted and that is why these relief's also are given. Well, as

Dr. Saxena pointed out, needs of the Railways are enormous. For example, in the North-East, some of the lines are important. They are very crucial. We will have to find some funding mechanisms but that is the reason why this year there is a very steep jump in the budgetary support for Railways, compared to last year. In fact, every year we are trying to do this. Because of the funds constraint today, the Railways are actually drawing down on their reserves. The reserves are actually meant for specific purposes. But, in fact, they have drawn down the reserves this year. This should not have happened. So, I would plead with the Committee that firstly, there should be some rationalisation of the tariff structure. The second thing, I think, is that we should review the portfolio of projects which are there, and ultimately if we provide funding to the Railways adequately for the projects that they can take up, then they will be able to complete projects well in time and they can get more revenue out of them. What is happening today is that there are a number of projects which are not earning revenue. In that sense, they will earn revenue at a much later date. So, I think, this balancing is a must. We have pointed out this to the Railways time and again."

When asked by the Committee to comment on the views expressed by the Ministry of Finance and Planning Commission, the Ministry of Railways stated as under:

"The figures that are being mentioned about the budgetary support are for the Eighth Plan onwards. But if we go back further, in the Fourth and the Fifth Plans, our budgetary support was 72 per cent to 75 per cent and the internal generation was of the order of about 25 per cent. We had increased this internal generation to 35 per cent of the Plan. The budgetary support has now been reduced from 75 per cent to 30 per cent. We are borrowing the balance of 30 per cent to 40 per cent from the market through the IRFC.

When we are borrowing from the market and paying the lease charges, our internal resource generation is getting further throttled. I agree that there are many constraints with the Planning Commission and the Ministry of Finance regarding whatever they have mentioned. But I am only trying to put in the correct perspective what was there in the Fourth and the Fifth Plans also. About 35 per cent of the Plan size has been reduced from the budgetary support. Today, we have to borrow from the market at a high interest rate, which of course the Centre also does. When we borrow from the market and return

that loan, our internal generation, because of these charges and the return on capital that we have to pay, gets further squeezed. I just thought that I would put out this perspective also apart from the fact that as a result of the 1,000 crore extra diesel bill, in the road sector and everywhere the prices have gone up and we have absorbed it. That is again a constraint on our internal generation of resources."

**10. The Committee would like to be apprised of the latest status of the supplementary note submitted to the Cabinet Committee on Economic Affairs (CCEA) on the issue of compensating the Railways for bearing social obligations within three months.**

#### **Electricity Tariff**

**(Para No. 113)**

11. The Committee, had been informed that some State Electricity Boards/NTPC were charging from Railways tariff rate much higher than the cost at which they bought electricity from N.T.P.C., N.H.P.C. etc. and in most of the cases it was 3 to 4 times of the rates which they charged from domestic, agricultural and industrial consumers. The Committee had, therefore, recommended that Railways should also have the option to levy higher freight charges from such State Electricity Boards/Public Undertakings, for movement of coal etc.

12. The Ministry of Railways in their action taken reply have stated:

"The suggestion made by the Committee for upward revision of tariff charges for coal moved to State Electricity Boards/Power Houses will be considered if the request of the Ministry of Railways to align the electricity tariff rate with those for High Tension consumers is not accepted by the State Electricity Boards".

#### **Revised/Updated Reply of the Government**

Ministry of Railways are pursuing with the various State Electricity Boards, namely, Bihar State Electricity Board, Punjab State Electricity Board, Haryana State Electricity Board (with their company supplying Power to Railways), Madhya Pradesh State Electricity Board, Uttar Pradesh State Electricity Board, Gujarat State Electricity Boards, Andhra Pradesh State Electricity Board and Maharashtra State Electricity Board,



who are presently charging higher electricity tariff from Railway as compared to their high tension industrial consumers, for reduction in their present electricity tariff applicable to the Railways. The Zonal Railways have also taken up this issue with the State Electricity Regulatory Commissions before any electricity tariff revision is undertaken by the concerned State Electricity Boards. Ministry of Railways would take appropriate measures for revising their coal transportation rates in case Railway's efforts to get equitable treatment from the concerned SEBs do not succeed.

**13. The Committee would like to be apprised of the latest status and the action taken thereon by the Ministry of Railways.**

#### **BOLT Scheme**

**(Para No. 114)**

14. The Committee had expressed their concern over the Ministry of Railways' failure to raise requisite resources through market borrowings. The operation of the Build Own Lease Transfer (BOLT) schemes initiated by the Railways had been dismal. Against 53 projects contemplated under BOLT scheme, only 3 projects could be awarded. This led to delay in execution of several urgent projects and pushing up the cost and the time overrun. The Committee had, therefore, desired the Ministry of Railways to conduct scientific evaluation and introspection to assess its failure so as to find out as to why the BOLT scheme had not yet been materialized to expectations. They had therefore recommended that Railways should interact with the Public Sector Undertakings; and Apex Industrial and Commercial Organizations to find out lacuna in the BOLT scheme and also to make necessary amendment. They had also desired that Railways should make a comparative study of BOLT scheme in other Ministries and similar organizations outside country where it has been successfully implemented; to find out the shortcomings; and to effect the necessary changes, in order to make the scheme market friendly and relevant to the country.

15. The Ministry of Railways in their action taken reply have stated:

"The efforts to mobilize additional funds, through BOLT scheme, have not been very successful due to the high cost quoted by the bidders in their offers, as the Railway projects require large investments with long gestation periods, which tends to make

the interested parties provide for higher margins for uncertainties, making it much costlier. In view of the above, the Ministry of Railways have constituted a high level Committee to review the BOLT scheme and to suggest suitable modifications in its terms and conditions so as to make the scheme more acceptable and investor-friendly. The Committee, who has one of its members from a Public Sector Undertaking IRCON, has also held consultations with various industrial and commercial organizations. The contents of Para No. 114 above have also been brought to the notice of the Committee for their information and guidance."

16. The Committee are concerned to note that their recommendation regarding interacting with the Public Sector Undertakings and APEX Industrial and Commercial organizations to find out lacunae in the BOLT Scheme under operation in Railways has been treated by the Ministry of Railways in a very casual manner. Similarly, no action has been taken on the Committee's recommendation for making comparative study of the scheme in other Ministries and similar organizations outside the country where it has been successfully implemented. The Committee would like to know the specific action taken by the Ministry of Railways on these two aspects.

The Committee have been informed that the Ministry of Railways have constituted a high level committee to review the BOLT scheme. The Committee would like to have all the necessary details like the date of constitution of this committee, its composition, the terms of reference, the date by which the Report is likely to be submitted.

#### **External Aid**

**(Para No. 115)**

17. It has been observed that the Railways were raising funds through external aid which were soft loans. The Committee had expressed their concern to note that there were only 6 on-going externally aided projects. The utilization of the external aid in some projects had been poor resulting in surrender of loans. What was more disturbing to the Committee was that the Railways had posed to Overseas Economic Cooperation Fund (OECF), Japan through Ministry of Finance 3 projects in December, 1990 which did not materialize and since then no further efforts had been made by the Ministry to explore the possibility of securing external aid. The Committee had therefore desired the Railways to explore the possibility of attracting direct foreign investment and joint ventures, similar to Konkan Railways, in view of Globalisation and to avoid dependence on budgetary support which has been dwindling progressively.

18. The Ministry of Railways in their action taken reply have stated:

“Though Railways have been making all efforts to get external aid for railway projects, new loans have not been forthcoming mainly due to various conditionalities attached to such aid. Multilateral lending agencies like the World Bank and Asian Development Bank have been pressing for fundamental changes in the structure and operations of IR, including greater privatization and commercialization, which have not been acceptable to us. On the other hand, bilateral external assistance is normally tied to import of goods and services from the specific country which extends the aid. A basic requirement to qualify for external assistance, whether multilateral or bilateral, is that the projects have a substantial foreign currency component in the form of import of goods and services. Railway projects which enjoy high Plan priority like New Lines, Doublings, Gauge Conversion, Electrification, etc. generally do not meet these criteria as these works are mostly executed through domestic contractors and the required goods are available within the country. Despite all this, IR have posed a few projects for external assistance through the Asian Development Bank and KFW/Germany. KFW/Germany has already committed a soft loan of DM 185 million for a project of Improvement of Signalling System between Gaziabad and Kanpur and a Loan Agreement has been signed on 1st August, 1997. A study under Technical Assistance of the ADB, concluded recently, has *inter-alia* identified a few specific railway projects suitable for funding by external funding agencies and the study report is presently under examination. The proposals for Foreign Direct Investment are scrutinized by Foreign Investment Promotion Board under the Ministry of Industry. Chairman, Railway Board, is a co-opted member of the FIPB for considering proposals relating to the rail sector. Any proposal for FDI in the railway sector when received can be considered on merits of each case. As far as Joint ventures are concerned, Railways are considering Joint Ventures with potential partners, including the Private Sector, for investments in Rail infrastructure. However, no such attempt has fructified and these are only at discussion stage.”

19. From the reply submitted by the Ministry of Railways, the Committee find that the Indian Railways have posed a few projects for external assistance to the Asian Development Bank and KFW Germany. It is heartening to note that KFW Germany has committed a soft loan of DM 185 million for the project for improving the signaling system between Ghaziabad and Kanpur for which a loan agreement was signed on 1 August, 1997. The Committee would like to know the actual amount of soft loan received from KFW, Germany and the amount spent so far in improving the signaling system between Ghaziabad and Kanpur.

The Ministry of Railways have also informed the Committee that a study under technical assistance of the ADB conducted recently, *inter-alia* identified a few specific funding agencies and the study report is under their examination. The Committee would like to know the latest position in this regard.

As the Indian Railways have been facing heavy resource crunch, the Committee reiterate their earlier recommendation that the Indian Railways should make all efforts to get external aid for Railway Projects from multi-lateral lending agencies like the World Bank, Asian Development Bank, etc. The Committee also emphasize that the Railways should go in for joint ventures with potential partners, including the Private sector for investment in rail infrastructure. The Committee must be informed of the outcome of the efforts made by the Railways in attracting direct foreign investment and joint ventures periodically.

#### Maintenance of Assets

(Para No. 117)

20. The Committee, in Para No. 117 had expressed their concern to note that the Ministry of Railways had not been able to furnish the elementary information regarding their total assets and property sought by the Study Group-I. What was more disturbing to the Committee was the fact that the Railways did not have any record of the Railway line lands, buildings, rolling stock, stores, equipments and other assets originally constructed and financed by guaranteed railway companies which were acquired by Government during the period from 1925 to 1944 and thereafter. According to the Railways, the practice of maintaining Block Accounts for the Railways, under which Railway

assets are valued and shown class-wise was introduced for the first time during 1951-52. The Committee were thus unable to know the quantum of assets acquired by Railways from 1925 to 1944 and thereafter from private Railway companies. In the opinion of the Committee this was highly irregular on the part of the Railways for not maintaining such an important record. The Committee, therefore, recorded its severe displeasure and censured the Railways who were to be made responsible for making further an honest and sincere effort to furnish the information to the Committee within three months. The Committee had also desired that an empowered and competent body should be constituted to take a scientific inventory management and quantify all assets and codify the same, settle points of dispute with State Governments and prepare a comprehensive Master Plan of commercial utilization of such assets.

21. The Ministry of Railways, in their action taken replies, have stated:—

“The record of assets is being maintained at the field level as per requirements of the departments.

However, the recommendation of the Committee for scientific inventory of assets is noted for necessary action”.

In this connection, the Ministry of Railways have submitted a revised reply to the Committee and the same has been reproduced below:

“Standardized format for the Asset register has been developed. Consolidated and coded list of all assets department-wise have been compiled and software for compiling asset registers have been developed and sent to the Zonal Railways & Production Units. The progress of implementation is being monitored.”

During the course of evidence, the witness of the Ministry of Railways submitted that after receiving the Committee's recommendation, the Ministry have been processing the compilation of inventory since 1999 at field level. When inquired about making available inventory at central level to facilitate prompt availability of information, the witness stated:

“The only problem is, data involved is very huge. You can imagine large number of various types of assets, including individual machinery will get into this. Once it is computerised, it will be accessible on a Central basis also.”

Elaborating further the Chairman, Railway Board added:—

“What the hon. Member or the hon. Chairman has said, has relevance. We are maintaining this data at the field level. If we have to have Centralised access to data, classification should be standard. It should not be that apples and oranges, if I may use these terms, get mixed up. All these assets have been classified in different groups and it is being put on computer at the Divisional or Zonal level. As you have kindly agreed, in the beginning of the year after standardising it, we have given it to the Railways in standard form. When it is in the computer, through Internet service, it can be consolidated Centrally at the Board level also. You have kindly mentioned that, it may take about a year. I would request the Committee to give us about that much time.”

**22. During evidence, the Committee have been informed that the standardised formats for the asset register have been developed by the Ministry of Railways. Consolidated and coded lists of all the assets department-wise have also been compiled and software for compiling the asset register has also been developed. This format is being sent to the Zonal Railways and Production Units. The Committee would like the Ministry to take immediate action to compile all the assets at central level so that the necessary information could be made available promptly. They would like to be apprised in this regard within 3 months.**

#### **Land Encroachment**

**(Para No. 118)**

23. The Committee had, in Para No. 118, found that a large area of prime railway land was under encroachment. New encroachments were steadily coming up and Railways were unable to take any preventive and effective action in that regard. Out of about 4.2 lakh hectares of land owned by the Railways, 2457 hectares was under encroachment. The total number of encroachments by the end of the year 1996 had been 1,64,007. The Committee, had, therefore, recommended that accountability and responsibility should be fixed on the GRP/RPF and corresponding railway official authorities at appropriate levels, incharge of the areas at the time when the encroachment was being committed. They had further directed that the Railways should also ensure cooperation of the State Government in this regard at appropriate/corresponding level. In the opinion of the Committee timely action could deter encroachment of Railway land/assets. They had, therefore, desired that the Railway should, take steps to amend RP (UP) act so that the Railway Protection Force could be given the responsibility of protecting the Railway land.

24. The Ministry of Railways in their action taken reply have stated:

“Removal of encroachments on Railway land is a continuous process. Regular inspections are done by the Railway officials to prevent fresh encroachments which are removed as soon as they are noticed. Regarding old encroachments, action is taken to remove them under P.P.E. Act, 1971 with the help of State Government Police whenever available. To prevent encroachments on Railway land, measures like construction of boundary wall and fencing in the vulnerable sections, planting of suitable trees/shrubs including quick growing thorny trees, etc. are undertaken.

Though the percentage of encroachments on Railway land is very small but the land under encroachment is prime land, generally in metropolitan cities and industrial towns in the country where land is normally required by the Railways for its future developmental/expansion activities. Because of the employment opportunities available in the metropolitan cities, people belonging to poorer sections from villages and small cities migrate to the metropolitan cities in search of jobs. In the process, the Railway land which is in long strips along the railway track gets encroached. Local railway officials take prompt action to remove these encroachments with the assistance of the police and R.P.F. (Railway Protection Force), who also coordinate with State Police wherever considered necessary. But, because of their economic background, these encroachers get sympathy and patronage from local, social and political leaders, thus leading to their continued staying on Railways land.

It has been seen that the routine regular checks by the Permanent way Inspector/Inspector of Works/Station Manager/Chief Goods Clerk who have many other responsibilities are generally no longer enough to overcome the high pressure of encroachments in urban area. Therefore, for amendment of RP(UP) Act the Board has constituted a Committee of Executive Directors to consider and propose suitable amendments in the Act. This Committee is examining the matter with a view to enhance the powers available to the Estate Officers and to enable the R.P.F. play more positive and effective role in deterring encroachment. Final recommendations are yet to be made by the Committee.”

25. The Committee are not satisfied with the reply of the Ministry of Railways. They are of the firm view that the Ministry of Railways should deploy their unutilised manpower and post them at vulnerable areas so as to curb further encroachments. It is really surprising that inspite of regular inspections done by the Railway officials to prevent fresh encroachments and removal of encroachments on Railway land being done on a continuous basis, the encroachment of Railway land has been increasing day by day. As new encroachments were steadily coming up with the connivance of the Railway officials the Committee would like to know the preventive and effective measures taken for removal of encroachments on Railway land. The number of new encroachments which have come to the notice of the Railway officials and the encroachments removed during the last one year may be intimated to the Committee.

The action taken by the Government on the recommendation of the Committee for fixing accountability and responsibility on GRP/RPF and corresponding Railway Official Authorities at appropriate levels, incharge of the areas at the time when the encroachments were made has not been intimated to them. The Committee wish to have an explanation in this regard and desire that the responsibility should be fixed on the officers/staff for dereliction of duty.

The Committee also reiterate their earlier recommendation that the Railway should take necessary steps to amend the RP(UP) Act so that the Railway Protection Force could be given the responsibility of protecting the Railway land. The proposals made by the Committee of Executive Directors constituted to amend the above act should also be intimated to the Committee.

#### **Development of Backward Areas and Construction of New Lines**

(Para Nos. 120, 123 and 124)

26. In para Nos. 120, 123 and 124 of their Report, the Committee had been informed that Railways had taken up construction of lines in backward areas on the demands of Members of Parliament and State Governments and that the Railways themselves had not carried out any comprehensive exercise in consonance with corporate aim or ethos. The Committee had expressed their firm view that the Railways



should have also carried out comprehensive and systematic exercise/surveys to identify these areas and prepare projects accordingly. The Railway must have a special approach/programme concept and ethos for planning for backward remote and undeveloped/underdeveloped areas similar to special sub-plan concept evolved for tribal areas, hill areas, North Eastern States, KBK by Planning Commission with regard to five year Economic Development Plan. Dovetailing of resources of poverty alleviation programme with developmental schemes of Railways should be worked out with a view to create permanent and durable national assets infact to become harbinger of national development. The Committee, therefore, recommended that a Master Plan for the Railways as a whole and a sub-plan for backward areas and remote areas should be designed on priority basis.

27. The Committee further noted that Planning Commission and Expanded Board had generally taken a view that only viable projects should be taken up. However, they found that new lines in tribal, remote, backward and underdeveloped areas possessing abundant endowments of natural and human resources have not been taken into consideration ostensibly due to survey reports of inadequacy of infrastructure, absence of industry, development and inadequate traffic potentials whereby most of these lines are considered to be non-viable by the Planning Commission and the Expanded Board even after the sanction of the Parliament has been obtained. The Committee deplored this attitude of Planning Commission and the Expanded Board. The Committee were of the firm view that when the Planning Commission had a special plan for development of backward, tribal and hilly areas, development of infrastructure like Railways in these areas should had been visualized by them, and not allowed to be neglected.

28. The Committee had, also observed that the criteria for taking up new lines did not include the potential for social mobility that the new lines could give to the people living in remote and backward areas which are hitherto not well connected by various modes of communication. The Committee felt that apart from development of the country, this factor was very important for social and emotional integration though it may not yield the required rate of return immediately.

The National Transport Policy Committee under the Chairmanship of Shri B.D. Pande (ICS and Retired Cabinet Secretary and Former Governor) have in their Report, as early as possible in May, 1980, stressed this aspect, wherein it had recommended formulation of an integrated plan for regions where natural resources are available in a large scale to develop new growth centres and promote economic activity. Keeping in view the above facts, the Committee had expressed their view that the provision of new rail facilities including lines is an essential element in such developmental plans. In these schemes, socio-economic benefits should have priority over purely financial considerations. The Committee had, therefore, recommended that it should be made necessary to undertake projects which may yield a lower return than the stipulated one.

29. The Ministry of Railways, in their action taken reply, have stated:

"The issue of formulating, conceiving and implementing a sub-plan for integrated development of transport infrastructure in backward, remote and tribal areas, was referred to the Planning Commission.

Planning Commission have advised that they have proposed to set up a National Transport Strategy Committee (NTSC) which could review the transport policies and evolve a new strategy for transport development which is economically viable and efficient and environmentally sustainable and socially desirable. The proposal regarding setting up of NTSC has been sent by Planning Commission in the Cabinet Secretariat for obtaining the approval of the Prime Minister. The issue regarding transport needs including Rail infrastructure in backward, remote and tribal areas would be examined by the proposed NTSC as suggested by Planning Commission.

The issue of dovetailing of resources of poverty alleviation programme Plans such as employment under Jawahar Rozgar Yojna (JRY) and Employment Assurance Scheme (EAS) with developmental schemes of Railways was taken up by Ministry of Railways at various levels. However, Dy. Chairman, Planning Commission has advised that it would not be possible to pay the wages of workers on construction of Railway lines from JRY and EAS funds due to the fact that funds under these schemes are utilized for the creation of employment at the local level by taking up small works e.g. construction of ponds, wells, culverts, etc."

30. The Committee desire that the Ministry of Railways and the Planning Commission should take up expeditiously the matter with the Cabinet Secretariat for obtaining approval of the Prime Minister for setting up the National Transport Strategy Committee so that the transport needs including rail infrastructure in backward, remote and tribal areas could thoroughly be examined by it.

As regards dovetailing of resources of poverty alleviation programmes with developmental schemes of Railways, the Committee desire, that the matter may be taken at the Minister's level with the Deputy Chairman, Planning Commission.

The Committee also recommend that the Ministry of Railways should undertake new projects, even if the rate of return is much lower than the stipulated one, in those regions where natural resources are available in abundance for development of new growth centres.

## CHAPTER—II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### Recommendation (Para No. 108)

The Committee are concerned that the Railways are finding it increasingly difficult to raise the resources required for expansion of railway network, modernisation, replacement of assets, diversification and optimum commercial utilisation of all their assets. At the same time, the internal generation of resources are going down which is another cause of concern. Added to this, increase of 10% per year in the working expenses of Railways has accentuated the problem. According to Budget Estimates 1997-98 of the Ministry of Railways the working expenditure is expected to increase by 29.6% in 1997-98 as against the traffic receipts to increase by 14% only which includes 12% increase proposed in freight rates and 10% increase in passenger fare charges of AC I&II tier in the Budget. The Committee are distressed to note that the Railways expect the operating ratio to increase from 87.8% in 1996-97 to 92.8% in 1997-98. They, therefore, desire that Railways shall have to take a Systems managements and Professional Approach to improve the generation of their internal resources by reduction in wasteful expenditure, better utilisation of assets and inventory control. The Committee, therefore, stress the need for closer participation and cooperation of management and employees, higher inspiration and motivation, better work culture & technique leading to better management practice and achievement of desired aims & objectives.

#### Reply of the Government

Stress has been laid on the workers participation in management. Railways are committed to make its employees partners to achieve the objective of improvement/efficiency and transparency in Railway functioning. To facilitate the scope for participation of railway employees in management, PREM Groups (Participation of Railway Employees in Management) have been formed at the Apex, Zonal and Divisional levels, where representatives of Railway Federations/Associations and Management deliberate on the issues pertaining the functioning of the Railways. Besides inviting representatives of federations of workers and officers for the conferences of General Managers, Additional General Managers and Chief Personnel Officers held at the Railway Board level, representatives of Labour Unions and Officers Associations also participate in the Principal Officers' and Divisional Officers' meetings held periodically at the Zonal and Divisional levels respectively. To make participative management more effective, information sharing system has also been introduced.

With regard to reducing wasteful expenditure, improving utilisation of the assets and inventory control, Railways have been making all out efforts and the utilisation of assets has considerably improved during the VIII Plan period as could be seen from the data given below:

1. **Utilisation of Assets:**

	1991-92	1996-97
* Wagon (NTKMs/Wagon/day)	1439	1824
* Wagon turn-round (in days)	11.9	8.5
* Locomotive-EKMs/Loco/day (Freight)	395	401
* Locomotive-EKMs/Loco/day (Pass)	488	533
* Track (GTKM/Route Km.)	18.95	19.45
* Staff Productivity (Traffic units/ emp.) (in thousands)	350	412 (95-96)

2. The staff on roll on the Railways has come down by 1.5 lakh employees during the VIII Plan period.

3. Inventory Management on IR has shown substantial improvement over the years. IR has achieved all time best performance in 1995-96 with best Turn Over Ratio (TOR) of 14% (without fuel). This shows considerable improvement as compared to the Turn-Over Ratio of 29% in the year 1992-93.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

**Recommendation [Para No. 108 (a)]**

The Study Group—I have reported to the Committee that despite enquiries, the Railways have failed to furnish the details of their assets inherited and acquired since independence. This is a very bad state of affairs. The Committee, therefore, recommend that the railways should immediately take up the identification and inventorisation of their assets in a scientific manner in this era of advance technological development. The progress made in this regard should be reflected every year in their Annual Report.

### Reply of the Government

A record of assets acquired is maintained by the stockholders at the field level but the format for the record has been developed by individual departments according to their requirement.

However, the recommendation of the Committee for standardisation of the inventory of assets at a centralised level has been noted for necessary action.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 2.9.98]

### Recommendation (Para No. 119)

The Railways undertake new projects for expansion/modernisation. However, the Committee are dismayed to find a large number of new line projects pending for want of adequate funds leading to delay and cost and time overrun. The Railways informed the Committee that Rs. 6000 crores, which is likely to go up with the present inflation, are required to undertake all the pending new line projects upto 31.3.97 while against this background the allocation has been only Rs. 200 crores per year on an average as per date. Due to non-availability of required funds, the Railways are prioritising and re-prioritising the pending projects with the result that the projects are launched, frozen and then re-started thus leading to cost and time over runs. The absence of Corporate ethos, aims, objective and non-existence of any Master Plan/Sub-Plan for tribal, remote and backward areas and reliance on pressure of State Governments and others has led to adhocism, un-certainty and present unsatisfactory situation. The Committee feel that though increase in budgetary support is very necessary, yet all the requirements for funds cannot be met with this increase in budgetary support. Hence, the Railways have to evolve other innovative methods and also efficiency in their resource management to raise the necessary resources. Other agencies such as government, Public and Private, foreign direct investment and joint ventures need also to be involved for raising resources for the Railways.

### Reply of the Government

Due to sharp reduction in the Budgetary Support for Railways' Plan from 75% in 5th Plan to about 23% in 8th Plan, Railways have been actively looking for alternate sources of financing for the Railway Projects and Rolling Stock. Market Borrowings through IRFC, Build-Own-Lease and Transfer (BOLT), Own-Your-Wagon Scheme (OYWS), Build-Own-Operate and Lease (BOOL), etc. are such initiatives in the direction.

The Railways' Annual Plan 1997-98 of Rs. 8300 crores is being funded through budgetary support of Rs. 1831 crores, Internal Generation of Rs. 3419 crores and Market Borrowing of Rs. 3050 crores (IRFC—Rs. 2150 crores, BOLT—Rs. 745 crores and OYWS—Rs. 155 crores). Railways have been recently allotted Rs. 170 crores as additional budgetary support during the year.

Other initiatives taken by Railways in attracting Private participation are:

- Guaranteed transit time on payment of surcharge on freight with penalty clause for default.
- Introduction of private trains.
- Leasing of surplus parcel capacity.
- Private operation of terminals.
- Public-Private participation like Pipavav Port, Daitari-Banspani line, Mundra Port, etc.
- Road-railers.
- Commercial exploitation of Railway assets *e.g.* leasing of spare capacity in telecommunication network.
- Corporatisation similar to Konkan Railway Corporation, and CONCOR. Joint Ventures on the pattern of KRC and the proposed-to-be-set-up Mumbai Rail Development Corporation are also under consideration.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### CHAPTER III

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

### Recommendation (Para No. 109)

The Committee find that budgetary support to Railways has been going down despite Railways showing comparatively improved financial performance. It seems contrary and paradoxical to the Planning Commission policy by which, the State Governments, which show better utilisation of resources get higher budgetary support. The Committee hope that Planning Commission shall follow the same criteria with the Railways and enhance budgetary support to so vital a sector essential for the development of economy and socio-economic life of the country.

### Reply of the Government

Ministry of Railways agrees with the recommendation of the Committee. Views of the Committee have been sent to the Planning Commission as they decide the level of Budgetary Support to the Railways. Ministry of Railways has been making all out efforts for getting increased Budgetary Support to the Railways at various levels. Due to sustained efforts, Budgetary Support in the current year has increased to Rs. 2001 crores against Rs. 1465 crores in 1996-97.

Planning Commission have also indicated a likely domestic Budgetary Support of Rs. 12000 crores for the 9th Plan, as against Rs. 7314 crores made available for the 8th Plan. Efforts will continue to be made for getting additional Budgetary Support for the Railways.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Subsequent Reply of the Government

Ministry of Railways agree with the recommendation of the Committee. The budgetary support for Railways which was about 75% of the actual total plan expenditure for Railways in the fifth five year plan has come down to about 23% of the actual total plan expenditure in the eighth five year plan. For the ninth five year plan, the budgetary support approved by the Central Government is about 26% of the total plan outlay for Railways.



Planning Commission, while recognising the important role of Railways in the development of economy and socio-economic life of the country, have expressed certain constraints in allocation of a higher budgetary support to Railways due to competing demands, especially from the social sectors, on the limited budgetary support available.

Notwithstanding the above, Railways would continue to make efforts for obtaining a higher level of budgetary support for the Railways.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 1.11.99]

#### **Recommendation (Para No. 110)**

The increase in budgetary support to Railways has been recommended by various Committees, including this Committee, from time to time. Various Experts have also recommended increased investment in infrastructure like the Railways. Recently, Expert Group on the commercialisation of infrastructural projects, 1996 appointed by Ministry of Finance has also recommended that in order to achieve accelerated rate of growth in economy, corresponding acceleration in rate of investment in infrastructure is essential. The group has also *inter-alia* noted that the railway network is already grossly inadequate for meeting the present transportation requirement. The Committee, therefore, strongly recommend that budgetary support to Railways be increased sufficiently for strengthening the vital infrastructure and creating permanent durable national assets.

#### **Reply of the Government**

Ministry of Railways agrees with the recommendation of the Committee. Views of the Committee have been sent to the Planning Commission as they decide the level of Budgetary Support to the Railways. Ministry of Railways has been making all out efforts for getting increased Budgetary Support to the Railways at various levels. Due to sustained efforts, Budgetary Support in the current year has increased to Rs. 2001 crores against Rs. 1465 crores in 1996-97.

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Notwithstanding the above, Railways would continue to make efforts for obtaining a higher level of budgetary support for the Railways.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 1.11.99]

### Recommendation (Para No. 116)

The Committee are of the view that commercial exploitation of land, property and assets can be an important resource mobilisation as is prevalent in many countries of the World. The Committee are not satisfied with the reply of the Ministry that the issue of commercial utilisation of land has been pending with Government for a long time without any decision. The Railways should make concerted efforts to resolve this long pending proposal. The Committee desire that the proposal should be put before the Cabinet for its approval without any further delay.

### Reply of the Government

Indian Railways need large amount of funds for going ahead with developmental and expansion programmes mainly for :

- (i) Assets replacement.
- (ii) New Projects including new lines, gauge conversion, doublings and traffic facilities etc. for expansion of railway carrying capacity and new rolling stock for increased services etc.

2. The matter of taking up development of Railway property on commercial lines was first mooted in the year 1986. Though the scheme was supported by all the concerned Ministries, yet Cabinet felt that as such the scheme will have wide ramification on other land-owning Ministries like Defence, it was necessary to take an overview of the matter before permission is granted to the Railways for taking up the scheme (28.11.1991). Consequently, the matter was considered by the Committee of Secretaries and the draft Guidelines prepared by the Ministry of Urban Affairs and Employment were approved (16.12.93). When these were put up to the Cabinet (16.8.1994), the Cabinet directed that the issue need to be examined by a Group of Ministers, which was constituted for the purpose. The GoM directed (7.9.94) simplification of the procedure envisaged and the MoUA&E prepared a fresh set of Guidelines which were then approved by the GoM (8.5.93). When the Guidelines prepared were put before the Cabinet, a decision on the issue was pended. However, as the Railways felt that their schemes were of a different nature and as there was urgent need to raise resources for developmental projects, the Pilot Schemes, for Bandra and Bangalore Cantonment Station were sent for consideration of the Cabinet. However, the proposals have been deferred by the Cabinet (since October, 1995) till such time the larger issue of utilisation of Central Government's lands for commercial purposes is examined and finalised. Ministry of Urban Affairs and Employment (MoUA&E) have been directed to make policy guidelines on the subject.

3. Railways made another attempt for getting Cabinet's approval to the proposal in view of the resource crunch. However, during the course of Cabinet Meeting held on 19.8.97, Cabinet has again referred the matter to the Committee of Secretaries (CoS). CoS met on 18.12.97 and approved the proposal in principle provided Railways in-built in their proposal assertion of the ownership of the Government of India and the projects to be funded by these net resources to be cleared with same checks and balances as are done for other projects. For asserting ownership of Govt. of India, Railway must pay a certain percentage of the net funds from this Pilot Project to the Consolidated Fund of India which would be used for non-Railway projects such as roads, housing etc.

It has been decided to send the proposal for consideration of the Cabinet after incorporating the views that Railways are already considered as an infrastructure Ministry and investment incentives have been accorded to the Railways. Ministry of Finance while clearing this proposal way back in 1992 had already agreed that these funds would be an additionality to the budgetary support. In view of this it would not be correct to direct the Railways to contribute certain percentage of funds generated from the commercial exploitation of air-space to General Revenue of the Government of India. Further action is being taken according.

4. It would thus be evident that the matter is being pursued urgently by Railways.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11, dated 30.4.98]

#### **Recommendation (Para No. 121)**

The Committee find that there are 11 ongoing new line projects in backward areas. They however feel that these lines have been taken up in a half hearted manner which is indicative from the fact that these lines have been scheduled for completion at the end of the 10th Plan while even the 9th Plan is in conceptual stage. Instances have come to the notice of the Committee where staff has been withdrawn after laying of foundation stones. The Committee are surprised to find that the Railways have not prepared any sub-plan for development of backward areas. They have admitted that no criteria is available with them for determining the backward areas. The Committee are unhappy at this indifferent attitude of the Railways and recommend that the Railways should take steps to complete the ongoing developmental line projects expeditiously during the 9th Plan itself. The Planning Commission and Railways should evolve a institutional machinery to formulate, conceive and implement the sub-plan for backward, remote and tribal areas.

#### **Reply of the Government**

This Ministry had furnished a list of 14 new lines under construction in backward areas. While we are not aware as to which 11 lines out of this list are being referred to by the Committee, the position of these 14 lines are enclosed as Annexure. From this it will be seen that the Railways are according priority to most of these projects and many of them will get completed in the 9th and 10th Plan periods. The Committee had desired completion of all these projects in the 9th plan. This however, will not be possible due to constraint of resources.

As regards the Committee's observation regarding staff being withdrawn after laying foundation stones, in this connection, it is pointed out that the physical work starts after sanction of detailed estimate and acceptance of tenders and there may be a time gap between laying of the foundation stone and the physical work to start. During this period, no purpose will be served if staff remain at the project site.

The suggestion of the Committee that the Planning Commission and Railways should evolve an institutional machinery to formulate conceive and implement the sub plan for backward, remote and tribal areas, the matter has been taken up with the Planning Commission and further action would be pursued by this Ministry.

ANNEXURE

The position of 14 lines at present under construction in backward areas:

1. *Talcher-Sambalpur (174 kms. in Orissa)*

The work is progressing on top priority and the line would be completed and commissioned within this financial year.

2. *Jogighopa-Guwahati (142 kms. in Assam)*

The work on the Brahmaputra bridge is nearing completion. The bridge and the line from Jogighopa to Goalpara would be completed by March '98 and from Goalpara to Guwahati by March '99.

3. *Daitari-Banspani (155 kms. in Orissa)*

The work on this line is being progressed between Km 0 and 124. The land between Km. 124 to 155 is expected to be received within this financial year. The line is targetted for completion by Dec., 2000.

4. *Mandarhill-Dumka-Rampur (130 kms. in Bihar)*

The final location survey has been completed for Ph. I. The land acquisition papers are under preparation and would be submitted to the State Government shortly. The work would be started once the land becomes available and is expected to be completed in the 10th Plan period.

5. *Pedapally-Nizamabad (117 kms. in Andhra Pradesh)*

The work on the first phase between Pedapally and Karimnagar 35 kms. is expected to be completed in 1999-2000. The work on the 2nd phase between Karimnagar and Nizamabad would be taken up thereafter and progressed as per availability of resources.

6. *Amravati-Narkher (138 kms. in Maharashtra)*

The work is making good progress. Earthwork and bridges are already under construction and the line would be completed in the 10th plan period.

7. *Lanjigarh Rd.-Junagarh (54 kms. in Orissa)*

The land has just been made available between Lanjigarh and Bhavanipatna. Earthwork is being started on this length. The work is expected to be completed in 10th Plan period.

8. *Indore-Dahod-Dewas-Maksi (316 kms. in Gujarat)/M.P.*

Work is in progress on the first phase between Dewas and Maksi and this would be completed in the 9th plan period. The second phase line from Indore to Dahod would be taken up thereafter and progressed as per availability of resources.

9. *Khurda Rd. -Bolangir (28 kms. in Orissa)*

The final location survey is in progress. Once this is completed and the alignment finalised, land acquisition proceedings will be started. The work would be taken up once the land becomes available and this line would be completed in the coming years as per availability of resources.

10. *Nandyal-Yerraguntala (126 kms. in Andhra Pradesh)*

The final location survey is in progress. Once this is completed and the alignment finalised, land acquisition proceedings will be started. The work would be taken up once the land becomes available and this line would be completed in the coming years as per availability of resources.

11. *Kadur-Chickmagalur-Sakleshpur (100 kms. in Karnataka)*

The final location survey is in progress. This has been completed in a certain length and land acquisition proceedings have been started. The work has been taken up wherever land has become available. This line would be completed in the coming years as per availability of resources.

12. *Kumarghat-Agartala (119 kms. in Tripura)*

The final location survey is in progress. This has been completed in a certain length and land acquisition proceedings have been started. The work has been taken up wherever land has become available. This line is being accorded priority and would be completed in the 10th plan period.

13. *Sakri-Hassanpur (76 kms. in Bihar)*

The final location survey is in progress. This has been completed in a certain length and land acquisition proceedings have been started. The work would be taken up as soon as land becomes available. This line would be completed in the coming years as per availability of resources.

14. *Haridaspur-Paradeep (78 kms. in Orissa)*

This is a high priority project as it will also serve the Paradeep port. The land acquisition is in progress and work has been started wherever land has become available. The line is planned to be completed in the 9th Plan period.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11, dated 30.4.98]

**Revised/Updated Reply of the Government**

This Ministry had furnished a list of 14 new lines under construction in backward areas. While we are not aware as to which 11 lines out of this list are being referred to by the Committee, the position of these 14 lines is enclosed as Annexure. From this it will be seen that the Railways are according priority to most of these projects and many of them may get completed in the 9th or 10th plan period. The Committee had desired completion of all these projects in the 9th plan. This however, will not be possible due to constraint of resources.

As regards the Committee's observations regarding staff being withdrawn after laying foundation stones, in this connection, it is pointed out that the physical work starts after sanction of detailed estimate and acceptance of tenders and there may be a time gap between laying of the foundation stone and the physical work to start. During this period, no purpose will be served if staff remain at the project site.



The suggestion of the Committee that the Planning Commission and Railways should evolve an institutional machinery to formulate, conceive and implement the sub-plan for backward, remote and tribal areas, the matter was taken up with Planning Commission who had then replied that they had proposed to set up a National Transport Strategy Committee which could review transport policies and evolve a new strategy for transport development which is economically viable and efficient and environmentally sustainable and socially desirable. The Planning Commission have now advised that their proposal for setting up the National Transport Strategy Committee has since been dropped. However, Planning Commission in the IX Plan Document as well as in their draft Integrated Transport Policy have taken note of the need for development of transport infrastructure as a means to develop the backward areas. The Task Force of Infrastructure headed by Dy. Chairman, Planning Commission is also expected to address this issue.

Mandla-Rampur via Dunga

Final location survey has been completed. The location plan & report is in progress. Land acquisition papers for 27 km stretch from Mandla side have been submitted to State Government. The work needs to be started once the land is made available by the State Government.

Tadipatri-Narasapur (17 km in Andhra Pradesh)

The work on the line between Tadipatri and Narasapur 28 km has been completed. Land acquisition for the 28 km stretch between Narasapur and Tadipatri has been taken up and work will be progressed as per availability of resources over the land becomes available.

Atmakur-Narasapur (138 km in Andhra Pradesh)

ANNEXURE

**Talcher-Sambalpur (174 kms in Orissa)**

The work has been completed and commissioned.

**Jogigopa-Guwahati (142 kms in Assam)**

The work has been completed and commissioned.

**Daitari-Banspani (155 kms in Orissa)**

The work on this line is being progressed between km 0 and 124 the land between km 124 to 155 has been received except for a few stretches where tree felling is in progress. The line is targeted for completion by December 2002 subject to availability of resources. The section from Banspani to Jaruri has been completed.

**Mandarhill-Rampurhat via Dumka**

Final location survey has been completed. Preparation of land acquisition plan & papers is in progress. Land acquisition papers for 23 km stretch from Mandarhill side have submitted to State Government. The work would be started once the land is made available by the State Government.

**Peddapally-Nizamabad (117 kms in Andhra Pradesh)**

The work on the first phase between Peddapally and Karimnagar 35 Km has been completed. Land acquisition for the 2nd phase between Karimnagar and Nizamabad has been taken up and work will be progressed as per availability of resources once the land becomes available.

**Amravati-Narkher (138 kms in Maharashtra)**

The work is making good progress. Earthwork and bridges are in progress and the line would be completed in the 10th plan period subject to availability of resources.

**Lanjigarh Road-Junagarh (54 kms in Orissa)**

The land has just been made available between Lanjigarh and Bhavanipatna. Earthwork has been started on this length. The work is being progressed as per availability of resources. No target date has yet been fixed.

**Indore-Dahod-Dewas-Maksi (316 kms in Gujarat/MP)**

Work is in progress on the first phase between Dewas and Maksi and this would be completed in the 9th plan period subject to availability of resources. The second phase line from Indore to Dahod would be taken up thereafter and progressed as per availability of resources.

**Khurda Road-Bolangir (28 kms in Orissa)**

The final location survey is in progress. Once this is completed and the alignment finalised, land acquisition proceedings will be started. The work would be taken up once the land becomes available and this line would be completed in the coming years as per availability of resources.

**Nandyal-Yerraaguntala (126 kms in Andhra Pradesh)**

The final location survey is in progress. Once this is completed and the alignment finalized, land acquisition proceedings will be started. The work would be taken up once the land becomes available and this line would be completed in the coming years as per availability of resources.

**Kadur-Chickmagalur-Sakleshpur (100 kms in Karnataka)**

The final location survey is in progress. This has been completed in a certain length and land acquisition proceedings have been started. The work has been taken up wherever land has become available. This line would be completed in the coming years as per availability of resources.

**Kumarghat-Agartala (119 kms in Tripura)**

The final location survey is in progress. This has been completed in certain length and land acquisition proceedings have been started. The work has been taken up wherever land has become available. This line is being accorded priority and would be completed in the 10th plan period subject to availability of resources.

**Sakri-Hassanpur (76 kms in Bihar)**

The final location survey is in progress. This has been completed in a certain length and land acquisition proceedings have been started. The work would be taken up as soon as land becomes available. This line would be completed in the coming years as per availability of resources.

**Haridaspur-Paradeep (78 kms in Orissa)**

This is a priority project as it will also serve the Paradeep Port. The land acquisition is in progress and work has been started wherever land has become available. The line is planned to be completed in the 10th Plan period, subject to availability of resources.

[M/o Rlys. O.M. No. 2000/BC-II/XIII/200/7 dated 26.9.2000]

**Recommendation (Para No. 122)**

The Committee also find that some new projects have been taken up from outside the budgetary support which have been put up for approval to the Cabinet. These projects have been proposed by the then Prime Minister himself and have been graded as high priority projects. The Committee hope that the projects announced by the then Prime Minister will be executed in a time bound frame.

**Reply of the Government**

There is only one project which was announced by the then Prime Minister as a high priority project to be funded outside the Railways plan. This project is Udhampur-Srinagar-Baramulla new line. Work on this project is being pursued vigorously. The first phase work between Udhampur and Katra has already been started wherever the land has so far been made available by the State Govt. They are being pursued to provide the land in the rest of the section.

The Govt. have also decided to simultaneously take up work between Baramulla and Qazigund and land acquisition in this length is also being pursued.

This is a high priority project and would be completed in a time bound manner in phases, subject to the Planning Commission making available the required funds in the coming years. In 1996-97 Rs. 20 crs. was provided and this year an amount of Rs. 75 crs. has been provided for this project. From next year onwards funds would be required at the rate of Rs. 400 crs. per year to enable completion of this work in 7 years. This demand has been projected to the Government.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

#### **Revised/Updated Reply of the Government**

There is only one project which was announced by the then Prime Minister as a high priority project to be funded outside the Railways plan. This project is Udhampur-Srinagar-Baramulla new line. Work on this project is being pursued vigorously. The first phase work between Udhampur and Katra has already been started wherever the land has so far been made available by the State Government. They are being pursued to provide the land in the rest of the section.

The Government also decided to simultaneously take up work between Baramulla and Quzaigund and land acquisition in this length is also being pursued.

This is a high priority project and would be completed in a time bound manner in phases, subject to the Planning Commission making available the required funds in the coming years. The requirement of funds was advised to the Planning Commission. They have not so far provided the funds required for this project and this year Rs. 100 cr. has been provided out of the Railways Plan. Planning Commission have asked for a detailed project report to decide the long term funding pattern for this project. The detailed project report has been prepared and is now being sent to them for their consideration.

[M/o. Rlys. O.M. No. 2000/BC-II/XIII/200/7 dated 26.9.2000]

### Recommendation (Para No. 125)

The Committee find that out of 3 projects for new lines viz. Ahmednagar-Beed-Parli Vajinath on Central Railway, Kottur-Harihar new line on Southern Railway, Dalirajhara-Jagadalpur on South Eastern Railway announced in budget of 1995-96, one new line project viz. Ahmednagar-Beed-Parli Vajinath has been termed unviable. Subsequent to Parliament sanction, the Planning Commission and Expanded Board have recommended not to take up this project. The Committee take a very serious view as to how the project was included in the budget without the Planning Commission and Expanded Board's clearance and the approval of Parliament taken and subsequently abandoned the project, amounting to contempt of Parliament. The Committee desire that the Ministry of Railways must ensure proper coordination between the various processing agencies before incorporating such proposals, offering commitments and seeking approval of the Parliament.

### Reply of the Government

The new works are normally included in the Budget, after obtaining the necessary procedural clearances. However, based on the aspirations and demands of the people of the region, as represented by their elected representatives, some projects were included in the Budget, subject to the proviso that actual work on the same would be taken up, after the requisite clearances have been received.

The work of new BG line between Ahmednagar-Beed-Parli Vajinath was included in the Budget, 1995-96, with the proviso that actual construction work would only be taken up after the necessary clearances have been obtained.

The project was put up before the Expanded Board for their consideration at its meeting held on 11.9.95. However, the Expanded Board deferred the proposal, due to the following reasons:—

- (a) the project has negative rate of return;
- (b) it is not critical to the development of the regions served by it;
- (c) due to its unremunerative nature; and
- (d) to prevent too thin a spread of resources, which could otherwise be utilised for completion of the ongoing projects.

The project was again put up before the Expanded Board, at its meeting held on 14.2.97. The work was not agreed to, due to heavy throwforward of ongoing works and resources constraints.

However, as the project was considered vital for the development of backward region of Marathwada and due to the intense pressure from the people of the area, the same was again put up before the CCEA on 21.2.97. The project was cleared by the CCEA at its meeting held on 21.2.97.

It can thus be seen from the foregoing paragraphs that after receiving Parliament's sanction to the work, the same was not abandoned and all out efforts have been made by this Ministry in securing the necessary clearances from the Expanded Board and the CCEA. Upon receipt of the necessary approvals, Preliminary works like Final Location Survey to determine the alignment preparation of plans and papers for land acquisition, have been started on the project. The work will be taken up after the land is made available by the State Government. However, construction of station building at Beed, where land has been made available by the State Government, is in progress.

As regards the other two projects mentioned by the Standing Committee viz. Kottur-Harihar on Southern Railway and Dallirajahara-Jagdapur on South Eastern Railway, the position is as under:

#### **Kottur-Harihar**

The construction of Kottur-Harihar new line is an approved work. The work of Final Location Survey has been completed and preparation of land plans and papers has been taken up. However, in the meantime, the Empowered Committee appointed by the CCEA have recommended freezing of this project. This Ministry has, however, referred the matter back to the Cabinet for reconsideration of the decision and further work would be taken up only after the Cabinet decision is received.

### **Dallirajahara-Jagdapur**

This work is included in the Railway Budget since 1995-96. However, this line is to be taken up on a cost sharing basis with Ministry of Steel and Madhya Pradesh Government, the cost of the first phase work from Dallirajahara to Rowghat being borne entirely by the Ministry of Steel since the line would be used for transporting iron ore to Bhilai. An MoU is under finalisation and the work would be started once SAIL deposit their share of the cost. They have indicated that they would do so only after they receive environmental clearance from MoEF for the use of Bailadila mines.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### **Recommendation (Para No. 126)**

The Committee are satisfied to note that in line with the National Policy of Conservation of Forests in the Country, to maintain ecological balance, the Indian Railways have taken up the development of alternatives to Wooden Sleepers. As stated by the Ministry, the intake of wooden sleepers has considerably come down from 27,000 cums in 1991-92 to 15,600 cums in 1995-96.

The requirement of the Railways for the next 2-3 years is about 87,000 cums. During evidence, the Chairman, Railway Board had informed the Committee that the wooden sleepers are required for steel bridges as concrete sleepers cannot stand and due to vibrations the fixers get cracked. However, he also informed the Committee that the Indian Railways have taken up the development of alternatives to wooden sleepers by going in for composite material which would be having the same strength of wood, For that purpose, a project has been sanctioned in association with the Defence Research and Development Organisation (DRDO). Although, the Ministry of Railways have conceived the idea of using composite material in place of wooden sleepers, yet the development of this technology has been moving at snail's pace. The Committee would like to know the latest position in regard to development of composite material which could be used for the wooden sleepers. They also desire the Ministry to find out the latest material available in other countries which could be used as an alternative to the wooden sleepers.



During the course of evidence it has also come to the notice of the Committee that the concrete sleepers are more economical and technically best suited for high speed and heavy density traffic. The Committee desire the Ministry of Railways to make concerted efforts to develop adequate capacity for the production of the concrete sleepers in the country so that there may not be any need for import of these sleepers in the near future. The existing units of concrete sleepers should also be given sufficient orders.

#### **Reply of the Government**

The intake of wooden sleepers has considerably come down. The Indian Railways have taken up the development of alternatives to wooden sleepers. The development of Bridge Sleepers made of advanced composite materials was initiated in 1995. A project costing Rs. 42.80 lacs has been sanctioned for this purpose during the year 1996-97. This development is being done in collaboration with the Research and Design Establishment (Engineers Pune) of Ministry of Defence and Department of Science and Technology, Govt. of India. Memorandum for the collaboration in this regard has been signed in March 1997. One design for the above type of sleepers has already been finalised. A prototype sleeper for testing has been fabricated as per this design and same is under process of laboratory testing. These tests will be followed by field trials. After successful field trials only these sleepers can be used on large scale. Further the production capacity of concrete sleepers. Available with Indian Railways is 74 to 75 lacs per annum against requirement of 60 to 65 lacs per annum. The plants been asked to produce 75% of the production capacity.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

## CHAPTER IV

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

#### Recommendation (Para No. 107)

The Committee find that after the separation of Railway Finance from General Finance, Railways enjoy considerable financial and administrative autonomy in the management of their finances. The Ministry of Railways have been delegated with substantial powers relating to all Railway matters and the Railways have their own autonomous and integrated financial set up under a Finance Commissioner who is a Member of the Railway Board with the status of ex-officio Secretary to the Government of India. he is a nominee of the Ministry of Finance and functions under the guidance of and is accountable to Minister of Finance. After going through the evidence and written submissions and observations of the Study Group-I, the Committee have come to the conclusion that the responsibility of the Railways is not commensurate with the authority and autonomy conferred to it under the statute. The Committee recommend that the Railways should evolve an attitude particularly towards project implementations to avoid time and cost overrun, public utility, Railway and Public Safety, passenger amenities and timely running of trains naming only a few. The Railways should, therefore develop an efficient and professionally managed system.

#### Reply of the Government

The Railways appreciate the need to avoid time and cost overruns in the execution of projects and have evolved effective monitoring systems to identify avoidable delays and to take immediate remedial action. However, a number of new projects have been added as per the Government's policy to provide adequate rail infrastructure in backward areas. There is a large throwforward particularly in respect of new lines and gauge conversions. The funds provided each year are not even enough to take care of inflation as a result of which Railways are unable to fund the projects optimally leading to time and cost overruns. The projects would be funded out of the available resources as per their priority and completed gradually. Projects lower down in the priority list would have to await implementation. In view of the above, time and cost overruns are inevitable if limited resources have to be thinly distributed over a very large shelf of remunerative as well as unremunerative projects.

As regards Passenger Amenities these are provided at any station taking into account the maximum number of passengers dealt with at that station. The facilities are reviewed periodically and upgraded and this is a continuous process.

So far as Railway and Public Safety is concerned Railways accord highest priority to safety in train operations. All serious accidents are enquired into by Commissioners of Railway Safety (CRS). The recommendations of the CRSs are, by and large, accepted and implemented and constant efforts are made to update the Safety system on Indian Railways.

Regarding timely running of trains it is stated that at present, 78398 trains including 1306 Mail/Express trains, 3121 Passenger trains are running daily on Indian Railways, out of which 238 Mail/Express trains have been listed as monitored trains. To improve punctuality of trains, punctuality meetings are held at Divisional Head Quarters and Zonal Railways' level on a daily basis and a detailed cause wise analysis is conducted of those trains which have not been able to maintain their timings and remedial action taken. A Punctuality Cell has also been set up in Railways Board's office to keep a close watch on the running of certain nominated trains (Monitored trains) on the Zonal Railways.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 2.9.98]

#### **Comments of the Committee**

(Please see Paragraph 7 of Chapter-I of the Report)

#### **Recommendation (Para No. 114)**

The Committee also observe with seriousness that the Railways have not been able to raise requisite resources through market borrowings. The operations of the Build Own Lease Transfer (BOLT) schemes initiated by the Railways has been dismal. Against 53 projects contemplated against BOLT scheme, only 3 projects have been awarded so far. This has already led to delay in execution of several urgent projects pushing up the cost and the time over run. The Committee desire the Railways to conduct scientific evaluation and introspection to find out as to why the scheme has not yet been materialised to expectations. The Committee recommend that Railways may interact with the Public Sector Undertakings and Apex Industrial and Commercial Organisations to find out lacuna in the BOLT scheme and also make necessary amendment. They should also make a comparative study of BOLT scheme in other Ministries and similar organisations outside the country, where it has been successfully implemented, to find out the shortcomings, and effect the necessary changes, to make it market friendly and relevant to the Country.

### Reply of the Government

The efforts to mobilise additional funds, through BOLT scheme, have not been very successful due to the high costs quoted by the bidders in their offers, as the Railway projects require large investments with long gestation periods which tends to make the interested parties provide for higher margins for uncertainties making it much costlier.

In view of the above, the Ministry of Railways have constituted a high level committee to review the BOLT scheme and to suggest suitable modifications in its terms and conditions so as to make the scheme more acceptable and investor-friendly. The Committee, who has one of its members from a Public Sector Undertaking ICRON, has also held consultations with various industrial and commercial organisations. The contents of Para No. 114 above have also been brought to the notice of the Committee for their information and guidance.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Comments of the Committee

(Please see Paragraph 16 of Chapter-I of the Report)

### Recommendation (Para No. 115)

The Railways are also raising funds through external aid which are soft loans. The Committee are constrained to note that there are at present only 6 ongoing externally aided projects. The utilisation of the external aid in some projects has been poor resulting in surrender of loans which is unacceptable to the Committee. The Committee further note that the Railways had posed to Overseas Economic Cooperation Fund (OECF), Japan through Ministry of Finance 3 projects in December 1990, which did not materialise. The Committee are distressed to note that thereafter since the last 6 years no further efforts seem to have been made by the Ministry to explore the possibility of securing external aid. They, therefore, desire the Railways to explore the possibility of attracting direct foreign investment and joint ventures, similar to Konkan Railways, in view of the Globalisation and Liberalization. It is all the more essential for the Railways to make positive efforts in this direction in view of the resource constraints inherent in the system, heavily dependent on the budgetary support which has been dwindling progressively. The outcome of the efforts made by Railways in attracting direct foreign investments and joint ventures should be intimated to the Committee periodically.

### Reply of the Government

Though Railways have been making all efforts to get external aid for railway projects, new loans have not been forthcoming mainly due to various conditionalities attached to such aid. Multilateral lending agencies like the World Bank and Asian Development Bank have been pressing for fundamental changes in the structure and operations of IR, including greater privatization and commercialization, which have not been acceptable to us. On the other hand, bilateral external assistance is normally tied to import of goods and services from the specific country which extends the aid. A basic requirement to qualify for external assistance, whether multilateral or bilateral, is that the projects have a substantial foreign currency component in the form of import of goods and services. Railway projects which enjoy high Plan priority like New Lines, Doublings, Gauge Conversion, Electrification, etc. generally do not meet these criteria as these works are mostly executed through domestic contractors and the required goods are available within the country. Despite all this, IR have posed a few projects for external assistance through the Asian Development Bank and KFW/Germany. KFW/Germany has already committed a soft loan of DM 185 million for a project of Improvement of Signalling System between Ghaziabad and Kanpur and a Loan Agreement has been signed on 1st August, 1997. A study under Technical Assistance of the ADB, concluded recently, has *inter alia* identified a few specific railway projects suitable for funding by external funding agencies and the study report is presently under examination.

The proposals for Foreign Direct Investment are scrutinized by Foreign Investment Promotion Board under the Ministry of Industry. Chairman, Railway Board, is a co-opted member of the FIPB for considering proposals relating to the rail sector. Any proposal for FDI in the railway sector when received can be considered on merits of each case. As far as Joint Ventures are concerned, Railways are considering Joint Ventures with potential partners, including the Private Sector, for investments in Rail infrastructure. However, no such attempt has fructified and these are only at discussion stage.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Comments of the Committee

(Please see Paragraph 19 of Chapter-I of the Report)

**Recommendation (Para No. 117)**

The Committee are constrained to note that the Ministry of Railways has not been able to furnish the elementary information regarding assets and property sought by the Study Group-I. What is more disturbing to the Committee is the fact that the Railways do not have any record of the Railway line lands, building, rolling stocks, stores, equipments and other assets originally constructed and financed by guaranteed Railway Companies which were acquired by Government during the period from 1925 to 1944 and thereafter when India achieved independence. According to the Railways, the practice of maintaining Block Accounts for the Railways, under which Railway assets are valued and shown class-wise was introduced for the first time during 1951-52. The Committee are thus unable to know the quantum of assets acquired by Railways from 1925 to 1944 and thereafter from private Railway companies. This is highly irregular on the part of the Railways for not maintaining such an important record. The Committee, therefore, record its severe displeasure. The Railways need to be censured and are to be made responsible for making further an honest and sincere effort to furnish the information to the Committee within three months. The Committee desire that an empowered and competent body may be constituted to take a scientific inventory management and quantify all assets and codify the same, settle points of dispute with State Governments and prepare a comprehensive Master Plan of commercial utilisation of such assets.

**Reply of the Government**

The record of assets is being maintained at the field level as per requirements of the departments.

However, the recommendation of the Committee for scientific inventory of assets is noted for necessary action.

[M/o Rlys. O.M. No. 97/BC-II/CSR/XI/11, dated 2.9.98]

**Revised/Updated Reply of the Government**

Standardized format for the Asset register has been developed, Consolidated and coded list of all assets department-wise have been compiled and software for compiling asset registers have been developed and sent to the Zonal Railways & Production Units. The progress of implementation is being monitored.

[M/o Rlys. O.M. No. 2000/BC-II/XIII/200/7 dated 29.9.2000]

**Comments of the Committee**

(Please see Paragraph 22 of the Chapter-I of the Report)

**Recommendation (Para No. 118)**

The Committee also find that a large area of prime Railway land is under encroachment. New encroachments are steadily coming up and Railways are unable to take any preventive and effective action in this regard. Out of about 4.2 lakh hectares of land owned by the Railways, 2457 hectares is under encroachment. The total number of encroachments by the end of the year 1996 has been 1,64,007. The Committee recommend that accountability and responsibility should be fixed on the GRP/RPF and corresponding railway official authorities at appropriate levels, incharge of the areas at the time when the encroachment is being committed. The Railways should also ensure cooperation of the State Governments in this regard at appropriate/ corresponding level. Timely action can deter encroachment of Railway land/assets. The Railway should take steps to amend RP (UP) Act so that the Railway Protection Force is given the responsibility of protecting the Railway land.

**Reply of the Government**

Removal of encroachments on Railway land is a continuous process. Regular inspections are done by the Railway officials to prevent fresh encroachments which are removed as soon as they are noticed. Regarding old encroachments, action is taken to remove them under P.P.E. Act, 1971 with the help of State Government Police whenever available.

To prevent encroachments on Railway land, measures like construction of boundary wall and fencing in the vulnerable sections, planting of suitable trees/shrubs including quick growing thorny trees, etc. are undertaken.

Though the percentage of encroachments on Railway land is very small but the land under encroachment is prime land, generally in metropolitan cities and industrial towns in the country where land is normally required by the Railways for its future developmental/ expansion activities. Because of the employment opportunities available in the Metropolitan cities, people belonging to poorer sections from villages and small cities migrate to the Metropolitan cities in search of jobs. In the process, the Railway land which is in long strips along the railway track gets encroached. Local railway officials take prompt action to remove these encroachments with the assistance of the Police and R.P.F. (Railway Protection Force), who also coordinate with State Police wherever considered necessary. But, because of their economic background, these encroachers get sympathy and patronage from local, social and political leaders, thus leading to their continued staying on Railway land.

It has been seen that the routine regular checks by the Permanent Way Inspector/Inspector of Works/Station Manager/Chief Goods Clerks who have many other responsibilities are generally no longer enough to overcome the high pressure of encroachments in urban area. Therefore, for amendment of RP(UP) Act the Board has constituted a Committee of Executive Directors to consider and propose suitable amendments in the Act. This Committee is examining the matter with a view to enhance the powers available to the Estate Officers and to enable the R.P.F. play more positive and effective role in deterring encroachment. Final recommendations are yet to be made by the Committee.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

#### **Comments of the Committee**

(Please see Paragraph 25 of Chapter-I of the Report)

#### **Recommendation (Para No. 120)**

The Committee have been informed that Railways have taken up construction of lines in backward areas on the demands of Members of Parliament and State Governments and Railways themselves have not carried out any comprehensive exercises in consonance with corporate aim or ethos. The Committee are of the firm view that the Railways should have also carried out comprehensive and systematic exercise/surveys to identify these areas and prepare projects accordingly. The Railways must have special approach/programme concept and ethos for Planning for backward, remote and undeveloped/underdeveloped areas similar to special sub-plan concept evolved for tribal areas, hills areas North Eastern States, KSK by Planning Commission with regard to Five Year Economic Development Plan. Dovetailing of resources of poverty alleviation programme with developmental schemes of Railways should be worked out with a view to create permanent and durable national assets in fact to become harbinger of National Development. The Committee, therefore, recommend that a Master Plan for the Railways as a whole and a sub-plan for backward areas and remote areas should be designed on priority basis.



### Reply of the Government

The issue of formulating, conceiving and implementing a sub-plan for integrated development of transport infrastructure in backward, remote and tribal areas, was referred to the Planning Commission.

Planning Commission have advised that they have proposed to set up a National Transport Strategy Committee (NTSC) which could review the transport policies and evolve a new strategy for transport development which is economically viable and efficient and environmentally sustainable and socially desirable. The proposal regarding setting up of NTSC has been sent by Planning Commission to the Cabinet Secretariat for obtaining the approval of the Prime Minister. The issues regarding transport needs including Rail infrastructure in backward, remote and tribal areas would be examined by the proposed NTSC as suggested by Planning Commission.

The issue of dovetailing of resources of poverty alleviation programme Plans such as employment under Jawahar Rozgar Yojana (JRY) and Employment Assurance Scheme (EAS) with developmental schemes of Railways was taken up by Ministry of Railways at various levels. However, Dy. Chairman, Planning Commission has advised that it would not be possible to pay the wages of workers on construction of Railway lines from JRY and EAS funds due to the fact that funds under these schemes are utilised for the creation of employment at the local level by taking up small works e.g. construction of ponds, wells, culverts, etc.

[M/o Rlys. O.M. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Comments of the Committee

(Please see Paragraph 30 of Chapter-I of the Report)

### Recommendation (Para No. 123)

The Committee note that Planning Commission and Expanded Board have generally taken a view that only viable projects should be taken up. However, they find that new lines in tribal, remote, backward and underdeveloped areas possessing abundant endowments of natural and human resources have not been taken into consideration ostensibly due to survey reports of inadequacy of infrastructure, absence of industry, development and inadequate traffic potentials where by most of these lines are considered to be non-viable by the Planning Commission and the Expanded Board even after the sanction of the Parliament has been obtained. The Committee deplore this attitude of Planning Commission and the Expanded Board. The Committee are of the firm view that when the Planning Commission have a special plan for development of backward and tribal and hilly areas, development of infrastructure like Railways in these areas should have been visualised by them, and not allowed to be neglected.

### Reply of the Government

As already mentioned in reply to Para No. 120, Planning Commission have proposed to set up a National Transport Strategy Committee (NTSC) which could review the transport policies and evolve a new strategy for transport development which is economically viable and efficient and environmentally sustainable and socially desirable. The proposal regarding setting up of NTSC has been sent by Planning Commission to the Cabinet Secretariat for obtaining the approval of the Prime Minister. The issues regarding transport needs, including Rail infrastructure in backward, remote and tribal areas would be examined by the proposed NTSC as suggested by Planning Commission.

[M/o Rlys O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Comments of the Committee

(Please see Paragraph 30 of Chapter-I of the Report)

### Recommendation (Para No. 124)

The Committee also find that the criteria for taking up new lines do not include the potential for social mobility that the new lines can give to the people living in remote and backward areas which are hitherto not well connected by various modes of communication. The Committee felt that apart from development of the country, this factor is very important for social and emotional integration though it may not yield the required rate of return immediately.

The National Transport Policy Committee under the chairmanship of Shri B.D. Pande (ICS and Retired Cabinet Secretary and Former Governor) have in their Report in as early as in May, 1980 stressed this aspect, wherein it has recommended formulation of an integrated plan for regions where natural resources are available in a large scale to develop new growth centres and promote economic activity. The Committee are of the view that the provision of new rail facilities including lines is an essential element in such developmental plans. In these schemes, socio-economic-benefits should have priority over purely financial considerations. The Committee, therefore, recommend that it should be made necessary to undertake projects which may yield a lower return than the stipulated 6.75 per cent.

### Reply of the Government

As already mentioned in reply to Para No. 120, Planning Commission have proposed to set up a National Transport Strategy Committee (NTSC) which could review the transport policies and evolve a new strategy for transport development which is economically viable and efficient and environmentally sustainable and socially desirable. The proposal regarding setting up of NTSC has been sent by Planning Commission to the Cabinet Secretariat for obtaining the approval of the Prime Minister. The issues regarding transport needs including Rail infrastructure in backward, remote and tribal areas would be examined by the proposed NTSC as suggested by Planning Commission.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Comments of the Committee

(Please see Paragraph 30 of Chapter-I of the Report)

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLY OF THE GOVERNMENT IS STILL AWAITED

#### **Recommendation (Para No. 111)**

The nomenclature 'Budgetary Support' seems to be a misnomer particularly because it is a loan in perpetuity rather than the support. In this connection, the Ministry of Railways have informed the Committee that the term budgetary support appears to have emanated from the budget documents where any support to Public Undertakings—by way of loan for equity is treated as budgetary support from Central Government. The Committee is of the opinion that this term should not be used in the case of Railways, as budgetary support actually is a loan in perpetuity, on which the Railways are required to pay dividend as fixed by the Railway Convention Committee from time to time.

#### **Action Taken**

The term Budgetary Support is not used in any of the Budget documents of the Railways. Since this terminology has been adopted by Ministry of Finance in their Budget, documents, the issue was referred to them. Ministry of Finance has clarified that the Planning Commission while allocating resources available with the Govt. to finance the Plan programme of various Ministries/Departments uses the terminology "Budget Support". Budget Support has two components *viz.* (a) Domestic Budget Support and (b) External aid routed through budget. Thus, the usage of the terminology is not limited to Government's support to PSUs only.

As regards the issue of budgetary support to the Railways actually being a loan in perpetuity, Ministry of Finance has further clarified that budgetary support provided by the General Revenue to the Railways is in the form of investment in Railways and is classified under the Major Head '5002—Capital Outlay on Indian Railways—Commercial lines'/'5003—Capital Outlay on Indian Railways—Strategic lines'. Railways pay dividend to General Revenues on such capital-at-charge on the basis of recommendations made by the Railway Convention Committee from time to time.

The Planning Commission, when consulted on the above issue, has also agreed with the view point of the Ministry of Finance.

The matter however, has again been referred to the Ministry of Finance for using the terminology "Capital from the General Exchequer" in place of the "Budgetary Support" in as far as Capital support to Railways is concerned. The view point of the Ministry of Finance will be apprised to the Hon'ble Committee in due course.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 2.9.98]

#### **Revised/Updated Reply of the Government**

There is no change in the position already furnished in earlier Action Taken Notes.

[M/o Rlys. O.M. No. 2000/BC-II/XIII/200/7 dated 26.9.2000]

#### **Comments of the Committee**

(Please see Paragraph 3 of Chapter-I of the Report)

#### **Recommendation (Para No. 112)**

The Committee note that traditionally Indian Railways have been providing certain services below the cost of operation as a part of their social obligation. In regard to compensation to be paid to the Railways for carrying the social responsibility, the Ministry of Railways have informed the Committee that in pursuance of Finance Secretary's suggestion, an Inter-Ministerial Working Group consisting of Members from Ministry of Finance, Planning Commission and the Ministry of Railways, was constituted to examine the issue of social service obligation in all its dimensions. The Group has estimated the social service obligation in the year 1994-95 at Rs. 886 crores. The practice of bearing social obligations is a built-in feature of railway system the world over and to cover such deficits, grants are sought by Railways and sanctioned by Governments in many countries (Appendix I). The non-payment of compensation for carrying social burden has forced the Railways to raise money through market borrowings for which they had to pay lease charges on a very high rate. The Committee are of the firm opinion that both the Planning Commission and the Ministry of Finance should appreciate this fact and find ways and means of compensating the Railways for undertaking the social responsibility, national obligation, social mobility and national unity and national development.

### Reply of the Government

Extracts of replies received from Planning Commission (OM No. T&C 7 (12)/96 dt. 29.8.97) and Ministry of Finance (DO No. 7 (7)-B (AC)/95 dt. 20.8.97) are reproduced below:

#### Planning Commission

"Both fare and freight rates needs to be fixed keeping in view the cost of operation. This will not only reduce the financial burden on railways but would lead to greater allocative efficiency. If certain essential goods have to be carried out below cost or the passenger fares are to be subsidised, then the railways may be compensated directly. The financial losses of new lines or on account of metropolitan transport project should be met by all stakeholders including State Governments."

#### Ministry of Finance

"The report of the Working Group has been examined in this Ministry and it has been found that it will not be possible to subsidise Railways any further on the various points raised by the Inter-Ministerial Group. On the other hand Railways should raise the rate of dividend to General Revenues to a figure that is closer to the average market borrowing rate of the Central Government.

Although Ministry of Finance have not agreed to subsidise Railways for undertaking a social responsibility they have, in the year 1997-98, enhanced the Capital from the General Exchequer to a level of Rs. 2001 cr. whereas it was only Rs. 1465, Rs. 1140 and Rs. 1145 cr. (actuals) in the previous three years (1996-97, 1995-96, 1994-95). Further the Railways have also been enabled to draw from their fund balances for supporting the Plan. These have helped Railways restrain at a lower level market borrowing that may have been otherwise necessary during 1997-98.

The issue of an explicit subsidy for social obligations of Railways will, however, be pursued after formulating appropriate response to the views of the Planning Commission and Ministry of Finance.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

#### Revised/Updated Reply of the Government

Extracts of replies received from Planning Commission (OM No. T&C 7(12)/96dt. 29.12.97) and Ministry of Finance (DO No. 7(7)-B(AC)/95dt.20.8.97) are reproduced below:

### Planning Commission

"Both fare and freight rates needs to be fixed keeping in view the cost of operation. This will not only reduces the financial burden on railways but would lead to greater allocative efficiency. If certain essential goods have to be carried out below cost or the passenger fares are to be subsidised, then the Railways may be compensated directly. The financial losses of new lines or on account of metropolitan transport project should be met by all stakeholders including State Governments".

### Ministry of Finance

"The report of the Working Groups has been examined in this Ministry and it has been found that it will not be possible to subsidise Railways any further on the various points raised by the Inter-Ministerial Working Group. On the other hand, Railways should raise the rate of dividend to General Revenue to a figure that is close to the average market borrowing rate of the Central Government."

Although Ministry of Finance have not agreed to subsidise Railways for undertaking a social responsibility they have, in the year 1997-98, enhanced the Capital from the General Exchequer to a level of Rs. 2001 cr. whereas it was only Rs. 1464, Rs. 1140 and Rs. 1145 cr. (actuals) in the previous three years (1996-97, 1995-96, 1994-95). Further the Railways have also been enabled to draw from their fund balances for supporting the Plan. These have helped Railways restrain at a lower level market borrowing that may have been otherwise necessary during 1997-98.

Cabinet Note for seeking re-imburement of the Social Service Obligations borne by Indian Railways has already been submitted to the CCEA on 11.1.2000 by the Ministry of Railways. It was considered by the CCEA at its meeting held on 1.2.2000 but they decided to resume discussions on the subject at a later date. Meanwhile, on 17/4/2000 this Ministry was directed to review the Note in the light of Budget proposals for the year 2000-01. A Supplementary Note was submitted for further consideration by the CCEA. It has, however, been referred back for seeking views of Ministry of Finance. After incorporating the views of Ministry of Finance, the Note has been submitted to CCEA.

[M/o Rlys. O.M. No. 2000/BC-II/XIII-200/7 dated 26.9.2000]

### Comments of the Committee

(Please see Paragraph 10 of Chapter-I of the Report)

### Recommendation (Para No. 113)

The Committee have also been informed that some State Electricity Board/NTPC are charging from Railways tariff rate much higher than the cost at which they buy electricity from NTPC, NHPC etc. In most of the cases the tariff rates are 3 to 4 times of the rates which they charge from domestic and agricultural and industrial consumers. The Committee therefore recommend that Railways should also have the option to levy higher freight charges from such State Electricity Boards/ Public Sector Undertakings for movement of coal etc.

### Reply of the Government

The suggestion made by the Committee for upward revision of tariff charges for coal moved to State Electricity Boards/Power Hoses will be considered if the request of the Ministry of Railways to align the electricity tariff rates with those for High Tension consumers is not accepted by the State Electricity Boards.

[M/o Rlys. O.M. No. 97/BC-II/SCR/XI/11 dated 30.4.98]

### Revised/Updated Reply of the Government

Ministry of Railways are pursuing with the various State Electricity Boards, namely, Bihar State Electricity Board, Punjab State Electricity Board, Haryana State Electricity Board (with their company supplying power to railways), Madhya Pradesh State Electricity Board, Uttar Pradesh State Electricity Board, Gujarat State Electricity Board, Andhra Pradesh, State Electricity Board and Maharashtra State Electricity Board who are presently charging higher electricity tariff from Railways as compared to their high tension industrial consumers, for reduction in their present electricity tariff applicable to the railways. The Zonal Railways have also taken up this issue with the State Electricity Regulatory Commissions before any electricity tariff revision is undertaken by the concerned State Electricity Boards. Ministry of Railways would take appropriate measures for revising their coal transportation rates in case Railway's efforts to get equitable treatment from the concerned SEBs do not succeed.

[M/o Rlys. O.M. No. 2000/BC-II/XIII/200/7 dated 26.9.2000]

### Comments of the Committee

(Please see Paragraph 13 of Chapter-I of the Report)

NEW DELHI;  
4 November, 2000  
13 Kartika, 1922 (Saka)

K. YERRANNAIDU,  
Chairman,  
Standing Committee on Railways.



## APPENDIX I

### MINUTES OF THE TWELFTH SITTING OF STANDING COMMITTEE ON RAILWAYS (1999-2000)

The Committee sat on Tuesday, the 7th July, 2000 from 1100 hrs. to 1300 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

#### PRESENT

Shri K. Yerrannaidu - *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Dr. (Smt.) Anita Arya
3. Shri Manikrao Hodlya Gavit
4. Shri Moinul Hassan
5. Dr. Madan Prasad Jaiswal
6. Shrimati Abha Mahato
7. Shri Sadashivrao Mandlik
8. Shri Salkhan Murmu
9. Shri Jaibhan Singh Pawaiya
10. Shri Prabhat Kumar Samantaray
11. Shri Bahadur Singh
12. Shri Brij Bhushan Sharan Singh
13. Capt. (Retd.) Inder Singh
14. Shri Jai Bhadra Singh
15. Shri Rajo Singh
16. Shri Jagdambi Prasad Yadav

##### *Rajya Sabha*

17. Shri Bhagatram Manhar
18. Shri Jhumuk Lal Bhendia
19. Chaudhary Chunni Lal
20. Shrimati Chandra Kala Pandey
21. Shri Maulana Obaidullah Khan Azmi
22. Shri Abani Roy
23. Dr. D. Venkateshwar Rao
24. Shri Ramachandraiah Rumandla

## SECRETARIAT

1. Shri M. Rajagopalan Nair — *Joint Secretary*
2. Shri R.C. Gupta — *Deputy Secretary*
3. Shri S.N. Dargan — *Under Secretary*
4. Shri O.P. Shokeen — *Committee Officer*

At the outset, the Chairman welcomed the Members to the sitting. Thereafter, the Committee considered the Draft Second, Third and Fourth Action Taken Reports on action taken by the Government on the recommendations/observations contained in (i) 9th Report of the Standing Committee on Railways (1997-98) on 'Railway Finance'; (ii) 14th Report of the Standing Committee on Railways (1997-98) on 'Modernisation and Capacity Utilisation of Workshops in Indian Railways'; and (iii) 1st Report of the Standing Committee on Railways (1998-99) on 'Demands for Grants, (1998-99) of the Ministry of Railways' and adopted the above Reports except paragraph Nos. 9 and 22 of the Draft Second Report; paragraph Nos. 7, 16 and 23 of the Draft Third Report; and paragraph Nos. 7, 13 and 16 of the Draft Fourth Report. They decided to take further evidence of the representatives of the Ministry of Railways, Planning Commission and Ministry of Finance on the aforesaid paragraphs.

3. However, the Committee also took serious note of the news item captioned 'MPs go on fancy joyride to find out what's wrong with Railways' appeared in "The Indian Express" dated 04.07.2000 about the Study Tours undertaken by Study Group-III of the Committee to Jammu from 20-22 June and to Bhubaneshwar from 2-5 July, 2000 and authorised the Chairman to take up the matter at appropriate level.

*The Committee then adjourned.*

MINUTES OF THE FOURTEENTH SITTING OF  
STANDING COMMITTEE ON RAILWAYS  
(1999-2000)

The Committee sat on Monday, the 11th September, 2000 from 1500 hrs. to 1630 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi

PRESENT

Shri K. Yerrannaidu — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Priya Ranjan Dasmunsi
3. Dr. Madan Prasad Jaiswal
4. Shri Gunipati Ramaiah
5. Shri Prabhat Kumar Samantaray
6. Shri Bahadur Singh
7. Shri Brij Bhushan Sharan Singh
8. Shri Rajo Singh

*Rajya Sabha*

9. Shri Bhagatram Manhar
10. Shri Jhumuk Lal Bhendia
11. Shri Raju Parmar
12. Chaudhary Chunni Lal
13. Shrimati Chandra Kala Pandey

SECRETARIAT

- 1 Shri M. Rajagopalan Nair - *Joint Secretary*
2. Shri R.C. Gupta - *Deputy Secretary*
3. Shri S.N. Dargan - *Under Secretary*
4. Shri O.P. Shokeen - *Committee Officer*

## WITNESSES

*Representatives of Ministry of Railways*

1. Shri Ashok Kumar - Chairman, Railway Board & Ex-Officio Principal Secy. to the Govt. of India
2. Shri P.V. Vasudevan - Financial Commission (Railways) & Ex-Officio Secy. to the Govt. of India
3. Shri K. Balakesari - Member Staff & Ex-Officio Secy. to the Govt. of India
4. Shri R.N. Malhotra - Member Engineering & Ex-Officio Secy. to the Govt. of India
5. Shri K.B. Sankaran - Member Mechanical & Ex-Officio Secy. to the Govt. of India
6. Shri N.K. Chidambaram - Member Electrical & Ex-Officio Secy. to the Govt. of India

*Representative of Ministry of Finance*

1. Dr. E.A.S. Sarma - Secretary, Ministry of Finance

*Representative of Planning Commission*

1. Shri N.C. Saxena - Secretary, Planning Commission

At the outset, the Chairman welcomed the Members and the Representatives of Ministries of Railways, Finance and Planning Commission to the sitting of the Committee and invited their attention to provision contained in Direction 58 of the Directions by the Speaker, Lok Sabha. Thereafter, the Committee sought clarification from the Representatives of the Ministries of Railways, Finance and Planning Commission on some of the Action Taken Notes on the recommendations/observations contained in 9th Report (1997-98) on 'Railway Finance' and 1st Report (1998-99) on 'Demands for Grants, 1998-99' of the Ministry of Railways.

2. The evidence of the Representatives of the Ministry of Finance and Planning Commission concluded. However, the Committee decided to have further clarification from the Representatives of the Ministry of Railways on the Action Taken Notes contained in 9th Report (1997-98) on 'Railway Finance' and 1st Report on 'Demands for Grants (1998-99) of the Ministry of Railways'.

3. The verbatim record of the proceedings has been kept.

*The Committee then adjourned.*

PRESENT

Shri K. Jayaraman - Chairman

Members

Shri K. Jayaraman

1. Shri K. Jayaraman

2. Shri K. Jayaraman

3. Shri K. Jayaraman

4. Shri K. Jayaraman

5. Shri K. Jayaraman

6. Shri K. Jayaraman

7. Shri K. Jayaraman

2. The Ministry of the Representative of the Ministry of Finance and Planning Committee concluded. However, the Committee decided to have further clarification from the Representative of the Ministry of Railways and Transport. (1999-2000)

MINUTES OF THE FIFTEENTH SITTING OF  
STANDING COMMITTEE ON RAILWAYS  
(1999-2000)

The Committee sat on Tuesday, the 12th September, 2000 from 1100 hrs. to 1245 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri K. Yerrannaidu - *Chairman*

MEMBERS

*Lok Sabha*

2. Dr. (Smt.) Anita Arya
3. Shrimati Santosh Choudhary
4. Shri Priya Ranjan Dasmunsi
5. Shri P.D. Elangovan
6. Shri Manikrao Hodlya Gavit
7. Shri Tarun Gogoi
8. Shri Sadashivrao Mandlik
9. Shri Subodh Mohite
10. Shri Jaibhan Singh Pawaiya
11. Shri Sohan Potai
12. Shri Naval Kishore Rai
13. Shri Gunipati Ramaiah
14. Shri Prabhat Kumar Samantaray
15. Shri Bahadur Singh
16. Shri Brij Bhushan Sharan Singh
17. Capt. (Retd.) Inder Singh
18. Shri Rajo Singh
19. Shri A.K.S. Vijayan

*Rajya Sabha*

20. Shri Bhagatram Manhar
21. Shri Jhumuk Lal Bhendia
22. Shri Banarasi Das Gupta
23. Shri Rajubhai Parmar
24. Chaudhary Chunni Lal
25. Dr. (Smt.) Chandra Kala Pandey
26. Shri Anil Sharma
27. Shri Abani Roy
28. Dr. D. Venkateshwar Rao
29. Shri Ramachandraiah Rumandla

## SECRETARIAT

1. Shri M. Rajagopalan Nair - *Joint Secretary*
2. Shri R.C. Gupta - *Deputy Secretary*
3. Shri S.N. Dargan - *Under Secretary*
4. Shri O.P. Shokeen - *Committee Officer*

## WITNESSES

1. Shri Ashok Kumar - Chairman, Railway Board & Ex-Officio Principal Secy. to the Govt. of India.
2. Shri P.V. Vasudevan - Financial Commissioner (Railways) & Ex-Officio Secy. to the Govt. of India
3. Shri K. Balakesari - Member Staff & Ex-Officio Secy. to the Govt. of India
4. Shri R.N. Malhotra - Member Engineering & Ex-Officio Secy. to the Govt. of India
5. Shri K.B. Sankaran - Member Mechanical & Ex-Officio Secy. to the Govt. of India.
6. Shri N.K. Chidambaram - Member Electrical & Ex-Officio Secy. to the Govt. of India.

2. At the outset, the Chairman welcomed the Members and the Representatives of Ministry of Railways to the sitting of the Committee and invited their attention to provision contained in Direction 58 of the Directions by the Speaker, Lok Sabha. Thereafter, the Committee sought further clarification from the Representatives of the Ministry of Railways on the Action Taken Notes on the recommendations/ observations contained in 9th Report (1997-98) on 'Railway Finance' and 1st Report (1998-99) on 'Demands for Grants, 1998-99' of the Ministry of Railways. Thereafter, the Committee took evidence of the Railway officials to seek clarification on some of the Action Taken Notes relating to recommendations/observations contained in the 14th Report on 'Modernisation and Capacity Utilisation of Workshops in Indian Railways.'

3. The Committee decided to finalise the Action Taken Report on action taken by the Government on recommendations/observations contained in the 9th Report (1997-98) on 'Railway Finance'. However, the evidence on the 14th Report and the 1st Report remained inconclusive.

4. The Committee also decided to postpone the evidence of the Ministries of Railways and Heavy Industry & Public Enterprises on Action Taken Notes on the recommendations/observations contained in 12th Report (1997-98) on 'Procurement of Wagons by Indian Railways'.

5. The verbatim record of the proceedings has been kept.

*The Committee then adjourned.*



MINUTES OF THE SEVENTEENTH SITTING OF  
STANDING COMMITTEE ON RAILWAYS  
(1999-2000)

The Committee sat on Tuesday, the 24th October, 2000 from 1500 hrs. to 1630 hrs, in Committee Room 'C', Parliament House Annexe, New Delhi. In the absence of Chairman, the Committee chose Shri Moinul Hassan, MP to act as Chairman for the sitting of the Committee under Rule 258 (3) of the Rules of Procedures and Conduct of Business in Lok Sabha.

PRESENT

Shri Moinul Hassan - *In the Chair*

MEMBER  
*Lok Sabha*

2. Shrimati Santosh Choudhary
3. Shri P.D. Elangovan
4. Shri Tarun Gogoi
5. Shrimati Abha Mahato
6. Shri Subodh Mohite
7. Shri Jaibhan Singh Pawaiya
8. Shri Naval Kishore Rai
9. Shri Prabhat Kumar Samantaray
10. Shrimati Sushila Saroj
11. Dr. Nitish Sengupta
12. Shri Bahadur Singh
13. Shri Brij Bhushan Sharan Singh
14. Capt. (Retd.) Inder Singh
15. Shri Rajo Singh
16. Shri A.K.S. Vijayan
17. Shri Jagdambi Prasad Yadav

*Rajya Sabha*

18. Shri Bhagatram Manhar
19. Shri Jhumuk Lal Bhendia
20. Shri Banarasi Das Gupta
21. Shri Raju Parmar
22. Shrimati Chandra Kala Pandey
23. Shri Maulana Obaidullah Khan Azmi
24. Shri Anil Sharma
25. Shri Abani Roy
26. Dr. D. Venkateshwar Rao

## SECRETARIAT

1. Shri R.C. Gupta - *Deputy Secretary*
2. Shri S.N. Dargan - *Under Secretary*
3. Shri O.P. Shokeen - *Committee Officer*

2: At the outset, the acting Chairman welcomed the Members to this sitting of the Committee. Thereafter, the Committee considered and adopted the following draft Action Taken Reports without any amendments/modifications:-

- (i) Draft 2nd Report on action taken by the Government on recommendations/observations contained in 9th Report of Standing Committee on Railways (1997-98) on 'Railway Finance.'

(ii) \* \* \* \*

(iii) \* \* \* \*

3. The Committee authorized the Chairman to finalize the Reports after making consequential changes, if any, arising out of the factual verification by the Ministry of Railways or otherwise and to present the Reports to both the Houses of Parliament.

*The Committee then adjourned.*

## APPENDIX II

### ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS/OBSERVATIONS CONTAINED IN THE NINTH REPORT OF THE STANDING COMMITTEE ON RAILWAYS (1997-98) (ELEVENTH LOK SABHA) ON 'RAILWAY FINANCE'.

Total number of Recommendations/Observations	20
(i) Recommendations/Observations which have been accepted by Government (Vide recommendations/observations Para Nos. 108-108 (a) and 119)	02
Percentage of Total	10%
(ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Vide recommendations/Observations Para Nos. 109, 110, 116, 121, 122, 125 and 126)	07
Percentage of Total	35%
(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. 107, 114, 115, 117, 118, 120, 123 and 124)	08
Percentage of Total	40%
(iv) Recommendations/Observations in respect of which final replies of Government are still awaited. (Vide recommendations/observations Para Nos. 111,112 and 113)	03
Percentage of Total	15%